

GALENKA – FITOFARMACIJA A.D.  
Batajnicket drum bb  
11080 Zemun  
ID No: 07725531  
Tax ID No: 100001046

**SIX - MONTH CONSOLIDATED REPORT  
2019  
GALENKA – FITOFARMACIJA A.D.**



Dear shareholders,

here is Six - month Consolidated Report 2019, prepared in accordance with Art. 52 of the Capital Market Law („Official Gazette of RS“, no. 31/2011, 112/2015 and 108/2016) and in accordance with the Rules on the content, form and the way of publication annual, six - month and quarterly reports of public companies („Official Gazette of RS“, no. 14/2012, 5/2015 and 24/2017).

### ***CONTENT OF ANNUAL REPORT***

**I Financial Consolidated Report for the first half of 2019**

**II Business Report in the first half of 2019**

**III Statement of persons responsible for the preparation of Six – month Consolidated Report**



# I FINANCIAL CONSOLIDATED REPORT 2019

**BALANCE SHEET (IN 000 RSD)**

	<b>31-Dec-18</b>	<b>30-Jun-19</b>
<b>ASSETS</b>		
Property, plant and equipment (PP&E)	1.895.820	1.759.056
Intangible assets	5.409	4.586
LT financial placements	252.087	635.376
<i>Fixed assets</i>	<u>2.153.316</u>	<u>2.399.018</u>
Prepaid tax, other expenses and accrued revenues	150.601	11.235
Inventory	2.221.118	1.385.981
Receivables	717.238	2.788.352
ST financial placements	2.363.042	2.122.419
Cash and cash equivalents	337.740	377.360
<i>Current assets</i>	<u>5.789.739</u>	<u>6.685.347</u>
<i>Deferred tax assets</i>	26.653	26.653
<i>Operating assets</i>	7.969.708	9.111.018
<b>Total assets</b>	<b><u>7.969.708</u></b>	<b><u>9.111.018</u></b>
<b>Off-balance sheet assets</b>	155.299	196.558
<b>EQUITY AND LIABILITIES</b>		
Shareholders and Other equity	3.511.200	3.511.200
Subscribed equity, unpaid	0	0
Reserves	959.635	996.929
Revaluation surplus	23.406	23.406
Un-realized gains on shares trading	-2	-2
Retained earnings	3.089.802	3.970.703
Loss	0	0
<i>Equity</i>	<u>7.584.041</u>	<u>8.502.236</u>
LT reserved funds		
LT Debt	71	71
Liabilities from business operations	264.341	308.611
ST financial liabilities	413	209
Liabilities for VAT and other public revenues	6.416	29.932
Other ST liabilities	109.165	267.959
Accruals and deferred income	5.261	2.000
Liabilities for income tax		
<i>Current (ST) liabilities</i>	<u>385.596</u>	<u>608.711</u>
Liabilities and reserved funds	<u>385.667</u>	<u>608.782</u>
<b>Total equity and liabilities</b>	<b><u>7.969.708</u></b>	<b><u>9.111.018</u></b>
<b>Off-balance sheet liabilities</b>	155.299	196.558

**INCOME STATEMENT (IN 000 RSD)**

	<b>30-Jun-18</b>	<b>30-Jun-19</b>
<b>OPERATING REVENUES</b>		
Sales	3.269.369	3.196.045
Other operating revenues	2.219	2.483
<i>Total operating revenues</i>	<b>3.271.588</b>	<b>3.198.528</b>
<b>OPERATING EXPENSES</b>		
Cost of goods sold (COGS)	282.413	269.684
Cost of material	926.845	920.915
Change in inventory value	526.875	631.194
Fuel and energy costs	21.654	21.969
Salaries / Other personal expenses	193.575	201.086
Cost of production services	121.215	130.164
Amortization expense	39.258	42.350
Other operating expenses	72.543	67.894
<i>Total operating expenses</i>	<b>2.184.378</b>	<b>2.285.256</b>
<b>OPERATING PROFIT</b>	<b>1.087.210</b>	<b>913.272</b>
<i>Operating profit margin</i>	33%	29%
Financial revenues	31.566	15.908
Financial expenses	38.486	13.431
<i>Financial profit/loss</i>	<b>-6.920</b>	<b>2.477</b>
Revenues from assets valuation adjustments	0	0
Expenses from assets valuation adjustments	105.929	126.198
<i>Profit/loss from valuation adjustments</i>	<b>-105.929</b>	<b>-126.198</b>
Other revenues	351.660	410.307
Other expenses	5.057	3.707
<i>Non-operating profit/loss</i>	<b>346.603</b>	<b>406.600</b>
Earnings before tax (EBT)	1.320.964	1.196.151
Tax	66.988	66.741
<b>NET PROFIT</b>	<b>1.253.976</b>	<b>1.129.410</b>



