

type of report	Current report
number	23/2014
company	PHARMENA

March 2014 monthly report

The Management Board of Pharmena S.A. hereby presents its monthly report for March 2014.

1. Information on trends and events occurring in the Issuer's market environment

To the best knowledge of the Management Board, in February 2014 no trends or events occurred in the Issuer's market environment, which could significantly influence financial results of the company.

In March 2014, Pharmena accomplished sales revenue from its dermatological cosmetics in the amount of over 2,175,000 PLN, which constitutes an increase by 22% when compared to the revenue achieved in an analogical period of the previous year. Higher sales in March 2014 resulted mainly from promotions and marketing actions carried out in points of sale and at wholesalers, as well as due to the commencement of cooperation with new pharmacy chains.

In the said period, Pharmena S.A. enhanced the availability of its products and carried out marketing actions in order to increase sales profit from marketed products. Therefore, cooperation in Poland with the following companies started:

1) Euro-Apteka pharmacy chain involving the sale of Dermena line products and conducting marketing activities in Poland. EURO-APTEKA is a pharmacy chain operating in Poland since 2011. The company is part of international holding Euro Apothea. In Poland, Euro-Apteka can be found in 35 cities and towns with 65 outlets. These are large, self-service outlets in malls, which offer a wide range of products, as well as smaller, specialised outlets operating within the premises of hospitals and medical centres, but also local outlets found in convenient spots in less populated towns.

2) Ziko Apteka pharmacy chain involving the sale of Pharmena portfolio products and conducting marketing activities in Poland. Ziko Apteka is a pharmacy chain operating in Poland since 2004. The chain counts almost 40 beauty and health stores and pharmacies in 10 major Polish cities, an online pharmacy (www.e-zikoapteka.pl) and an online beauty and health store (www.e-zikodermo.pl). The Ziko Apteka pharmacy chain is a network with 100% Polish private capital. The Management Board of Pharmena S.A. estimates that the cooperation with the above-mentioned pharmacy chains will, over the next few years, significantly contribute to the increase of the Company's revenue, due to their dynamic growth in Poland. Terms of cooperation were established on the market conditions.

In March 2014, the Issuer published Separate Annual Report for 2013 (annual report no. 12/2014 of 14th March 2014) and Consolidated Annual Report for 2013 (annual report no. 13/2014 of 14th March 2014), which summarised the achievements of the Issuer's Capital Group and presented financial results (on separate and consolidated levels) for 2013, together with opinions and reports of statutory auditors from these financial reports.

The Issuer's Management Board wishes to highlight the fact that in 2013 the Capital Group successfully realised its strategy. Within the area of dermatological cosmetics the Capital Group increased its revenue by almost 55% when compared to 2012. Such dynamic growth of revenue resulted from launching new products of Dermena line, which constitute as much as 26% of total revenue. At the same time, the Group continued its strategy to enhance the availability of its products by extending its distribution network with new pharmacies and beauty and health stores. Moreover, in 2013 the Group implemented Good Manufacturing Practices in all areas of production of dermatological cosmetics, and this relates to subcontractors (i.e. direct manufacturers), as well as to the handling of the ready products within the Group.

Within the area of dermatological cosmetics the Capital Group also achieved significantly better results within other spheres of the profit and loss account. Operating profit increased by almost 50% and amounted to 2,981,000 PLN; net profit increased to 2,026,000 PLN, which constituted an increase by almost 40% when compared to 2012. Significant impact on the Company's results had the lower manufacture costs and lower proportion of costs of general management vs. revenue when compared to 2012. Whereas, the Group's operations in 2013 within the area of clinical trials over the innovative anti-atherosclerosis medicinal product and the area of placing on the market of an innovative dietary supplement generated only costs. Therefore, the Capital Group at a consolidated level demonstrated net loss in the amount of 2,843,000 PLN. However, thanks to the dynamic growth of results achieved in dermatology, the Capital Group observed a loss smaller by 30% when compared to 2012.

Within the area of placing on the market of an innovative anti-atherosclerosis dietary supplement, the Capital Group, in line with its strategy, filed an application for the authorisation of 1-MNA as new food ingredient. The assessment of the application for the authorisation of 1-MNA is carried out UK by Food Standards Agency (FSA) in cooperation with Advisory Committee on Novel Foods and Processes (ACNFP). The formal terms of the application were accepted by FSA and public consultation was held. Currently, the application is the subject of a substantive evaluation. Moreover, the formulation of the dietary supplement was developed. After receiving authorisation of 1-MNA as new food ingredient, the product will be placed on the market.

Within the area of anti-atherosclerosis medicinal product, the Capital Group continued its research over the innovative

medicinal product for dyslipidemia. Bioavailability test were carried out last year and their results confirmed previous assumptions on the safety of use of the product containing 1-MNA in higher doses. The results of the bioavailability test enabled to establish the posology of 1-MNA medicinal product, which is currently the subject of phase II ("Proof of concept") of clinical trials. The phase II trials are financed from the issue of series D shares, which was held in June 2013 and during which the Company collected 13.2 million PLN.

The year 2014 is another challenge for the Group. Within its operations related to dermatologic cosmetics, the Group intends to continue its actions connected with extending distribution network and plans to carry out a number of marketing campaigns that will facilitate further dynamic sales growth. That especially concerns the products launched in 2012. Moreover, the Group will continue its research works over new products, which are to enhance future turnover volume. In the area of innovative dietary supplement, the Group intends to carry out toxicity studies in order to complete application documentation and continue the process of authorisation at Food Standards Agency. Placing of the innovative dietary supplement on the market will enable further dynamic increase of sales revenue in the next few years. In the area of innovative medicinal product, the Group intends to complete the currently held phase II clinical trials and present their results to major innovation-led pharmaceutical companies.

