

Company Name:

SOPHARMA AD

Board of Directors:

**Ognian Donev, PhD
Vessela Stoeva
Alexander Tchaushev
Ognian Palaveev
Andrey Breshkov**

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Chief Accountant:

Yordanka Petkova

Head of Legal Department:

Galina Angelova

Address of Management:

**Sofia
16, Iliensko Shousse Str.**

Lawyers:

**Law company "Gachev, Baleva, Partners"
Ventsislav Stoev
Stefan Yovkov**

Servicing Banks:

**Raiffeisenbank (Bulgaria) EAD
DSK Bank EAD
Eurobank and EFG Bulgaria AD
Piraeus Bank AD
Unicredit AD
BNP Paribas Bulgaria EAD
Citibank N.A.
ING Bank, Branch Sofia
MKB Unionbank**

Auditor:

AFA OOD

SOPHARMA GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 March 2013

| | Attachments | 2013 BGN'000 | 2012 BGN'000 |
|--|-------------|-----------------|-----------------|
| Revenue | 3 | 187 608 | 173 167 |
| Other operating income/(losses), net | 4 | 2 361 | 787 * |
| Changes in inventories of finished goods and work in progress | | (484) | 1 609 |
| Expenses on materials | 5 | (21 484) | (25 166) |
| Hired services expense | 6 | (14 219) | (13 235) |
| Employee benefits expense | 7 | (17 276) | (16 310) |
| Depreciation and amortisation expense | 14, 15 | (5 410) | (4 585) |
| Carrying amount of goods sold | 8 | (105 935) | (97 595) |
| Other operating expenses | 9, 10 | (3 433) | (1 764) |
| Profit from operations | | 21 728 | 16 908 |
| Finance income | 11 | 1 858 | 1 185 * |
| Finance costs | 12 | (2 051) | (1 997) |
| Finance (costs)/income, net | | (193) | (812) |
| Profit/(loss) from net monetary position recalculated under hype | 2.33.4 | (378) | (2 223) |
| Profit/(loss) from associated companies | | 4 | - |
| Profit/(loss) from sale of subsidiaries | | 123 | - |
| Profit before income tax | | 21 284 | 13 873 |
| Income tax expense | | (2 674) | (1 747) |
| Net profit for the year | | 18 610 | 12 126 |
| Statutory dividend distribution | | (6) | (89) |
| Net profit for the period | | 18 604 | 12 037 |
| Other comprehensive income: | 13 | | |
| Net change in fair value of available-for-sale financial assets | | 64 | - |
| Net gain from revaluation of property, plant and equipment | | 4 | - |
| Exchange rate differences on translating foreign operations | | 598 | 458 |
| Other comprehensive income for the period, net of tax | | 666 | 458 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 19 270 | 12 495 |
| Net Profit attributable to: | | | |
| Equity holders of the parent | | 17 674 | 11 333 |
| Non-controlling interest | | 930 | 793 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | | 18 191 | 11 229 |
| Non-controlling interest | | 1 079 | 1 355 |

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

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Chief Accountant (preparer):

Yordanka Petkova

SOPHARMA GROUP**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 31 March 2013

