

“PRO FARMA” J.S.C.
BUSINESS PROFILE

I. Basic Company Data

<i>Founded:</i>	<i>1948</i>
<i>Legal Status:</i>	<i>Joint-Stock-Company (100% state-owned) from 1995</i>
<i>Address:</i>	<i>Rruga Qemal Stafa, no.350, Tirana</i>
<i>General Director:</i>	<i>Violeta CAMA</i>
<i>Tel:</i>	<i>+355 42 62800</i>
<i>No. of Employees:</i>	<i>184</i>
<i>Sector:</i>	<i>Pharmaceutical</i>

II. Background

“PROFARMA, L.S.C.” was established in 1948 as the sole producer of pharmaceutical products for the domestic market in Albania. The company produces a number of essential generic pharmaceutical products, including perfusions, solutions for injections in small volumes, pills, creams, drops and ointments. The company benefits from good brand recognition and brand loyalty in the domestic market, where it has a reputation for quality and value. PROFARMA’s products are distributed through FUFARMA, the 70 percent, state-owned wholesale distributor, to Albanian pharmacies and hospitals. Production is carried out using modern equipment, donated by the EU PHARE program in 1996. PROFARMA’s capable staff has also benefited from training in Albania and in France and Italy on the use of this equipment and good manufacturing practices under EU funding PROFARMA became a joint-stock company in 1995. It has been profitable since 1992.

PROFARMA has sought to continuously restructure its manufacturing processes, improving production step by step and reinvesting its profits in capital expenditures. Management has a long history with the company and is extremely competent.

PROFARMA employs a total of 184 people. The plant is located in an industrial zone of Tirana, the Albanian capital, on 25,000m². The plant currently exploits 7,000m² of the available area. The plant is adjacent to FUFARMA, the state-owned wholesale distributor.

III. Products and Markets

PROFARMA produces 130 products, of which 60 different pills and tablets, 45 perfusions, two infusions, and 53 different ointments, creams, syrups, drops and consumer products, such as shaving cream, dentifrice and shampoo. The production of these products is organized around four production lines: 1) infusions, 2) perfusions, 3) pills and vitamins, and 4) “gallenics” (creams, ointments, syrups, drops and suppositories) These products are distributed through the state-owned wholesale distributor FUFARMA to a network of approximately 400 pharmacies (170 in Tirana alone) and hospitals throughout the country.

PROFARMA produces its products on a yearly, fixed quantity contract basis with FUFARMA, the state-owned wholesale distributor. Management is currently exploring other distribution arrangements with private distributors.

Sales Volumes	1998	1997	1996
Pills (include. Vitamins)	246,652	226,631	207,070
Injectible Solutions (in ampoules)	5,591	3,116	4,801
Gallenic (units)	3,08	3,280	3,049

The company has long-standing relationships with leading European suppliers. Sophisticated laboratory equipment assure the quality of all raw materials and finished products to ensure adherence with all Albanian standards. Eleven full-time employees ensure the quality control.

PROFARMA is facing increasing competition from multinational and regional pharmaceutical companies but enjoys a strong reputation for quality and value.

IV. Financial Situation

Item	1998		1997		1996	
	Lek (000)	USD (000)	Lek (000)	USD (000)	Lek (000)	USD (000)
Sales	498,218	3,544	385,128	2,582	311,300	3,020
Assets	682,522	4,855	598,490	4,013	541,499	5,253
Equity	647,865	4,606	561,875	3,767	392,135	3,805
Net Profit	80,363	572	60,533	406	63,902	620

V. Organization and Management

PROFARMA has a Supervisory Board of three members, nominated by the Ministry of Public Economy and Privatization. The Supervisory Board appoints the General Director. The General Director and other senior management have been with the company for an average of 25 years. The staff also has a long history with the company. Management and staff are very capable and knowledgeable.

The plant operates one eight-hour shift, five days a week.

PROFARMA employs 184 people, earning an average monthly salary of USD 120.

VI. Plant and Equipment

The plant and administrative offices are located in an industrial zone of Tirana, the Albanian capital, on 25,000m², of which 7,000m² are exploited. The pills and infusion lines employ modern equipment, installed within the last five years. The equipment in the infusion line is French, donated under funding from the EU. The equipment used in the production of pills is Italian and was self-financed. These two production lines benefit from sophisticated Western equipment and technical assistance from French and Italian industry experts. PROFARMA's creams, ointments, syrups and drops are produced using older, Italian equipment. Pills can be packaged automatically in aluminum blister sheets. The packaging of all other products is done manually. All of PROFARMA's equipment is company-owned.