

Current Report No. 2 of 19 February 2014

Shared capital increase at the Issuer's subsidiary.

Legal basis:

Par. 56.1.2 of the Act on Public Offering - current and periodic information

The Management Board of Farmacol S.A. -the Issuer- announces that the Extraordinary General Meeting of Shareholders of Farmacol Finanse Spółka z o.o. Wrocław Spółka Komandytowo Akcyjna with its registered seat in Wrocław (National Court Number [KRS] no. 0000481171) was held on 18 February 2014.

The FARMACOL FINANSE Spółka z o.o. Wrocław SKA Extraordinary General Meeting of Shareholders adopted a resolution to increase its share capital by PLN 400,000.00, from PLN 3,900,000.00 to PLN 4,300,000.00 (four million three hundred zloty) through the issue of 40,000 new series "D" registered shares numbered 000,001 to 40,000 by private subscription, issue price tantamount to par value, i.e. PLN 10.00 per share;

The shares in the FARMACOL FINANSE Spółka z o.o. Wrocław SKA increased share capital were taken up by the issuer's subsidiaries including:

1. Przedsiębiorstwo Zaopatrzenia Farmaceutycznego „Cefarm-Warszawa” S.A. in Warsaw, which took up 27,179 series "D" registered shares numbered 00001 to 27,179 with the value of PLN 271,790.00 in exchange for the following non-cash contributions:
 - a) Non-residential premises no. U-1 constituting a separate real property located in Warsaw, at ul. Waszyngtona nr 71/73, with the total usable floor space of 443.66 sq m entered into the land and mortgage register [KW] no. WA6M/00447341/6 together with the share totalling 2551/10,000 parts in ownership of the building and equipment, not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 94 entered into the land and mortgage register no. WA6M/00062692/8;
 - b) Non-residential premises no. LU 1 constituting a separate real property located in Warsaw at ul. Nowy Świat 60 with the total usable floor space of 307.27 sq m, entered into the land and mortgage register no. WA4M/00235121/5 together with the share totalling 2551/10,000 parts in ownership of the building and equipment, not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 57 entered into the land and mortgage register no. 00058399;
 - c) Non-residential premises no. LU 2 constituting a separate real property located in Warsaw at ul. Krakowskie Przedmieście 19 with the total usable floor space of 184.92 sq m, entered into the land and mortgage register no. WA4M/00417961/5 together with the share totalling 2070/10,000 parts in ownership of the building and equipment, not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 49 entered into the land and mortgage register no. WA4M/00066471/7;
 - d) Non-residential premises no.137 constituting a separate real estate property located in Warsaw at ul. Pi. Hallera 9 with the total usable floor space of 310.17 sq m, entered into the land and mortgage register no. WA3M/00230812/4 together with the auxiliary premises- a basement with the area of 87.90 sq m- and the share totalling 639/10,000 parts in ownership of the building and

equipment, not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 13 entered into the land and mortgage register no. WA4M/00066471/7; the right to the perpetual usufruct of the plot no. 62 located in Brody Parcele, Pomiechówek municipality, with the area of 1,323.00 sq m together with the ownership of the buildings, building structures and equipment located on this plot but constituting a separate ownership title entered into the land and mortgage register no. WA1N/00047695/4;

