

**TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.****ANNUAL FINANCIAL STATEMENT FOR 2015****TCHAIKAPHARMA HIGH QUALITY MEDICINES INC  
STATEMENT OF FINANCIAL STATUS  
AS OF THE 31<sup>st</sup> OF DECEMBER 2015**

| Indicators                                        | Appendices | 2015<br>BGN<br>thousand | 2014<br>BGN<br>thousand |
|---------------------------------------------------|------------|-------------------------|-------------------------|
| <b>ASSETS</b>                                     |            |                         |                         |
| <b>Non-current assets</b>                         |            |                         |                         |
| Property, plant and equipment                     | 5          | 27 145                  | 26 971                  |
| Intangible assets                                 | 6          | 3 962                   | 3 840                   |
| Investments with minority interest                | 7          | 1                       | 1                       |
| Non-current loans                                 | 8          |                         | 17                      |
| Trade receivables                                 | 8          | 6 100                   | 4 925                   |
| <b>Total non-current assets</b>                   |            | <b>37 208</b>           | <b>35 754</b>           |
| <b>Current assets</b>                             |            |                         |                         |
| Inventories                                       | 9          | 4 711                   | 4 365                   |
| Trade and other receivables                       | 9          | 38 199                  | 32 248                  |
| Current loans granted                             | 9          | 116                     | 204                     |
| Cash and cash equivalents                         | 10         | 40                      | 58                      |
| <b>Total current assets</b>                       |            | <b>43 066</b>           | <b>36 875</b>           |
| <b>Total assets</b>                               |            | <b>80 274</b>           | <b>72 629</b>           |
| <b>EQUITY AND LIABILITIES</b>                     |            |                         |                         |
| <b>Registered capital and reserves</b>            |            |                         |                         |
| Registered capital                                | 11         | 49 600                  | 43 500                  |
| Reserves                                          | 12         | 6 592                   | 5 390                   |
| Undistributed profit / Uncovered loss             | 12         | 7 780                   | 6 816                   |
| <b>Total</b>                                      |            | <b>63 972</b>           | <b>55 706</b>           |
| <b>Non-current liabilities</b>                    |            |                         |                         |
| Long-term loans                                   | 13         | 1 653                   | 1 683                   |
| Deferred tax liabilities                          | 14         | 1 210                   | 1 181                   |
| Other long-term liabilities, including provisions | 14         | 49                      | -                       |
| <b>Total</b>                                      |            | <b>2 912</b>            | <b>2 864</b>            |
| <b>Current liabilities</b>                        |            |                         |                         |
| Trade and other payables                          | 15         | 2 551                   | 3 027                   |
| Short-term loans                                  | 13         | 8 420                   | 9 388                   |
| Current part of long-term loans                   | 13         | 1 790                   | 1 241                   |
| Current corporate taxes                           | 15         | 121                     | 146                     |
| Other tax payables                                | 15         | 508                     | 257                     |
| <b>Total</b>                                      |            | <b>13 390</b>           | <b>14 059</b>           |
| <b>Total liabilities</b>                          |            | <b>16 302</b>           | <b>16 923</b>           |
| <b>Total capital and liabilities</b>              |            | <b>80 274</b>           | <b>72 629</b>           |

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Sofia

Prepared by:.....  
/Bisser Ivanov/

Director:.....  
/Bisser Georgiev/  
Auditor:.....  
/ Todor Krastev /

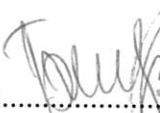
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**TCHAIKAPHARMA HIGH QUALITY MEDICINES AD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**DECEMBER 31<sup>st</sup>, 2015**