In conclusion, the year 2013 was very successful for the Capital Group. The above-average revenue growth, improvement of financial results (achieved in dermatology) within all spheres of the profit and loss account, attaining financial resources for research over innovative medicinal product for dyslipidemia, and commencing the process of authorisation of 1-MNA as new food ingredient allow to be optimistic about the future. However, reaching our goals would not be possible without the engagement of our Employees, Advisors, and Business Partners, to whom I wish to express my gratitude. I would also like to thank our Shareholders and Stock Market Investors for their support and trust in our Management Board.

Detailed financial data with Management's comments can be found in separate and consolidated annual reports for 2013.

In March 2014, the Company was again qualified to NCIndex30 and the prestigious NC LEAD segment. The NCIndex30 index portfolio covers 30 the most liquid companies introduced to trading on the NewConnect market. According to the methodology of the index, the PHARMENA S.A. shares will once again enter the NCIndex30 portfolio after the session on 21st March 2014.

The prestigious NC LEAD segment includes the companies which are characterised by the free float of their financial instruments and dutiful fulfilment of informational requirements and corporate governance rules.

In the area of works over 1-MNA dietary supplement, during the period covered by this report, the following events occurred:

1) on 12th March 2014 Cortria Corporation, a subsidiary company of PHARMENA S.A., entered into an agreement on conducting sub-chronic toxicity study (90-day) on animal models, in order to complete the application for authorisation of 1-MNA as new food ingredient pursuant to Art. 4 of Regulation (EC) no. 258/97.

The issuer plans to begin the sub-chronic toxicity study on 1st April 2014 and on its completion present the results to Advisory Committee on Novel Foods and Processes (ACNFP), which cooperates with Food Standards Agency (FSA) on assessing the application for authorisation of 1-MNA as new food ingredient. In addition, the Issuer highlights the fact, that the application for authorisation of 1-MNA was supplemented with the results of toxicity study conducted during the period of 28 days. Having acquainted with the study results, the ACNFP Committee asked for additional results of toxicity study conducted during a longer time period (90 days).

The procedure stipulated in the provisions of Art. 4 of Regulation (EC) no. 258/97 of the European Parliament and of the Council of 27th January 1997, concerns foods and food ingredients that have no record of safe consumption in the Community, which means they were not used in foods before 15th May 1997 in any EU Member State. The goal of subjecting 1-MNA to this procedure is to prove, by the use of available for PHARMENA S.A. research and scientific publications, the safety of the ingredient's use within the proposed area. Within this procedure, the entity responsible for placing on the Community market submits appropriate application to EU Member State, where the new foodstuff is to be first placed on the market. An additional scientific assessment at European level may appear necessary. In such case, it will be performed by European Food Safety Authority. Following full assessment, the European Commission grants permission for placing the new foodstuff on the market.

Successful authorisation will open EU markets for the dietary supplement.

The 1-MNA dietary supplement will be an innovative product with a capacity to influence the risk biomarkers of cardiovascular diseases and to stimulate the endogenous (natural) production of prostacyclin. Low levels of prostacyclin in human organism increase the risk of atherosclerosis. Studies have shown that the concentration of endogenous 1-MNA in human organism decreases with age. 1-MNA dietary supplement can complement 1-MNA deficiency in the organism and therefore stimulate the production of prostacyclin which reduces the risk of atherosclerosis development.

Moreover in March 2014, the Issuer's Capital Group continued its research and development work on new products and searched for new applications for active substances protected by patents and patent applications owned by the Issuer's Capital Group.

2. Achievement of the goals of an issue

In March 2014, Pharmena S.A. did not make any money expenditure directly on issue-related purposes. However, in the reported period, a subsidiary company Cortria Corporation spent its funds mostly on phase II clinical trials over the innovative anti-atherosclerosis medicinal product 1-MNA.

3. A list of all information published by the Issuer in the form of current reports in the reporting period from 1st March 2014 to 31st March 2014.

During the period covered by this report, Pharmena S.A. published the following reports in EBI system:

Current report no. 9/2014 of 06-03-2014 - Commencing cooperation with Euro-Apteka pharmacy chain

Current report no. 10/2014 of 10-03-2014 - Change in date of publication of the 2013 annual report

Current report no. 11/2014 of 12-03-2014 - Entering into an agreement on conducting sub-chronic toxicity study within the project of 1-MNA dietary supplement

Current report no. 12/2014 of 14-03-2014 - Separate Annual Report for 2013

Current report no. 13/2014 of 14-03-2014 - Consolidated Annual Report for 2013

Current report no. 14/2014 of 14-03-2014 - February 2014 monthly report

Current report no. 15/2014 of 17-03-2014 - Announcement on non-compliance with rule no. 9.2 of the corporate governance

Current report no. 16/2014 of 17-03-2014 - Qualification of PHARMENA S.A. to NCIndex30

Current report no. 17/2014 of 25-03-2014 - Commencing cooperation with Ziko Apteka pharmacy chain

Current report no. 18/2014 of 28-03-2014 - Qualification of PHARMENA S.A. to NC Lead segment

W During the period covered by this report, Pharmena S.A. did not publish any reports in ESPI system.

4. Investor's calendar for April 2014

Until 14th May 2014 – publication of April 2014 monthly report.

Legal basis: Resolution No. 795/2008 of the Warsaw Stock Exchange Management Board dated 31st November 2008 concerning the adoption of the codes of best practice applicable on the NewConnect market, Appendix 1, point 16.

Representatives of the company:

- Konrad Palka - President of the Board
- Marzena Wieczorkowska - Vice President of the Board