

## **SOPHARMA GROUP**

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<b>Board of Directors:</b>	<b>Ognian Donev, PhD Vessela Stoeva Alexander Chaushev Ognian Palaveev Andrey Breshkov</b>
<b>Executive Director:</b>	<b>Ognian Donev, PhD</b>
<b>Finance Director:</b>	<b>Boris Borisov</b>
<b>Preparer:</b>	<b>Lyudmila Bondjova</b>
<b>Chief Accountant:</b>	<b>Yordanka Petkova</b>
<b>Head of Legal Department:</b>	<b>Galina Angelova</b>
<b>Registered Address:</b>	<b>Sofia 16, Iliensko Shousse Str.</b>
<b>Lawyers:</b>	<b>Law Firm "Gachev, Baleva, Partners" Ventsislav Stoev Stefan Yovkov</b>
<b>Servicing Banks:</b>	<b>Raiffeisenbank (Bulgaria) EAD DSK Bank EAD Eurobank EFG Bulgaria AD Societe Generale Expressbank AD UniCredit Bulbank AD Citibank N.A. ING Bank - Sofia Branch BFT</b>
<b>Auditors:</b>	<b>AFA OOD</b>

**SOPHARMA GROUP**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**for the six-month period ended 30 June 2015**

	Notes	1 January - 30 June 2015	1 January - 30 June 2014
		BGN'000	BGN'000
Revenue	3	438 809	414 827
Other operating income/(losses), net	4	676	368
Changes in inventories of finished goods and work in progress		1 731	5 011
Material expense	5	(42 788)	(47 227)
Hired services expense	6	(31 029)	(32 731)
Employee benefits expense	7	(41 480)	(40 548)
Depreciation and amortization expense	14, 15	(13 217)	(14 550)
Carrying amount of goods sold		(281 074)	(250 745)
Other operating expenses	8	(4 047)	(3 175)
<b>Profit from operations</b>		<b>27 581</b>	<b>31 230</b>
Finance income	10	11 076	2 503
Finance costs	11	(7 817)	(10 042)
<b>Finance income / (costs), net</b>		<b>3 259</b>	<b>(7 539)</b>
Loss/(Gain) from associates and joint ventures		201	(303)
Gain/(Loss) from sale of subsidiaries		394	-
<b>Profit before income tax</b>		<b>31 435</b>	<b>23 388</b>
Income tax expense		(3 029)	(3 746)
<b>Net profit for the year</b>		<b>28 406</b>	<b>19 642</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit pension plans		(14)	-
		<b>(14)</b>	<b>-</b>
<i>Items that may be reclassified to profit or loss:</i>			
Net change in fair value of available-for-sale financial assets		294	191
Exchange differences on translating foreign operations		1 854	(1 432)
		<b>2 148</b>	<b>(1 241)</b>
<b>Other comprehensive income for the year, net of tax</b>	13	<b>2 134</b>	<b>(1 241)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>30 540</b>	<b>18 401</b>
<b>Net profit for the year attributable to:</b>			
Equity holders of the parent		26 904	18 132
Non-controlling interests		1 502	1 510
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent		29 683	17 270
Non-controlling interests		857	1 131

*The accompanying notes on pages 5 to 95 form an integral part of the consolidated financial statements.*

