

SOPHARMA GROUP

Board of Directors:	Ognian Donev, PhD Vessela Stoeva Alexander Chaushev Ognian Palaveev Andrey Breshkov
Executive Director:	Ognian Donev, PhD
Finance Director:	Boris Borisov
Preparer:	Lyudmila Bondjova
Chief Accountant:	Yordanka Petkova
Head of Legal Department:	Galina Angelova
Registered Address:	Sofia 16, Iliensko Shousse Str.
Lawyers:	Law Firm "Gachev, Baleva, Partners" Ventsislav Stoev Stefan Yovkov
Servicing Banks:	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
Auditors:	AFA OOD

SOPHARMA GROUP**PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2015

	Notes	1 January - 31 December 2015 BGN'000	1 January - 31 December 2014 BGN'000
Revenue	3	876 199	840 517
Other operating income/(losses), net	4	(2 337)	5 465
Changes in inventories of finished goods and work in progress		(261)	12 279
Material expense	5	(85 275)	(96 334)
Hired services expense	6	(66 014)	(67 207)
Employee benefits expense	7	(81 110)	(80 880)
Depreciation and amortization expense	14, 15	(26 370)	(27 802)
Carrying amount of goods sold		(568 382)	(530 842)
Other operating expenses	8	(12 832)	(15 172)
Profit from operations		33 618	40 024
Impairment of non-current assets		-	(494)
Finance income	10	13 663	5 392
Finance costs	11	(21 226)	(17 594)
Finance income / (costs), net		(7 563)	(12 202)
Loss/(Gain) from associates and joint ventures	12	(839)	310
Gain/(Loss) from sale of subsidiaries		371	1 561
Profit before income tax		25 587	29 199
Income tax expense		(6 363)	(5 082)
Net profit for the year		19 224	24 117
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
(Loss)/profit from revaluation of property, plant and equipment		-	(46)
Remeasurements of defined benefit pension plans		(51)	(476)
		(51)	(522)
<i>Items that may be reclassified to profit or loss:</i>			
Net change in fair value of available-for-sale financial assets		111	274
Exchange differences on translating foreign operations		105	(274)
		216	-
Other comprehensive income for the year, net of tax		165	(522)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		19 389	23 595
Net profit for the year attributable to:			
Equity holders of the parent		17 506	20 178
Non-controlling interests		1 718	3 939
Total comprehensive income for the year attributable to:			
Equity holders of the parent		19 105	20 238
Non-controlling interests		284	3 357

The accompanying notes on pages 5 to 91 form an integral part of the consolidated financial statements.

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Preparer:

Lyudmila Bondjova

SOPHARMA GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Notes	31 December 2015 BGN'000	31 December 2014 BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	313 970	299 037
Intangible assets	15	23 786	13 270
Goodwill	15	10 958	10 918
Investment property	16	10 530	10 606
Investments in associates and joint ventures	17	5 622	12 387
Available-for-sale investments	18	7 516	6 968
Long-term receivables from related parties	19	20 505	33 150
Other long-term receivables	20	3 547	353
Deferred tax assets		4 655	3 849
		401 089	390 538
Current assets			
Inventories	21	159 381	155 910
Trade receivables	22	202 832	196 330
Receivables from related parties	23	27 335	25 318
Other receivables and prepayments	24	13 954	22 445
Cash and cash equivalents	25	23 918	26 822
		427 420	426 825
TOTAL ASSETS		828 509	817 363
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		134 798	132 000
Reserves		48 709	36 069
Retained earnings	26	218 974	203 260
		402 481	371 329
Non-controlling interests		52 057	60 308
TOTAL EQUITY	26	454 538	431 637
LIABILITIES			
Non-current liabilities			
Long-term bank loans	27	43 818	45 820
Deferred tax liabilities		9 316	5 728
Retirement benefit obligations	28	3 894	3 786
Finance lease liabilities	29	2 008	2 103
Government grants	30	7 250	7 558
Other non-current liabilities		31	35
		66 317	65 030
Current liabilities			
Short-term bank loans	31	190 777	217 360
Current portion of long-term bank loans	27	9 837	10 772
Trade payables	32	83 619	71 752
Payables to related parties	33	926	1 634
Payables to personnel and for social security	34	8 074	7 514
Tax payables	35	7 648	6 023
Other current liabilities	36	6 773	5 641
		307 654	320 696
TOTAL LIABILITIES		373 971	385 726
TOTAL EQUITY AND LIABILITIES		828 509	817 363