| | Attachments | 31 March 2013 BGN'000 | 31 December 2012 BGN'000 |
|--|-------------|--------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 302 826 | 292 074 |
| Intangible assets | 15 | 26 644 | 26 380 |
| Investment property | 16 | 7 105 | 7 110 |
| Investments in associated companies | 17 | 1 726 | 582 |
| Available-for-sale investments | 18 | 24 606 | 23 425 |
| Long-term receivables from related parties | 19 | 1 177 | 1 183 |
| Other long-term receivables | 20 | 1 924 | 1 460 |
| Deffered tax assets | | 2 687 | 2 537 |
| | | 368 695 | 354 751 |
| Current assets | | | |
| Inventories | 21 | 126 712 | 130 950 |
| Trade receivables | 22 | 188 442 | 160 558 |
| Receivables from related parties | 23 | 62 748 | 60 871 |
| Other receivables and prepayments | 24 | 20 478 | 22 521 |
| Cash and cash equivalents | 25 | 24 795 | 15 767 |
| | | 423 175 | 390 667 |
| TOTAL ASSETS | | 791 870 | 745 418 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 132 000 | 132 000 |
| Reserves | | 36 084 | 35 979 |
| Retained earnings | | 195 586 | 177 900 |
| | | 363 670 | 345 879 |
| Non-controlling interest | | 49 406 | 45 474 |
| TOTAL EQUITY | 26 | 413 076 | 391 353 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term bank loans | 27 | 60 466 | 56 844 |
| Deferred tax liabilities | | 6 915 | 5 792 |
| Retirement benefit obligations | | 2 397 | 2 331 |
| Finance lease liabilities | 28 | 2 081 | 2 509 |
| Other non-current liabilities | 29 | 2 522 | 2 612 |
| | | 74 381 | 70 088 |
| Current liabilities | | | |
| Short-term loans from banks | 30 | 222 509 | 203 994 |
| Current portion of long-term bank loans | 27 | 11 421 | 9 559 |
| Trade payables | 31 | 53 738 | 55 242 |
| Payables to related parties | 32 | 2 221 | 1 560 |
| Payables to personnel and for social security | 33 | 7 050 | 6 624 |
| Tax payables | 34 | 4 091 | 2 408 |
| Other current liabilities | 35 | 3 383 | 4 590 |
| | | 304 413 | 283 977 |
| TOTAL LIABILITIES | | 378 794 | 354 065 |
| TOTAL EQUITY AND LIABILITIES | | 791 870 | 745 418 |

The accompanying notes on pages 5 to ... form an integral part of the consolidated interim financial statement.

The consolidated financial statements on pages 1 to 128 were approved by the Board of Directors of Sopharma

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Chief Accountant (preparer):

Yordanka Petkova

SOPHARMA GROUP
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
for the period ended 31 March 2013

| | Att ach | 2013 BGN'000 | 2012 BGN'000 |
|--|------------|-----------------------------|-----------------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 193 908 | 187 595 |
| Cash paid to suppliers | | (162 913) | (163 769) |
| Cash paid to employees and for social security | | (16 032) | (15 195) |
| Taxes paid (except income taxes) | | (11 519) | (10 234) |
| Taxes refunded (except income taxes) | | 2 257 | 1 986 |
| Income taxes paid | | (586) | (1 784) |
| Interest and bank charges paid on working capital loans | | (1 864) | (2 173) |
| Foreign currency exchange, net | | 203 | (360) |
| Other proceeds/(payments), net | | (304) | (725) |
| Net cash flows from operating activities | | <u>3 150</u> | <u>(4 659)</u> |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (11 841) | (10 327) |
| Proceeds from sales of property, plant and equipment | | 11 | 63 |
| Purchases of intangible assets | | (102) | (802) |
| Purchases of available-for-sale investments | | (1 539) | (199) |
| Proceeds from sales of available-for-sale investments | | 23 | 2 |
| Proceeds from dividends from available-for-sale investments | | - | 24 |
| Payments for acquisition of subsidiaries, net of received cash | | (293) | (28) |
| Proceeds from sale of subsidiaries, net of provided cash | | (108) | - |
| Purchase of investments in associates | | (749) | (143) |
| Cash received / (paid) on acquisition of subsidiaries, net | | 2 646 | 3 |
| Loans granted to related parties | | (5 140) | (2 310) |
| Loan repayments by related parties | | 606 | 1 932 |
| Loans granted to third parties | | (901) | (237) |
| Loan repayments by third parties | | 21 | 39 |
| Interest received on investment purpose loans and deposits | | 421 | 394 |
| Net cash flows used in investing activities | | <u>(16 945)</u> | <u>(11 589)</u> |
| Cash flows from financing activities | | | |
| Proceeds from short-term bank loans (overdraft), net | | 23 683 | 184 938 |
| Repayment of short-term bank loans (overdraft), net | | (5 238) | (186 560) |
| Proceeds from long-term bank loans | | 7 124 | 3 345 |
| Repayment of long-term bank loans | | (1 568) | (1 523) |
| Interest and charges paid under investment purpose loans | | (665) | (291) |
| Payment of finance lease liabilities | | (232) | (212) |
| Purchases of treasury shares | | (341) | (7) |
| Dividends paid | | (3) | (599) |
| Received donations from public institutions | | - | 1 824 |
| Net cash flows (used in) / from financing activities | | <u>22 760</u> | <u>915</u> |
| Effect from recalculated under hyper inflation | | 63 | (808) |
| Net decrease in cash and cash equivalents | | <u>9 028</u> | <u>(16 141)</u> |
| Cash and cash equivalents at 1 January | | 15 767 | 32 235 |
| Cash and cash equivalents at 31 March | 25 | <u><u>24 795</u></u> | <u><u>16 094</u></u> |