**Executive Director:**

**Ognian Donev, PhD**

**Finance Director:**

**Boris Borisov**

**Preparer:**

**Lyudmila Bondjova**

## SOPHARMA GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	30 June 2015 BGN'000	31 December 2014 BGN'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	297 890	299 037
Intangible assets	15	16 821	13 270
Goodwill	15	10 075	10 918
Investment property	16	11 027	10 606
Investments in associates and joint ventures	17	19 166	12 387
Available-for-sale investments	18	6 794	6 968
Long-term receivables from related parties	19	26 937	33 150
Other long-term receivables	20	326	353
Deferred tax assets		4 450	3 849
		<b>393 486</b>	<b>390 538</b>
<b>Current assets</b>			
Inventories	21	150 544	155 910
Trade receivables	22	246 475	196 330
Receivables from related parties	23	33 023	25 318
Other receivables and prepayments	24	13 462	22 445
Cash and cash equivalents	25	21 404	26 822
		<b>464 908</b>	<b>426 825</b>
<b>TOTAL ASSETS</b>		<b>858 394</b>	<b>817 363</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		134 798	132 000
Reserves		50 274	36 069
Retained earnings	26	228 691	203 260
		<b>413 763</b>	<b>371 329</b>
<b>Non-controlling interests</b>		<b>43 453</b>	<b>60 308</b>
<b>TOTAL EQUITY</b>	26	<b>457 216</b>	<b>431 637</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term bank loans	27	41 883	45 820
Deferred tax liabilities		6 838	5 728
Retirement benefit obligations	28	3 861	3 786
Finance lease liabilities	29	1 618	2 103
Government grants	30	7 333	7 558
Other non-current liabilities		29	35
		<b>61 562</b>	<b>65 030</b>
<b>Current liabilities</b>			
Short-term bank loans	31	217 989	217 360
Current portion of long-term bank loans	27	9 938	10 772
Trade payables	32	81 112	71 752
Payables to related parties	33	7 771	1 634
Payables to personnel and for social security	34	9 198	7 514
Tax payables	35	7 666	6 023
Other current liabilities	36	5 942	5 641
		<b>339 616</b>	<b>320 696</b>
<b>TOTAL LIABILITIES</b>		<b>401 178</b>	<b>385 726</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>858 394</b>	<b>817 363</b>

The accompanying notes on pages 5 to 95 form an integral part of the consolidated financial statements. - -

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Preparer:

Lyudmila Bondjova

**SOPHARMA GROUP**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**for the six-month period ended 30 June 2015**

	Notes	1 January - 30 June 2015 BGN'000	1 January - 30 June 2014 BGN'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		481 090	462 633
Cash paid to suppliers		(392 654)	(384 064)
Cash paid to employees and for social security		(37 339)	(35 434)
Taxes paid (except income taxes)		(31 713)	(28 682)
Taxes refunded (except income taxes)		5 842	2 768
Income taxes paid		(2 795)	(4 994)
Income taxes refunded		15	-
Interest and bank charges paid on working capital loans		(3 793)	(3 563)
Foreign currency exchange gains/(losses), net		(203)	(1 559)
Other proceeds/(payments), net		269	(842)
<b>Net cash flows from operating activities</b>		<b>18 719</b>	<b>6 263</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(10 020)	(14 528)
Proceeds from sales of property, plant and equipment		172	217
Purchases of intangible assets		(1 843)	(979)
Purchases of available-for-sale investments		(276)	(1 637)
Proceeds from sale of available-for-sale investments		22	97
Proceeds from dividends from available-for-sale investments		6	56
Payments for the acquisition of subsidiaries, net of cash received		(8 091)	-
Proceeds from sales of subsidiaries, net of cash provided		3 450	-
Purchases of investments in associates and joint ventures	17	(3 177)	(1 015)
Proceeds from sale of investments in associates and joint ventures		2	-
Proceeds/(payments) on transactions with non-controlling interests, net		(1 421)	4 450
Loans granted to related parties		(6 030)	(13 460)
Loan repayments by related parties		6 595	8 092
Loans granted to third parties		(748)	(225)
Loan repayments by third parties		487	317
Interest received on loans and deposits		1 000	355
<b>Net cash flows used in investing activities</b>		<b>(19 872)</b>	<b>(18 260)</b>
<b>Cash flows from financing activities</b>			
Proceeds from short-term bank loans (overdraft), net		22 463	51 194
Repayment of short-term bank loans (overdraft), net		(21 914)	(44 348)
Proceeds from long-term bank loans		4 891	-
Repayment of long-term bank loans		(10 049)	(5 219)
Loans received from third parties		-	337
Repayment of loans to third parties		-	(524)
Interest and charges paid under investment purpose loans		(902)	(1 152)
Payment of finance lease liabilities		(766)	(602)
Treasury shares		(195)	(711)
Proceeds from sale of treasury shares		-	2 796
Dividends paid		(91)	(705)
Received government grants		2 689	210
<b>Net cash flows used in financing activities</b>		<b>(3 874)</b>	<b>1 276</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5 027)</b>	<b>(10 721)</b>
Cash and cash equivalents at 1 January		25 299	26 629
<b>Cash and cash equivalents at 30 June</b>	25	<b>20 272</b>	<b>15 908</b>

*The accompanying notes on pages 5 to 95 form an integral part of the consolidated financial statements.*