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SOPHARMA GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	1 January - 31 December 2015	1 January - 31 December 2014
		BGN'000	BGN'000
Cash flows from operating activities			
Cash receipts from customers		1 005 138	963 409
Cash paid to suppliers		(782 729)	(774 750)
Cash paid to employees and for social security		(76 354)	(76 081)
Taxes paid (except income taxes)		(62 468)	(58 627)
Taxes refunded (except income taxes)		5 891	5 406
Income taxes paid		(3 287)	(8 005)
Income taxes refunded		15	-
Interest and bank charges paid on working capital loans		(7 559)	(7 704)
Foreign currency exchange gains/(losses), net		(1 941)	(3 425)
Other proceeds/(payments), net		(8 840)	(2 570)
Net cash flows from operating activities		67 866	37 653
Cash flows from investing activities			
Purchases of property, plant and equipment		(17 640)	(23 737)
Proceeds from sales of property, plant and equipment		403	4 106
Purchases of intangible assets		(4 982)	(2 336)
Purchases of investment properties		-	(1 005)
Purchases of available-for-sale investments		(1 732)	(2 886)
Proceeds from sale of available-for-sale investments		634	482
Proceeds from dividends from available-for-sale investments		6	59
Payments for the acquisition of subsidiaries, net of cash received		(21 139)	(7)
Proceeds from sales of subsidiaries, net of cash provided		3 295	370
Purchases of investments in associates and joint ventures	17	(2 265)	(4 854)
Proceeds from sale of investments in associates and joint ventures		-	-
Proceeds/(payments) on transactions with non-controlling interests, net		(2 869)	5 158
Loans granted to related parties		(13 810)	(18 635)
Loan repayments by related parties		25 857	12 305
Loans granted to third parties		(3 215)	(1 025)
Loan repayments by third parties		1 965	864
Interest received on loans and deposits		2 840	3 715
Net cash flows used in investing activities		(32 652)	(27 426)
Cash flows from financing activities			
Proceeds from short-term bank loans (overdraft), net		4 781	22 739
Repayment of short-term bank loans (overdraft), net		(31 308)	(14 624)
Proceeds from long-term bank loans		4 972	4 106
Repayment of long-term bank loans		(13 166)	(10 160)
Loans received from third parties		590	483
Repayment of loans to third parties		(311)	(710)
Interest and charges paid under investment purpose loans		(1 916)	(2 043)
Payment of finance lease liabilities		(1 866)	(1 287)
Treasury shares		(448)	(1 264)
Proceeds from sale of treasury shares		1	2 784
Dividends paid		(3 985)	(11 769)
Received government grants		5 689	210
Net cash flows used in financing activities		(36 967)	(11 535)
Net decrease in cash and cash equivalents		(1 753)	(1 308)
Cash and cash equivalents at 1 January		25 299	26 607
Cash and cash equivalents at 30 September	25	23 546	25 299

The accompanying notes on pages 5 to 91 form an integral part of the consolidated financial statements.

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SOPHARMA GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 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			
Balance at 1 January 2014	132 000	(18 995)	30 051	24 657	961	(4 648)	195 896	359 922	54 350	414 272
Changes in equity for the period										
Effect from purchase of treasury shares	-	900	-	-	-	-	619	1 519	-	1 519
Distribution of net profit for:	-	-	3 504	-	-	-	(12 394)	(8 890)	-	(8 890)
* statutory reserves			3 504				(3 504)	-		-
* dividends							(8 890)	(8 890)		(8 890)
Effects assumed by non-controlling interests on:	-	-	-	-	-	-	(1 460)	(1 460)	2 601	1 141
* acquisition/(disposal) of subsidiaries	-	-	-	-	-	-	(827)	(827)	1 894	1 067
* dividend payment	-	-	-	-	-	-	-	-	(2 651)	(2 651)
* capital issue in subsidiaries	-	-	-	-	-	-	-	-	4 708	4 708
* increase in the interest in subsidiaries	-	-	-	-	-	-	2 469	2 469	(3 926)	(1 457)
* decrease in the interest in subsidiaries	-	-	-	-	-	-	(3 102)	(3 102)	2 576	(526)
Total comprehensive income for the year, including:	-	-	-	(3)	229	313	19 699	20 238	3 357	23 595
* net profit for the year	-	-	-	-	-	-	20 178	20 178	3 939	24 117
* other comprehensive income, net of taxes	-	-	-	(3)	229	313	(479)	60	(582)	(522)
Transfer to retained earnings				(900)			900			
Balance at 31 December 2014	132 000	(18 095)	33 555	23 754	1 190	(4 335)	203 260	371 329	60 308	431 637
Balance at 1 January 2015	132 000	(18 095)	33 555	23 754	1 190	(4 335)	203 260	371 329	60 308	431 637
Changes in equity for the period										
Effect from purchase of treasury shares	-	(543)	-	-	-	-	-	(543)	-	(543)
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:	-	-	-	-	-	-	228	228	3 827	4 055
* acquisition/(disposal) of subsidiaries	-	-	-	-	-	-	-	-	10 969	10 969
* distribution of dividends	-	-	-	-	-	-	-	-	(4 015)	(4 015)
* capital issue in subsidiaries	-	-	-	-	-	-	-	-	-	-
* increase in the interest in subsidiaries	-	-	-	-	-	-	1 025	1 025	(2 476)	(1 451)
* decrease in the interest in subsidiaries	-	-	-	-	-	-	(797)	(797)	(651)	(1 448)
Total comprehensive income for the year, including:	-	-	-	-	113	1 537	17 455	19 105	284	19 389
* net profit for the year	-	-	-	-	-	-	17 506	17 506	1 718	19 224
* other comprehensive income, net of taxes	-	-	-	-	113	1 537	(51)	1 599	(1 434)	165
Transfer to retained earnings				(492)			152	340		
Balance at 31 December 2015	134 798	(18 638)	45 256	23 434	1 303	(2 646)	218 974	402 481	52 057	454 538

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