| Indicators                                                                                                                                     | APPENDICES | 2015<br>BGN<br>thousand | 2014<br>BGN<br>thousand |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------|-------------------------|
| Revenues                                                                                                                                       | 16         | 29 988                  | 28 737                  |
| Other income                                                                                                                                   | 16         | 41                      | 252                     |
| Balance value of assets sold                                                                                                                   | 17         | (1 986)                 | (1 407)                 |
| Changes in inventories of products and work in progress                                                                                        | 17         | (200)                   | 445                     |
| Costs for acquisition of assets through business                                                                                               |            |                         |                         |
| Cost for materials and services                                                                                                                | 17         | (10 769)                | (10 177)                |
| Employee costs                                                                                                                                 | 17         | (3 649)                 | (5 103)                 |
| Amortization costs                                                                                                                             | 17         | (3 652)                 | (3 442)                 |
| Cost for depreciation of property, plant and equipment                                                                                         |            |                         |                         |
| Other expenses                                                                                                                                 | 17         | (536)                   | (1 096)                 |
| Financial income                                                                                                                               | 18         | 21                      | 11                      |
| Financial expenses                                                                                                                             | 18         | (645)                   | (583)                   |
| <b>Profit before taxation</b>                                                                                                                  |            | <b>8 613</b>            | <b>7 637</b>            |
| Corporate tax cost                                                                                                                             | 19         | (833)                   | (821)                   |
| <b>Profit/Loss for the period</b>                                                                                                              |            | <b>7 780</b>            | <b>6 816</b>            |
| Changes from fair value revaluation of property, machinery and equipment                                                                       | 12         | 588                     | (1 039)                 |
| Changes from deferred corporate tax from revaluation of property, machinery and equipment                                                      | 12,14      | (63)                    | 108                     |
| Changes from revaluation of pension plans with defined incomes                                                                                 | 12         | (5)                     |                         |
| Changes from deferred corporate tax from revaluation of pension funds                                                                          | 12,14      | 1                       |                         |
| <b>Other comprehensive income for the period</b>                                                                                               |            | <b>521</b>              | <b>-931</b>             |
| <b>Total comprehensive income for the period</b>                                                                                               |            | <b>8 301</b>            | <b>5 885</b>            |
| Income per share calculated on profit basis subject to distribution between equity holders of the company for the year<br>/in BGN per 1 share/ | 20         | 0.16                    | 0.16                    |

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**TCHAIKAPHARMA HIGH QUALITY MEDICINES INC**  
**CASH FLOW REPORT**  
**DECEMBER 31<sup>st</sup>, 2015**

