

**TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.****INTERIM REPORT AS OF THE 30<sup>th</sup> OF JUNE 2017****INTERIM STATEMENT OF FINANCIAL STATUS****AS OF 30.06.2017**

|   | Appendices | <b>30.06.2017</b> | <b>31.12.2016</b> |
|---|------------|-------------------|-------------------|
|   |            | <i>BGN'000</i>    | <i>BGN'000</i>    |
| <b>ASSETS</b>                               |            |                   |                   |
| <b>Non-current assets</b>                   |            |                   |                   |
| Property, plant and equipment               | 1          | 26 097            | 25 888            |
| Intangible assets                           | 2          | 3 330             | 3 644             |
| Investments with minority interest          | 3          | 1                 | 1                 |
| Trade receivables                           | 4          | 6 080             | 6 025             |
| <b>Total non-current assets</b>             |            | <b>35 508</b>     | <b>35 558</b>     |
| <b>Current assets</b>                       |            |                   |                   |
| Inventories                                 | 5          | 6 223             | 5 082             |
| Trade and other receivables                 | 5          | 52 637            | 50 373            |
| Financial assets with maturity              | 5          |                   | 24                |
| Current corporate tax                       |            | 92                |                   |
| Cash and cash equivalents                   | 6          | 401               | 50                |
| <b>Total current assets</b>                 |            | <b>59 353</b>     | <b>55 529</b>     |
| <b>Total assets</b>                         |            | <b>94 861</b>     | <b>91 087</b>     |
| <b>LIABILITIES</b>                          |            |                   |                   |
| <b>Equity capital</b>                       |            |                   |                   |
| Registered capital                          | 7          | 56 600            | 56 600            |
| Statutory reserves                          | 8          | 7 810             | 7 810             |
| Undistributed profit                        | 8          | 12 185            | 8 585             |
| <b>Total</b>                                |            | <b>76 595</b>     | <b>72 995</b>     |
| <b>Non-current liabilities</b>              |            |                   |                   |
| Long-term loans                             | 9          | 806               | 1 015             |
| Deferred tax liabilities                    | 10         | 1 284             | 1 284             |
| Liabilities to employees on retirement      | 10         | 67                | 67                |
| <b>Total non-current liabilities</b>        |            | <b>2 157</b>      | <b>2 366</b>      |
| <b>Current liabilities</b>                  |            |                   |                   |
| Trade and other liabilities                 | 11         | 5 322             | 2 909             |
| Short-term loans                            | 9          | 9 777             | 11 349            |
| Current part of long-term loans             | 9          | 660               | 869               |
| Current corporate tax                       | 11         |                   | 55                |
| Other tax payables                          | 11         | 350               | 544               |
| <b>Total current liabilities</b>            |            | <b>16 109</b>     | <b>15 726</b>     |
| <b>Total liabilities</b>                    |            | <b>18 266</b>     | <b>18 092</b>     |
| <b>Total equity capital and liabilities</b> |            | <b>94 861</b>     | <b>91 087</b>     |

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Sofia

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/B. Georgiev/

**TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.****INTERIM REPORT AS OF THE 30<sup>th</sup> OF JUNE 2017****INTERIM STATEMENT OF COMPREHENSIVE INCOME  
AS OF 30.06.2017**

|   | Appendices | <b>30.06.2017</b> | <b>30.06.2016</b> |
|---|------------|-------------------|-------------------|
|   |            | <i>BGN'000</i>    | <i>BGN'000</i>    |
| Revenues  | 12         | 16 514            | 16 688            |
| Other income  | 12         | 77                | 69                |
| <b>Total income</b>                                     |            | <b>16 591</b>     | <b>16 757</b>     |
| Balance value of assets sold                            | 13         | (764)             | (2 443)           |
| Changes in inventories of products and work in progress | 13         | 444               | 501               |
| Cost for materials and services                         | 13         | (8 597)           | (5 941)           |
| Employee costs  | 13         | (1 628)           | (1 499)           |
| Amortization costs                                      | 13         | (1 506)           | (1 825)           |
| Other expenses  | 13         | (426)             | (423)             |
| Financial income  | 14         | 65                | 174               |
| Financial expenses                                      | 14         | (179)             | (284)             |
| <b>Total expenses</b>                                   |            | <b>(12 591)</b>   | <b>(11 740)</b>   |
| <b>Profit before taxation</b>                           |            | <b>4 000</b>      | <b>5 017</b>      |
| Corporate tax cost                                      | 15         | (400)             | (502)             |
| <b>Profit/Loss for the period</b>                       |            | <b>3 600</b>      | <b>4 515</b>      |
| <b>Other comprehensive income for the period</b>        |            |                   |                   |
| <b>Total comprehensive income for the period</b>        |            |                   |                   |
| Income per share / in BGN per 1 share /                 | 16         | 0.05              | 0.09              |

