EBI Report

type of report	**Current report**
number	11/2013
company	PHARMENA

February 2013 monthly report

The Management Board of Pharmena S.A. hereby presents its monthly report for February 2013

1. Information on trends and events occurring in the Issuer's market environment
To the best knowledge of the Management Board, in February 2013 no trends or events occurred in the Issuer's market environment which could significantly influence financial results of the company.

In February 2013, the Company published its Q4 2012 quarterly report with financial results (current report no. 8/2013 of 14th February 2013). The report featured both separate and consolidated data concerning the said period.
Consolidated financial results of the Issuer's Capital Group, i.e. Pharmena S.A. (the Issuer) and its subsidiary company Cortria Corporation (with official seat in USA), differ considerably from the Issuer's separate financial results, because the subsidiary company carries out research works over the innovative 1-MNA anti-atherosclerotic medicinal product, which constitute significant financial expense for the Capital Group. So far, this project has not generated any revenue. Therefore, separately Pharmena S.A. achieves positive level of profitability at all levels of results (operation within the area of dermatological cosmetics), however, from the point of view of the Issuer's Capital Group, the profitability is negative.
In Q4 2012, the Issuer's Capital Group reached sales revenue amounting to 2,533,000 PLN, which is higher by 48.4% than compared with analogical period in the previous year.
Whereas, at a separate level, the Issuer reached in Q4 2012 revenue amounting to 3,064,000 PLN, which is higher by 52.1% than compared with analogical period in the previous year. The revenue of the Issuer's Capital Group is lower than the Issuer's revenue, due to consolidation exemptions.
In Q4 2012, the Issuer's Capital Group recorded a loss on sales in the amount of 1,099,000 PLN and it was higher by 53.71% than compared with analogical period in the previous year. Higher loss resulted mainly from higher financial expenses on the project concerning anti-atherosclerotic medicinal product in Q4 2012, compared with analogical period in the previous year.
However separately, the Issuer reached in Q4 2012 profit on sales in the amount of 565,000 PLN, which was thirteen times higher than compared with analogical period in the previous year. The accomplished sales results translated into higher operating profit (twelve times higher) and net profit (more than four times higher) than compared to the results accomplished in Q4 2011. During the reported period, the Issuer observed improvement in profitability at all levels of Q4 2012 results, including operating profit from 2.1% (Q4 2011) to 18.1% (Q4 2012) and net profit form 4.6% to 12.6% adequately.
During four quarters of 2012, the Issuer's Capital Group accomplished sales revenue in the amount of 9,130,000 PLN, i.e. 23.4% higher than during analogical period in 2011. Loss on sales increased by 26.5% and reached the amount of -3,036,000 PLN, which in turn affected the operating loss, which achieved the result of -3,046,000 PLN and net loss in the amount of -4,133,000 PLN.
During four quarters of 2012, Pharmena S.A. accomplished sales revenue in the amount of 10,837,000 PLN, i.e. 23.5% higher than during analogical period in 2011. Separate profit on sales increased by 283.2% and reached the amount of 2,008,000 PLN. Operating profit at a separate level amounted to 1,998,000 PLN and was 287.6% higher than during analogical period in 2011. The Company's accrued net profit for the four quarters of 2012 equals to 1,453,000 PLN (i.e. 238,7% higher than for the four quarters of 2011). During the reported period, the Company observed improvement in profitability at all levels of results, including operating profit from 7.9% (for the four quarters of 2011) to 18.4% (for the four quarters of 2012) and net profit form 6.9% to 13.4% adequately.
At a separate level, the accrued results for the four quarters of 2012 confirm that the company's operations in the area of dermatological cosmetics undergo a dynamic growth, in spite of a 2% decline in the value of domestic market in 2012 (according to PMR).
In Q4 2012, the most significant impact on the Company's results at a separate level had the increased sale of ready products with lower manufacture costs (resulting from new manufacturing location). An additional element of improvement was also the constant extension of product range and promotional activities. Whereas, the consolidated financial results were influenced by more prominent expenses related with preparations to commencing phase II clinical trials ("Proof of Concept") of the innovative 1-MNA anti-atherosclerotic medicinal product, than in the previous year.