- e) Non-residential premises no. U-9 constituting a separate real property located in Nowy Dwór Mazowiecki at ul. Bohaterów Modlina 28 with the total usable floor space of 298.67 sq m, entered into the land and mortgage register no. WA1N/00069576/4 together with the share totalling 1473/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 49 entered into the land and mortgage register no. WA1N/00061901/6;
- f) Non-residential premises no. LU 208.30 constituting a separate real property located in Warsaw at ul. Widok 19 with the total usable floor space of 208.30 sq m, entered into the land and mortgage register no. WA4M/00394195/6 together with the share totalling 785/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners WA4M/00394195/6
- g) The right to the perpetual usufruct of the plot no. 47 located in Wesoła, at ul. Apteczna 6, with the area of 2,454.00 sq m together with the ownership of the buildings, building structures and equipment located on this plot but constituting a separate ownership title entered into land and mortgage register no. WA6M/00368944/5;
- h) Cooperative ownership right to commercial premises located in Legionów at Al. 3-go Maja 32, with the total area of 494,00 sq m together with construction contribution, constituting the reserve of the Housing Cooperative for Tenants and Owners in Legionów and not entered into the land and mortgage register;
- i) Cooperative ownership right to commercial premises located on the ground floor of the office and retail pavilion in Grodzisk Mazowiecki at ul. Sienkiewicza 45, with the total area of 152,93 sq m together with construction contribution, constituting the reserve of the Grodzisk Housing Cooperative and not entered into the land and mortgage register;
- j) Cooperative ownership right to commercial premises no 19 located in Otwock at ul. Matejki 9, with the total area of 387,20 sq m together with construction contribution, constituting the reserve of the Otwock Housing Cooperative in Otwock and not entered into the land and mortgage register;
- k) Cooperative ownership right to commercial premises located in Otwock at ul. Czaplickiego 9, with the total area of 134,00 sq m together with construction contribution, constituting the reserve of the Otwock Housing Cooperative in Otwock and not entered into the land and mortgage register;
- l) Non-residential premises no. 1 constituting a separate real property located in Świnoujście at ul. Plac Słowiański 5-5A with the total usable floor space of 110.07 sq m, entered into the land and mortgage register no. SZ1W/00035435/7 together with the share totalling 808/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to ownership of plots no. 713/1 and 713/2 entered into the land and mortgage register no. SZ1W/00031247/4;

With the total value of PLN 28,664,918.13 gross from which the surplus of value was allocated to reserve capital;

2. „Cefarm-Wrocław Centrum Zaopatrzenia Farmaceutycznego” S.A. in Wrocław, which took up 12,371 series “D” registered shares numbered 27,180 to 39,550 with the value of PLN 123,710.00 in exchange for the following non-cash contributions:
 - a) Non-residential premises no. 1A constituting a separate real property located in Wrocław at ul. Kościuszki 51 with the total usable floor space of 157.28 sq m, entered into the land and mortgage register no. WR1K/00185376/6 together with the share totalling 1473/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 31/1 entered into the land and mortgage register no. WR1K/00059062/0;
 - b) Non-residential premises no. 3 constituting a separate real property located in Kłodzk at ul. Czeskiej 15 and ul. Tumskiej 2-4 with the total usable floor space of 404.50 sq m, entered into the land and mortgage register no. SW1K/00055966/8 together with the share totalling 309/1,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 41/2 entered into the land and mortgage register no. 54439;
 - c) Non-residential premises no. 1A constituting a separate real property located in Wrocław at ul. Kościuszki 18 with the total usable floor space of 172.19 sq m, entered into the land and mortgage register no. WR1K/00185376/6 together with the share totalling 1473/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 13/21 entered into the land and mortgage register no. WR1K/00059062/0;
 - d) Non-residential premises no. 1A constituting a separate real property located in Wrocław at ul. Kościuszki 17 with the total usable floor space of 282.97 sq m, entered into the land and mortgage register no. WR1K/00173184/6 together with the share totalling 1473/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 13/17 entered into the land and mortgage register no. 00067093;
 - e) Cooperative ownership right to commercial premises no 1 and no. 2 located in Legnica at ul. Izerska 38, Pavilion A, with the total area of 1,136.30 sq. m together with construction contribution, constituting the reserve of “Piekary” Housing Cooperative in Legnica and not entered into the land and mortgage register;
 - f) Cooperative ownership right to commercial premises no 1 and no. 2 located in Legnica at ul. Izerska 31, Pavilion D, with the total area of 367.30 sq m together with construction contribution, constituting the reserve of “Piekary” Housing Cooperative in Legnica and not entered into the land and mortgage register;
 - g) Non-residential premises no. 8 constituting a separate real property located in Bolesławiec at ul. Rynek 9/10 with the total usable floor space of 33.40 sq m, entered into the land and mortgage register no. JG1B/00036979/4 together with the share totalling 12/100 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 139 entered into the land and mortgage register no. 00017092;
 - h) Non-residential premises no. 12 constituting a separate real property located in Bolesławiec at ul. Rynek 8 with the total usable floor space of 253.00 sq m, entered into the land and mortgage register no. JG1B/00036976/3 together with the share totalling 28/100 parts in ownership of the

building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 140 entered into the land and mortgage register no. 00011589;

