

Board of Directors:

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

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Head of Reporting:

Lyudmila Bondzhova

Chief Accountant:

Yordanka Petkova

Head of Legal Department:

Galina Angelova

Address of Management:

**Sofia
16, Iliensko Shousse Str.**

Lawyers:

**"Gatchev, Baleva, partners" Law office
Ventsislav Stoev
Stefan Yovkov**

Servicing Banks:

**Raiffeisenbank (Bulgaria) EAD
DSK Bank EAD
Eurobank and EFG Bulgaria AD
Societe Generale Expressbank AD
Unicredit AD
Citibank N.A.
ING Bank, Branch Sofia**

Auditor:

AFA OOD

SOPHARMA GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the quarter ended 30 June 2014

	Attachments	1 January - 30 June 2014 BGN'000	1 January - 30 June 2013 BGN'000
Revenue	3	414,827	370,563
Other operating income/(losses), net	4	368	3,048
Changes in inventories of finished goods and work in progress		5,011	2,094
Expenses on materials	5	(47,227)	(41,344)
Hired services expense	6	(32,731)	(25,516)
Employee benefits expense	7	(40,548)	(38,151)
Depreciation and amortisation expense	13, 14	(14,550)	(10,887)
Carrying amount of goods sold		(250,745)	(214,750)
Other operating expenses	8	(3,174)	(5,325)
Profit from operations		31,231	39,732
Finance income	10	2,503	4,887
Finance costs	11	(10,042)	(9,474)
Finance (costs)/income, net		(7,539)	(4,587)
Profit from net monetary position recalculated under hyper inflation	2.32.1	-	224
Loss/(profit) from associated companies and joint ventures		(303)	69
Loss from sale of subsidiaries		-	(117)
Profit before income tax		23,389	35,321
Income tax expense		(3,746)	(4,687)
Net profit for the period before mandatory dividend for distribution		19,643	30,634
Mandatory dividend for distribution		-	-
Net profit for the period		19,643	30,634
Other components of comprehensive income:			
Components that will not be reclassified in the profit or loss:			
Net profit from on revaluation of property, plant and equipment		-	4
Income tax relating to components of other comprehensive income that will not be reclassified		-	-
		-	4
Components that may be reclassified in the profit or loss:			
Net change in fair value of available-for-sale financial assets		191	(471)
Exchange rate differences from foreign operations		(1,433)	(99)
Income tax relating to components of other comprehensive income that may be reclassified		-	-
		(1,242)	(570)
Other comprehensive income for the period, net of tax	12	(1,242)	(566)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		18,401	30,068
Net profit for the period, attributable to:			
Equity holders of the parent		18,133	28,857
Non-controlling interest		1,510	1,777
Total comprehensive income attributable to:			
Equity holders of the parent		17,270	28,403
Non-controlling interest		1,131	1,665

The accompanying notes on pages 5 to 89 form an integral part of the consolidated interim financial statements.

Executive Director:

Ognian Donev, PhD

Finance Director:

Boris Borisov

Prepared by:

Lyudmila Bondzhova

SOPHARMA GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Attachments	30 June 2014	31 March 2013
ASSETS		BGN'000	BGN'000
Non-current assets			
Property, plant and equipment	13	301,349	306,781
Intangible assets	14	14,582	15,848
Goodwill	14	11,563	12,890
Investment property	15	10,631	10,526
Investments in associated companies and joint ventures	16	1,967	1,002
Available-for-sale investments	17	9,947	8,187
Long-term receivables from related parties	18	31,938	25,656
Other long-term receivables	19	1,335	585
Deferred tax assets		3,973	3,027
		387,285	384,502
Current assets			
Inventories	20	143,908	139,596
Trade receivables	21	212,641	191,132
Receivables from related parties	22	29,109	28,763
Other receivables and prepayments	23	18,085	11,639
Cash and cash equivalents	24	16,440	27,156
		420,183	398,286
TOTAL ASSETS		807,468	782,788
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		132,000	132,000
Reserves		35,535	32,013
Retained earnings	25	200,603	194,585
		368,138	358,598
Non-controlling interest		57,888	54,177
TOTAL EQUITY	25	426,026	412,775
LIABILITIES			
Non-current liabilities			
Long-term bank loans	26	51,371	55,992
Deferred tax liabilities		6,929	4,647
Retirement benefit obligations	27	3,426	3,557
Finance lease liabilities	28	1,840	2,382
Government grants	29	5,547	5,612
Other non-current liabilities		82	55
		69,195	72,245
Current liabilities			
Short-term bank loans	30	216,278	208,643
Short-term part of long-term bank loans	26	6,440	7,083
Commercial payables	31	57,464	61,712
Payables to related parties	32	6,604	3,828
Payables to personnel and for social security	33	8,695	6,757
Tax payables	34	4,836	4,410
Other current liabilities	35	11,930	5,335
		312,247	297,768
TOTAL LIABILITIES		381,442	370,013
TOTAL EQUITY AND LIABILITIES		807,468	782,788

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Executive Director:

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SOPHARMA GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
for the quarter ended 30 June 2014