In February 2013, the Issuer informed about two very significant events concerning the realisation of the Company's Strategy for 2012-2015 in the area of clinical research on innovative anti-atherosclerosis medicinal product 1-MNA (published in current report no. 16/2012 of 13th April 2012), namely:
a) about obtaining permission for conducting bioavailability testing of 1-MNA medicinal product
On 21st February 2013, a subsidiary company Cortria Corporation (USA) received notification that Health Canada (an authority supervising clinical trials in Canada) granted permission ("No Objection Letter") for conducting bioavailability testing of an innovative anti-atherosclerotic medicinal product based on 1-MNA active substance (working name of the product – TRIA-662).

b) about commencing clinical trials of 1-MNA medicinal product
On 27th February, the Issuer informed that it is scheduled to commence bioavailability testing of an innovative anti-atherosclerotic medicinal product based on 1-MNA active substance (working name of the product – TRIA-662), managed by Cortria Corporation (USA), on 1st March 2013. The trials will be conducted by a Canadian clinic Bio Pharma Services Inc. It is planned to perform a bioavailability testing (randomised, double-blind) on a group of 20 patients. It will focus on two testing groups: 1-MNA vs. niacin (active substance used in currently sold anti-atherosclerotic medicines) in 1000 mg dose. The anticipated duration of the trials is approximately 2 months.
Bioavailability testing determines the time and levels of absorption of medicinal substance into the general circulation of human organism after single administration. Bioavailability testing is indispensable for carrying out phase II of clinical trials ("Proof of Concept") of anti-atherosclerotic medicinal product 1-MNA, in order to confirm its efficacy and absence of adverse side effects with increased doses. Bioavailability testing will be financed from funds obtained from the issue of series C shares.
Bio Pharma Services Inc. is a research centre specializing in bioavailability and bioequivalence testing commissioned by pharmaceutical companies from, among others, USA, Canada and Europe. For more information, please visit www.biopharmaservices.ca.
Potential revenue after commercialisation of the anti-atherosclerotic medicinal product may prove to be very beneficial for the financial and economic situation of the Issuer.

In February 2013, the Issuer informed about two events concerning the realisation of the Company's Strategy for 2012-2015 in the area 1-MNA dietary supplement (published in current report no. 16/2012 of 13th April 2012), namely:

a) about submitting draft application for authorisation of 1-MNA as novel food ingredient (dietary supplement)
On 31st January 2013, the Issuer submitted a permission to place novel food ingredient on the market pursuant to Art. 4 of Regulation (EC) no. 258/97 was submitted to Food Standards Agency in London, UK.
Having obtained confirmation of the draft application's accuracy or after making all indispensable corrections, the Issuer will submit its final application for authorisation of novel food ingredient.
The Company intends to conduct authorisation process of 1-MNA ingredient for the production of dietary supplements in 2013. Successful authorisation will open EU markets for the product.

b) about entering into agreement on 1-MNA dietary supplement formulation development
On 11th February 2013, the Issuer entered into an agreement on 1-MNA dietary supplement formulation development with Master Pharm Polska Sp. z o.o. Having developed the formulation and registered the 1-MNA dietary supplement as new foodstuff within the European procedure, the company will place the product on the EU markets.
Master Pharm Polska Sp. z o.o. is a Polish leader in developing and contract manufacturing of dietary supplements, foods for particular nutritional uses, cosmetics, medical products.
Dietary supplement 1-MNA is 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 February 2013, Pharmena S.A. 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 Company.

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.

2. Achievement of the goals of an issue

In February 2013, Pharmena S.A. did not make any money expenditure directly on issue-related purposes. However, a subsidiary company Cortria Corporation spent in February 2013 its funds mainly on the production of tablets for phase II clinical trials and patent protection.

3. A list of all information published by the Issuer in the form of current reports in the reporting period from 1st February 2013 to 28th February 2013

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

• Current report no. 5/2013 of 1st February 2013 – Submitting draft application for authorisation of 1-MNA as novel food ingredient

• Current report no. 6/2013 of 8th February 2013 – January 2013 monthly report

• Current report no. 7/2013 of 11th February 2013 – Entering into agreement on 1-MNA dietary supplement formulation development

• Current report no. 8/2013 of 14th February 2013 – PHARMENA S.A. – Q4 2012 quarterly report

• Current report no. 9/2013 of 22nd February 2013 – Obtaining permission for conducting bioavailability testing of 1-MNA medicinal product

• Current report no. 10/2013 of 27th February 2013 – Commencing clinical trials of 1-MNA medicinal product

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

4. Investor's calendar for March 2013

Publication of March 2013 monthly report until 14th April 2013.

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