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*Finance Director:*

*Boris Borisov*

*Preparer:*

*Lyudmila Bondjova*

## SOPHARMA GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the six-month period ended 30 June 2015

Notes	Attributable to equity holders of the parent							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Statutory reserves	Revaluation reserve - property, plant and equipment	Available-for-sale financial assets reserve	Translation of foreign operations reserve	Retained earnings			
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000			
<b>Balance at 1 January 2014</b>	<b>132 000</b>	<b>(18 995)</b>	<b>30 051</b>	<b>24 657</b>	<b>961</b>	<b>(4 648)</b>	<b>195 896</b>	<b>359 922</b>	<b>54 350</b>	<b>414 272</b>
<b>Changes in equity for the period</b>										
Effect from purchase of treasury shares	-	1 484	-	-	-	-	586	2 070	-	2 070
Distribution of net profit for:	-	-	3 504	-	-	-	(12 396)	(8 892)	-	(8 892)
* statutory reserves	-	-	3 504	-	-	-	(3 504)	-	-	-
* dividends	-	-	-	-	-	-	(8 892)	(8 892)	-	(8 892)
Effects assumed by non-controlling interests on:	-	-	-	-	-	-	(908)	(908)	2 580	1 672
* acquisition/(disposal) of subsidiaries	-	-	-	-	-	-	-	-	2 445	2 445
* dividend payment	-	-	-	-	-	-	-	-	(2 648)	(2 648)
* capital issue in subsidiaries	-	-	-	-	-	-	-	-	4 458	4 458
* increase in the interest in subsidiaries	-	-	-	-	-	-	2 408	2 408	(3 778)	(1 370)
* decrease in the interest in subsidiaries	-	-	-	-	-	-	(3 316)	(3 316)	2 103	(1 213)
<b>Total comprehensive income for the year, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191</b>	<b>(1 053)</b>	<b>18 132</b>	<b>17 270</b>	<b>1 131</b>	<b>18 401</b>
* net profit for the year	-	-	-	-	-	-	18 132	18 132	1 510	19 642
* other comprehensive income, net of taxes	-	-	-	-	191	(1 053)	-	(862)	(379)	(1 241)
Transfer to retained earnings	-	-	-	(604)	-	-	604	-	-	-
<b>Balance at 30 June 2014</b>	<b>132 000</b>	<b>(17 511)</b>	<b>33 555</b>	<b>24 053</b>	<b>1 152</b>	<b>(5 701)</b>	<b>201 914</b>	<b>369 462</b>	<b>58 061</b>	<b>427 523</b>
<b>Balance at 1 January 2015</b>	<b>132 000</b>	<b>(18 095)</b>	<b>33 555</b>	<b>23 754</b>	<b>1 190</b>	<b>(4 335)</b>	<b>203 260</b>	<b>371 329</b>	<b>60 308</b>	<b>431 637</b>
<b>Changes in equity for the period</b>										
Effect from purchase of treasury shares	-	(195)	-	-	-	-	-	(195)	-	(195)
Effect from restructuring	2 798	-	8 785	172	-	-	607	12 362	(12 362)	-
Distribution of net profit for:	-	-	2 916	-	-	-	(2 916)	-	-	-
* statutory reserves	-	-	2 916	-	-	-	(2 916)	-	-	-
* dividends	-	-	-	-	-	-	-	-	-	-
Effects assumed by non-controlling interests on:	-	-	-	-	-	-	584	584	(5 350)	(4 766)
* acquisition/(disposal) of subsidiaries	-	-	-	-	-	-	-	-	(582)	(582)
* capital issue in subsidiaries	-	-	-	-	-	-	-	-	(3 139)	(3 139)
* increase in the interest in subsidiaries	-	-	-	-	-	-	685	685	(1 431)	(746)
* decrease in the interest in subsidiaries	-	-	-	-	-	-	(101)	(101)	(198)	(299)
<b>Total comprehensive income for the year, including:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>2 499</b>	<b>26 890</b>	<b>29 683</b>	<b>857</b>	<b>30 540</b>
* net profit for the year	-	-	-	-	-	-	26 904	26 904	1 502	28 406
* other comprehensive income, net of taxes	-	-	-	-	294	2 499	(14)	2 779	(645)	2 134
Transfer to retained earnings	-	-	-	(266)	-	-	266	-	-	-
<b>Balance at 30 June 2015</b>	<b>134 798</b>	<b>(18 290)</b>	<b>45 256</b>	<b>23 660</b>	<b>1 484</b>	<b>(1 836)</b>	<b>228 691</b>	<b>413 763</b>	<b>43 453</b>	<b>457 216</b>

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