	Attachments	1 January - 30 June 2014 BGN'000	1 January - 30 June 2013 BGN'000
Cash flows from operating activities			
Cash receipts from customers		462,633	401,825
Cash paid to suppliers		(384,064)	(323,541)
Cash paid to employees and for social security		(35,434)	(33,400)
Taxes paid (except income taxes)		(28,682)	(23,746)
Taxes refunded (except income taxes)		2,768	4,482
Income tax paid		(4,994)	(3,172)
Interest and bank charges paid on working capital loans		(3,563)	(3,268)
Foreign currency exchange, net		(1,559)	(420)
Other proceeds/(payments), net		(842)	(984)
Net cash flows from operating activities		6,263	17,776
Cash flows from investing activities			
Purchases of property, plant and equipment		(14,528)	(18,556)
Proceeds from sales of property, plant and equipment		217	61
Purchases of intangible assets		(979)	(306)
Purchases of available-for-sale investments		(1,637)	(2,290)
Proceeds from sale of available-for-sale investments		97	4,219
Proceeds from dividends from available-for-sale investments		56	154
Payments for acquisition of subsidiaries, net of received cash		-	(1,936)
Proceeds from sale of subsidiaries, net of provided cash		-	(108)
Purchase of investments in associated companies	16	(1,015)	(796)
Cash received / (paid) on transactions with non-controlling interest, net		4,450	3,976
Loans granted to related parties		(13,460)	(6,272)
Loan repayments by related parties		8,092	7,774
Loans granted to third parties		(225)	(920)
Loan repayments by third parties		317	83
Interest received on investment purpose loans and deposits		355	793
Net cash flows used in investing activities		(18,260)	(14,124)
Cash flows from financing activities			
Proceeds from short-term bank loans (overdraft), net		51,194	35,064
Repayment of short-term bank loans (overdraft), net		(44,348)	(37,641)
Proceeds from long-term bank loans		-	27,060
Repayment of long-term bank loans		(5,219)	(13,314)
Proceeds from non-controlling interest on issues capital in a subsidiary		-	2,397
Received loans from third parties		337	-
Repayment of loans to third parties		(524)	-
Interest and charges paid under investment purpose loans		(1,152)	(1,380)
Payment of finance lease liabilities		(602)	(590)
Purchases of treasury shares		(711)	(2,451)
Proceeds from sale of treasury shares		2,796	335
Dividends paid		(705)	(497)
Donations from public institutions		210	3,787
Net cash flows (used in) / from financing activities		1,276	12,770
Effect from recalculated under hyper inflation		-	(49)
Net increase/(decrease) in cash and cash equivalents		(10,721)	16,373
Cash and cash equivalents at 1 January		26,629	15,767
Cash and cash equivalents at 30 June	24	15,908	32,140

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Lyudmila Bondzhova

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

for the quarter ended 30 June 2014

Attachments	Share capital BGN'000	Treasury shares BGN'000	Statutory reserves BGN'000	Revaluation reserve - property, plant and equipment BGN'000	Available-for-sale financial assets reserve BGN'000	Translation of foreign operations reserve BGN'000	Retained earnings BGN'000	Total BGN'000	Non-controlling interest BGN'000	Total equity BGN'000
Balance at 1 January 2013	132,000	(13,594)	25,934	26,395	1,048	(3,804)	177,900	345,879	45,474	391,353
<i>Changes in owner's equity for the period</i>										
Effect of treasury shares acquisition	-	(1,952)	-	-	-	-	(164)	(2,116)	-	(2,116)
Distribution of profit for:	-	-	4,117	-	-	-	(13,047)	(8,930)	-	(8,930)
* reserves	-	-	4,117	-	-	-	(4,117)	-	-	-
* dividends	-	-	-	-	-	-	(8,930)	(8,930)	-	(8,930)
Effects assumed by non-controlling interest on:	-	-	-	(32)	-	-	(77)	(109)	4,686	4,577
* acquisition/(sale) of subsidiaries	-	-	-	-	-	-	-	-	1,683	1,683
* distribution of dividends	-	-	-	-	-	-	-	-	(2,198)	(2,198)
* issue of capital in subsidiaries	-	-	-	-	-	-	-	-	2,397	2,397
* increase in participation in subsidiaries	-	-	-	-	-	-	(64)	(64)	(1,023)	(1,087)
* decrease in participation in subsidiaries	-	-	-	(32)	-	-	(13)	(45)	3,827	3,782
Total comprehensive income for the period, incl.:	-	-	-	4	(450)	(8)	28,857	28,403	1,665	30,068
* net profit for the year	-	-	-	-	-	-	28,857	28,857	1,777	30,634
* other component of comprehensive income, net of taxes	-	-	-	4	(450)	(8)	-	(454)	(112)	(566)
Transfer to retained earnings	-	-	-	(6)	-	-	6	-	-	-
Balance at 30 June 2013	132,000	(15,546)	30,051	26,361	598	(3,812)	193,475	363,127	51,825	414,952
Balance at 1 January 2014	132,000	(18,995)	30,051	24,657	961	(4,661)	194,585	358,598	54,177	412,775
<i>Changes in equity for the period</i>										
Effect from acquisition of treasury shares	-	1,484	-	-	-	-	586	2,070	-	2,070
Distribution of 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 interest on:	-	-	-	-	-	-	(908)	(908)	2,580	1,672
* acquisition/(sale) of subsidiaries	-	-	-	-	-	-	-	-	2,445	2,445
* distribution of dividends	-	-	-	-	-	-	-	-	(2,648)	(2,648)
* issue of capital in subsidiaries	-	-	-	-	-	-	-	-	4,458	4,458
* increase in participation in subsidiaries	-	-	-	-	-	-	2,408	2,408	(3,778)	(1,370)
* decrease in participation in subsidiaries	-	-	-	-	-	-	(3,316)	(3,316)	2,103	(1,213)
Total comprehensive income for the year, incl.:	-	-	-	-	191	(1,053)	18,132	17,270	1,131	18,401
* net profit for the year	-	-	-	-	-	-	18,132	18,132	1,510	19,642
* other component of comprehensive income, net of taxes	-	-	-	-	191	(1,053)	-	(862)	(379)	(1,241)
Transfer to retained earnings	-	-	-	(604)	-	-	604	-	-	-
Balance at 30 June 2014	132,000	(17,511)	33,555	24,053	1,152	(5,714)	200,603	368,138	57,888	426,026

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