- i) A share totalling 23/50 parts in non-residential premises no. 1B located in Wrocław at ul. Nowowiejska 56-58 with the total usable floor space of 320.25 sq m, entered into the land and mortgage register no. WR1K/00152630/5 which the associated share totalling 909/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 114/1 entered into the land and mortgage register no. WR1K/00077756/4;
- j) Non-residential premises no. 1A constituting a separate real property located in Wrocław at ul. Kościuszki 53 with the total usable floor space of 312.45 sq m, entered into the land and mortgage register no. WR1K/00185376/6 together with the share totalling 1473/10,000 parts in ownership of the building and equipment not intended for the sole use of the owners and the right to the perpetual usufruct of the plot no. 31/2 entered into the land and mortgage register no. WR1K/00059062/0;
- k) The right to the perpetual usufruct of the plot no. 469, cadastral district located in Lublin, with the area of 1,564 sq m together with the ownership of the buildings, building structures and equipment located on this plot but constituting a separate ownership title entered into land and mortgage register no. LE1U/00025751/4;

with the total value of PLN 13,047,000.00 gross where the value of the contribution in-kind made to cover the new shares issue over the par value of shares taken up in exchange for the contribution in-kind was allocated to reserve capital;

- 3. Cefarm Białystok S.A. in Białystok, which took up 450 series "D" registered shares numbered 39,551 to 40,000 with the total par value of PLN 4,500 in exchange for the following non-cash contributions:
 - a) Ownership of developed plot no. 1,336/15 located in Łapy, at ul. Kopernika 2A with the usable floor space 340 sq m entered into the land and mortgage register no. BI1B/00197912/1;
 - b) Cooperative ownership right to residential premises no. 50 located in Kolno at ul. Witosza 3, with the total area of 56.80 sq m together with construction contribution, constituting the reserve of the Kolno Housing Cooperative for Tenants and Owners in Kolno and not entered into the land and mortgage register;

with the total value of PLN 475,000.00 gross where the value of the contribution in-kind made to cover the new shares issue over the par value of shares taken up in exchange for the contribution in-kind was allocated to reserve capital;

In addition, the Issuer informs that on the day of the FARMACOL FINANSE Spółka z o.o. Wrocław SKA with its registered seat in Wrocław Extraordinary General Meeting of Shareholders all aforementioned real properties constituting the contribution in-kind were transferred to the Company by the new shareholders pursuant to separate notarial deeds.

Concurrently, the Issuer's Management Board informs that -with reference to the transfer of property rights- on 18 February 2014 FARMACOL FINANSE Spółka z o.o. Wrocław SKA with its registered seat in Wrocław (the Financer) entered into a financial lease agreement with:

1. CEFARM BIAŁYSTOK S.A. with its registered seat in Białystok, where the leased object is the real property defined in Par. 3 letter b) above for the time limit of 10 years at the value of PLN **348,992.50** (including the value of the leased object, financial costs, administrative fee),
2. Przedsiębiorstwem Zaopatrzenia Farmaceutycznego „Cefarm-Warszawa” S.A. in Warsaw, where the leased object are the real properties defined in Par. 1 and 2 letter b) above for the time limit of 10 years at the value of PLN **48,765,261.30** (including the value of the leased object, financial costs, administrative fee);

The actions performed constitute an element of a long term equity restructuring programme run within the Issuer's Capital Group.

Signatures of duly authorised representatives of the company:

- 1.) Barbara Kaszowicz – Vice-President of the Management Board,
- 2.) Kamil Kirker - Member of the Management Board