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**TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.****INTERIM REPORT AS OF THE 30<sup>th</sup> OF JUNE 2017****INTERIM CASH FLOW REPORT  
AS OF 30.06.2017**

|  | <b>30.06.2017</b> | <b>30.06.2016</b> |
|--|-------------------|-------------------|
|  | <i>BGN'000</i>    | <i>BGN'000</i>    |
| <b>Cash flow from operating activities</b>               |                   |                   |
| Revenues from produce, goods and services                | 15 820            | 12 732            |
| Payments to suppliers of materials, goods and services   | (6 766)           | (6 653)           |
| Payments to personnel                                    | (1 471)           | (1 002)           |
| Payments of interest and dividends                       |                   | (148)             |
| Corporate tax payments                                   | (547)             | (571)             |
| Other revenues/payments                                  | (3 324)           | (3 590)           |
| <b><i>Net cash flow</i></b>                              | <b>3 712</b>      | <b>768</b>        |
| <br>   |                   |                   |
| <b>Cash flow form investment activities</b>              |                   |                   |
| Payments for non-current assets aquired                  | (1 235)           | (672)             |
| <b><i>Net cash flow</i></b>                              | <b>(1 235)</b>    | <b>(672)</b>      |
| <br>   |                   |                   |
| <b>Cash flow from financial activities</b>               |                   |                   |
| Revenues from loans received                             | 97                | 1 596             |
| Payments for loans received                              | (1 665)           | (528)             |
| Payment of interest, dividends                           | (106)             | (23)              |
| Payment for finance lease                                | (453)             | (1 133)           |
| Other revenues/payments                                  |                   |                   |
| <b><i>Net cash flow</i></b>                              | <b>(2 127)</b>    | <b>(88)</b>       |
| <br>   |                   |                   |
| <b>Change of cash and cash equivalents</b>               | <b>350</b>        | <b>8</b>          |
| Cash and cash equivalents at the beginning of the period | 51                | 40                |
| Cash and cash equivalents at the end of the period       | 401               | 48                |

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**TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.**

**INTERIM REPORT AS OF THE 30<sup>th</sup> OF JUNE 2017**

**INTERIM STATEMENT OF CHANGES IN EQUITY  
AS OF 30.06.2017**

|   | Appendices | Registered capital<br><i>BGN'000</i> | Revaluation reserves<br><i>BGN'000</i> | Other reserves<br><i>BGN'000</i> | Undistributed profit/loss<br><i>BGN'000</i> | Total equity<br><i>BGN'000</i> |
|---|------------|--------------------------------------|--|----------------------------------|---|--------------------------------|
| <b>Balance as of 01.01.2016</b>   | <b>7,8</b> | <b>49 600</b>                        | <b>2 711</b>                           | <b>3 881</b>                     | <b>7 780</b>                                | <b>63 972</b>                  |
| Profit/loss for the period  |            |                                      |  |                                  | 8 585                                       | 8 585                          |
| Other comprehensive income  | 8          |                                      | 438                                    |                                  |   | 438                            |
| Including from tax effect of the revaluation of property, plant and equipment |            |                                      | (50)                                   |                                  |   | (50)                           |
| <b>Total comprehensive income</b>   |            |                                      | <b>438</b>                             |                                  | <b>8 585</b>                                | <b>9 023</b>                   |
| Issue of shares by the owners   |            | 7 000                                |  |                                  | (7 000)                                     |                                |
| Accrued dividends   |            |                                      |  |                                  |   |                                |
| Accrued tantiemmes  |            |                                      |  |                                  |   |                                |
| Transferred to profit reserves  | 8          |                                      |  | 780                              | (780)                                       |                                |
| <b>Total recognized amount of income and expenses for the period</b>          |            | <b>7 000</b>                         |  | <b>780</b>                       | <b>(7 780)</b>                              |                                |
| <b>Balance as of 31.12.2016</b>   | <b>7,8</b> | <b>56 600</b>                        | <b>3 149</b>                           | <b>4 661</b>                     | <b>8 585</b>                                | <b>72 995</b>                  |
| <b>Balance as of 01.01.2017</b>   | <b>7,8</b> | <b>56 600</b>                        | <b>3 149</b>                           | <b>4 661</b>                     | <b>8 585</b>                                | <b>72 995</b>                  |
| Profit/loss for the period  |            |                                      |  |                                  | 3 600                                       | 3 600                          |
| Other comprehensive income  | 8          |                                      |  |                                  |   |                                |
| <b>Total comprehensive income</b>   |            |                                      |  |                                  | <b>3 600</b>                                | <b>3 600</b>                   |
| Issue of shares by the owners   |            |                                      |  |                                  |   |                                |
| Accrued dividends   |            |                                      |  |                                  |   |                                |
| Accrued tantiemmes  |            |                                      |  |                                  |   |                                |
| Transferred to profit reserves  | 8          |                                      |  |                                  |   |                                |
| <b>Total recognized amount of income and expenses for the period</b>          |            |                                      |  |                                  |   |                                |
| <b>Balance as of 30.06.2017</b>   | <b>7,8</b> | <b>56 600</b>                        | <b>3 149</b>                           | <b>4 661</b>                     | <b>12 185</b>                               | <b>76 595</b>                  |

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