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

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Chief Accountant (preparer):

Yordanka Petkova

SOPHARMA GROUP

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS EQUITY

for the period ended 31 March 2013

| | Attachments | Attributable to equity holders of the parent | | | | | | Total | Non-controlling interest | Total owners 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 | BGN'000 | BGN'000 | |
| Balance at 1 January 2012 | | 132 000 | (11 463) | 21 855 | 26 662 | (65) | (3 455) | 154 465 | 319 999 | 45 813 | 365 812 |
| Changes in owner's equity in 2012 | | | | | | | | | | | |
| Effect of treasury shares acquisition | | - | (2 131) | - | - | - | - | - | (2 131) | - | (2 131) |
| Distribution of profit for: | | | | | | | | | | | |
| * reserves | | - | - | 4 079 | - | - | - | (4 079) | - | - | - |
| * dividends | | - | - | - | - | - | - | (9 020) | (9 020) | - | (9 020) |
| Effects assumed by non-controlling interest on: | | | | | | | | | | | |
| * acquisition of subsidiaries | | - | - | - | - | - | - | 1 055 | 1 055 | (3 046) | (1 991) |
| * distribution of dividends | | - | - | - | - | - | - | (59) | (59) | (22) | (81) |
| * issue of capital in subsidiaries | | - | - | - | - | - | - | (19) | (19) | (3 487) | (3 506) |
| * increase in participation in subsidiaries | | - | - | - | - | - | - | 710 | 710 | (2 781) | (2 071) |
| * decrease in participation in subsidiaries | | - | - | - | - | - | - | 423 | 423 | 350 | 773 |
| Total comprehensive income for the year | | - | - | - | 16 | 1 113 | (349) | 35 196 | 35 976 | 2 707 | 38 683 |
| Transfer to retained earnings | | - | - | - | (283) | - | - | 283 | - | - | - |
| Balance at 31 December 2012 | 26 | 132 000 | (13 594) | 25 934 | 26 395 | 1 048 | (3 804) | 177 900 | 345 879 | 45 474 | 391 353 |
| Changes in owner's equity in 2013 | | | | | | | | | | | |
| Effect of treasury shares acquisition | | - | (406) | - | - | - | - | - | (406) | - | (406) |
| Distribution of profit for: | | | | | | | | | | | |
| * reserves | | - | - | - | - | - | - | - | - | - | - |
| * dividends | | - | - | - | - | - | - | - | - | - | - |
| Effects assumed by non-controlling interest on: | | | | | | | | | | | |
| * acquisition of subsidiaries | | - | - | - | - | - | - | - | - | 2 853 | 2 853 |
| * distribution of dividends | | - | - | - | - | - | - | - | - | 289 | 289 |
| * issue of capital in subsidiaries | | - | - | - | - | - | - | - | - | - | - |
| * increase in participation in subsidiaries | | - | - | - | - | - | - | - | - | (80) | (80) |
| * decrease in participation in subsidiaries | | - | - | - | - | - | - | - | - | 2 644 | 2 644 |
| Total comprehensive income for the year | | - | - | - | 4 | 64 | 449 | 17 680 | 18 197 | 1 079 | 19 276 |
| Transfer to retained earnings | | - | - | - | (6) | - | - | 6 | - | - | - |
| Balance at 31 March 2013 | 26 | 132 000 | (14 000) | 25 934 | 26 393 | 1 112 | (3 355) | 195 586 | 363 670 | 49 406 | 413 076 |

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

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Chief Accountant (preparer):

Yordanka Petkova

Finance Director:

Boris Borisov

Chief Accountant (preparer):

Yordanka Petkova