# **II SIX-MONTH CONSOLIDATED BUSINESS REPORT 2019**



## I GENERAL INFORMATION

### 1. Basic info

Company name:	GALENKA – FITOFARMACIJA a.d., Batajnički drum bb, 11080 Beograd - Zemun
No. of Decision of Serbian Business Registers Agency:	BD 307/2005 dated January 27, 2005
ID No.:	07725531
Tax ID No.:	100001046
Registered activity:	Manufacture of agricultural chemicals, Activity Code 2020
Web site & email:	<a href="http://www.fitofarmacija.rs">www.fitofarmacija.rs</a> ; <a href="mailto:office@fitofarmacija.rs">office@fitofarmacija.rs</a>
Share capital:	RSD 3.511.200.000 at June 30, 2019
Number of issued shares:	2.640.000 (ordinary); ISIN No: RSFITOE21521; CFI code: ESVUFR; BELEX: FITO
Number of own shares:	None
Subsidiaries:	<ul style="list-style-type: none"><li>• ENVIPACK d.o.o., Belgrade, ID No 2080115, Activity Code 7022 Consultancy activities in connection with business and other management;</li><li>• GALENIKA-FITOFARMACIJA zastupanje i trgovina d.o.o. Ljubljana, ID No 6813313000, Activity Code 46.900 Non-specialized wholesale trade</li><li>• HOLDING GALENIKA d.o.o., Belgrade, ID No 07092920, Activity code 6820 Renting of own or leased real estate and management thereof.</li></ul>
Auditor:	UHY REVIZIJA d.o.o., Belgrade, ID No.: 17082175

### 2. Company Management

#### Board of Directors:

##### Non-executive directors:

- Nedeljko Puhar, president, owner of 6,39% of the Company shares;
- Zivorad Vojinovic, owner of 75% of company Mikend d.o.o. and 21,56% of the Company shares;
- Branislav Medakovic;
- Dusan Mojsilovic, owner of Agromarket d.o.o.

##### Independent director:

- Mirjana Bogicevic;

##### Executive directors:

- Dragan Nenadovic, Chief Executive Officer, owner of 6,58% of the Company shares;
- Slavica Pekovic, Chief Corporate Affairs Officer.

Company Secretary: Lidija Nikolic



### 3. Ownership structure

Information on ownership structure may be found at the web site of Central Securities Depository and Clearing House ([www.crhov.rs](http://www.crhov.rs)). Ownership structure on June 30, 2019 was shown in following tables:

No. of shareholders by share in capital	No. of entities		No. shares		% of total issued	
	local	foreign	local	foreign	local	foreign
0% to 5%	1.145	45	759.376	77.801	28,76%	2,95%
5% to 10%	4		794.331		30,09%	
10% to 25%	2		1.008.492		38,20%	
<b>Total:</b>	<b>1.196</b>		<b>2.640.000</b>		<b>100%</b>	

Type of shareholder	No. shares	%
Owned by individuals	1.351.224	51,18%
Owned by legal entities	724.728	27,45%
Joint (custody) account	564.048	21,37%
<b>Total:</b>	<b>2.640.000</b>	<b>100%</b>

Top ten shareholders by number of shares and votes:

No.	Shareholder	No. shares	%
1.	Vojinović Živorad	569.196	21,56%
2.	Agromarket d.o.o.	439.296	16,64%
3.	BDD M&V Investments ad Beograd - Omnibus Account	232.103	8,79%
4.	BDD M&V Investments ad Beograd - Omnibus Account	219.927	8,33%
5.	Nenadović Dragan	173.718	6,58%
6.	Puhar Nedeljko	168.583	6,39%
7.	Mikend doo	100.554	3,81%
8.	Komp. Dunav osiguranje a.d.o.	72.026	2,73%
9.	Sempiola Invest Limited	56.328	2,13%
10.	Akcionarski fond ad Beograd	32.832	1,24%
	<b>Total:</b>	<b>2.064.563</b>	<b>78,20%</b>

### 4. General information of subsidiaries

#### 4.1

Company name:	ENVIPACK d.o.o. Batajnicki drum bb, 11080 Belgrade - Zemun
Id No.:	20801115
Tax ID No.:	107430272
Registered activity:	Consultancy activities in connection with business and other management, Activity Code 7022
Legal representative:	Aleksandar Sosevic
Web site & email	www.envipack.rs; office@envipack.rs

ENVIPACK d.o.o was founded in February 2012. godine in 100% owned by GALENIKA – FITOFARMACIJA a.d..

ENVIPACK is the operator for hazardous and non-hazardous waste. The primary focus of ENVIPACK is the management for pesticide packaging.





## 4.2

Company name:	GALENKA – FITOFARMACIJA, zastupanje i trgovina, d.o.o., Trzaska cesta 515, 1351 Brezovica pri Ljubljani, Republica of Slovenia
Id No.:	6813313000
Tax ID No.:	90008847
Registered activity:	Non-specialized wholesale trade, Activity Code 46.900
Legal representative:	Slavica Pekovic

GALENKA – FITOFARMACIJA d.o.o., Slovenija, was founded in March, 2015 in 100% owned by GALENIKA – FITOFARMACIJA a.d., for administrative purposes of registration of the products from the parent company product range in the EU member countries.

In accordance with applicable regulations of the EU, in order for a company to be able to submit an application for registration of plant protection product in the EU (the applicant company), it must have its registered office in one of the EU member states, and a company in which the plant protection product is produced (place of production) may be located anywhere in the world.

## 4.3

Company name:	HOLDING GALENIKA d.o.o., Masarikov trg 8a, 11080 Zemun
Id No.:	07092920
Tax ID No.:	100096575
Registered activity:	Renting of own or leased real estate and management thereof, Activity code 6820
Legal representative:	Slavica Pekovic

GALENKA HOLDING doo is the legal successor of the SOE Holding company Galenika DP in bankruptcy. In June 2016, as the only bidder at the public tender for the sale of a debtor, GALENIKA – FITOFARMACIJA a.d. became the owner of this company. After completing legal formalities of suspension of bankruptcy, in early November we registered changes in the Business Registers Agency of Serbia. The holding company “Galenika” dp in bankruptcy had no employees and did not have any business activities. The primary motive for purchasing this entity was the fact that it is the owner of commercial property in a building on street Masarikov trg 8a in Zemun, which is majority owned by GALENIKA-FITOFARMACIJA a.d..

## II BUSINESS PERFORMANCE IN FIRST HALF OF 2019

Detailed Six-month Report on the operations of GALENIKA – FITOFARMACIJA a.d. in 2019 is an integral part of the Six-month Report for 2019 and can be found on the web site of the Belgrade Stock Exchange and the web site of the Company, in the part *For investors / Reporting*.

### Business operations of ENVIPACK d.o.o.

In the first half of 2019, ENVIPACK d.o.o. expanded the number of its packaging waste collection sites by an additional 77, so now they are 297, compared to 220 — their number at the end of 2018. Also, the number of waste disposal clients from other industries increased from 26 to 28.

The first half of the year was marked with problems related to disposal of contaminated packaging waste in Serbia, caused by a fire at one of the major domestic hazardous waste treatment plants, which led to a lack of free storage facilities. Currently, the situation in the country is such that no operator for the treatment of hazardous waste is active, i.e. does not receive new quantities of waste for storage, nor is there an active permit for the export of hazardous waste. All hazardous packaging waste generated is currently trapped, either at the point of generation, i.e. with end users, or in an operator's storage capacities.

The process of disposal of hazardous waste in Serbia is further aggravated by the fact that in the last year the cost of receipt of waste at foreign incineration plants underwent a multiple increase, without any announcement that Serbia could finally get its own facility of such a type. It is also of concern the announcement of implementation of the UN Basel Convention on the Control of Transboundary Movements of Hazardous Waste and its disposal from 2020, which recommends that each country shall assume a responsibility for disposal and destruction of its own waste.



The total quantity of collected and disposed waste up so far is around 112 t, compared with the 192 t at the same time last year. Of that, 72 t of collected and disposed packaging waste is from plant protection products (SZB), which is an decrease by 63 t compared with the same time last year, when 135 t of this waste type were collected. At the moment, about 160 tons of hazardous wastes from plant protection products at the ENVIPACK end-users' locations are ready for collection, but it cannot be taken over and disposed of due to reasons mentioned above. It is our estimation that this amount will increase to 300 tons of undisposed hazardous waste by the end of the year, only with ENVIPACK clients.

In the second half of the year, ENVIPACK will monitor the development of the situation in the country and take a proactive role in finding solutions for collection and disposal of packaging waste from end users, in order to reduce the risk of this waste ending up in illegal flows, or the risk of environmental pollution.

#### *Business operations of GALENIKA – FITOFARMACIJA d.o.o., Slovenia*

Administrative activities related to the registration of the existing products with EU registrations were conducted in the countries where registration process haven't been finished yet.

#### *Business operations of HOLDING GALENIKA d.o.o.*

There were no significant business activities during the last period.

### **III SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

There were no significant transactions with related parties during the last period.



Six-month Financial Consolidated Report 2019, according to the best of our knowledge, have been prepared with the application of relevant International Financial Reporting Standards and give us a true and objective information about the assets, liabilities, financial position and operations, profits and losses, cash flows and changes in equity.

Six-month Financial Consolidated Report 2019 has not been, nor will it be audited by external auditors.

Six-month Consolidated Report 2019 was approved by Board of Directors on meeting held on August 14<sup>th</sup>, 2019.

Chief Corporate Affairs Officer,  
M.Sc. Slavica Pekovic

Chief Executive Officer,  
B.Sc.Ecc. Dragan Nenadovic

In Belgrade, August 14<sup>th</sup>, 2019