| INDICATORS                                                | Appendices | 2015<br>BGN<br>thousand | 2015<br>BGN<br>thousand | 2015<br>BGN<br>thousand | 2014<br>BGN<br>thousand | 2014<br>BGN<br>thousand | 2014<br>BGN<br>thousand |
|-----------------------------------------------------------|------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                           |            | Revenue                 | Payments                | Net cash<br>flow        | Revenue                 | Payments                | Net cash<br>flow        |
| 1                                                         | 2          | 3                       | 4                       | 5                       | 6                       | 7                       | 8                       |
| <b>A. Cash flow from operating activities</b>             |            |                         |                         |                         |                         |                         |                         |
| Payments/revenues related to trade partners               | 16,17      | 27 732                  | (13 606)                | 14 126                  | 30 143                  | (15 211)                | 14 932                  |
| Payments to personnel                                     | 17         |                         | (3 717)                 | (3 717)                 |                         | (4 940)                 | (4 940)                 |
| Payments of interest, dividends and other related.        | 14         |                         |                         |                         |                         | (3)                     | (3)                     |
| Positive and negative exchange differences                |            |                         | (4)                     | (4)                     |                         | (6)                     | (6)                     |
| Tax on profit paid                                        |            |                         | (891)                   | (891)                   |                         | (711)                   | (711)                   |
| Other revenues/payments                                   |            | 5                       | (4 834)                 | (4 829)                 | 166                     | (5 723)                 | (5 557)                 |
| <b>Net cash flow</b>                                      |            | <b>27 737</b>           | <b>(23 051)</b>         | <b>4 685</b>            | <b>30 309</b>           | <b>(26 594)</b>         | <b>3 715</b>            |
| <b>B. Cash flow form investment activities</b>            |            |                         |                         |                         |                         |                         |                         |
| Payments/revenues related to non-current assets           | 5          |                         | (1 027)                 | (1 027)                 |                         | (741)                   | (741)                   |
| Payments of interest, dividends and other related.        | 7          |                         |                         |                         |                         |                         |                         |
| Payments/revenues for/on loans granted                    | 8,9        |                         |                         |                         |                         |                         |                         |
| Other revenues/payments of investment activities          |            |                         |                         |                         |                         |                         |                         |
| <b>Net cash flow</b>                                      |            |                         | <b>(1 027)</b>          | <b>(1 027)</b>          |                         | <b>(741)</b>            | <b>(741)</b>            |
| <b>C. Cash flow from financial activities</b>             |            |                         |                         |                         |                         |                         |                         |
| Revenues from shares and other financial instruments      |            |                         |                         |                         |                         |                         |                         |
| Revenues/payments from/for loans received                 | 13         | 9 939                   | (10 908)                | (969)                   | 5 820                   | (2 300)                 | 3 520                   |
| Payment of interest, dividends                            |            |                         | (579)                   | (579)                   |                         | (4 654)                 | (4 654)                 |
| Payment for finance lease                                 | 13         |                         | (2 128)                 | (2 128)                 |                         | (1 813)                 | (1 813)                 |
| Payments related to the distribution of profits           |            |                         |                         |                         |                         |                         |                         |
| <b>Net cash flow</b>                                      |            | <b>9 939</b>            | <b>(13 615)</b>         | <b>(3 676)</b>          | <b>5 820</b>            | <b>(8 767)</b>          | <b>(2 947)</b>          |
| <b>Net increase/decrease of cash and cash equivalents</b> |            | <b>37 676</b>           | <b>(37 694)</b>         | <b>(18)</b>             | <b>36 129</b>           | <b>(36 102)</b>         | <b>27</b>               |
| Cash and cash equivalents at the beginning of the period  | 10         |                         |                         | 58                      |                         |                         | 31                      |
| Cash and cash equivalents at the end of the period        | 10         |                         |                         | 40                      |                         |                         | 58                      |

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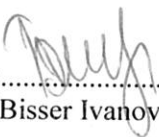
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Auditor: .....  
/Todor Krastev /

**TCHAIKAPHARMA HIGH QUALITY MEDICINES INC**  
**STATEMENT OF CHANGES IN EQUITY**  
**DECEMBER 31<sup>st</sup>, 2015**

| Balances and transactions in BGN thousand                                   | Appendices   | Registered capital | Revaluation reserves | Other reserves | Undistributed profit/loss | Total         |
|-----------------------------------------------------------------------------|--------------|--------------------|----------------------|----------------|---------------------------|---------------|
| <b>Balance as of 01.01.2014</b>                                             | <b>11,12</b> | <b>32 000</b>      | <b>3 121</b>         | <b>3 200</b>   | <b>11 610</b>             | <b>49 931</b> |
| Changes in the accounting policy                                            |              |                    |                      |                |                           |               |
| Correction of material errors                                               |              |                    |                      |                |                           |               |
| <b>General effect of the implementation of the retroactive adjustments</b>  |              |                    |                      |                |                           |               |
| Profit/loss for the period                                                  |              |                    |                      |                | 6 816                     | 6 816         |
| Other comprehensive income                                                  | 12           |                    | (931)                |                |                           | (931)         |
| Including of tax effect of the revaluation of property, plant and equipment |              |                    | 108                  |                |                           | 108           |
| <b>Total comprehensive income</b>                                           |              |                    | <b>(931)</b>         |                | <b>6 816</b>              | <b>5 885</b>  |
| Issue of shares by the owners                                               |              | 11 500             |                      |                | (11 500)                  |               |
| Accrued dividends                                                           |              |                    |                      |                | (110)                     | (110)         |
| Accrued tantiemmes                                                          |              |                    |                      |                |                           |               |
| Transferred to profit reserves                                              | 12           |                    |                      |                |                           |               |
| Accrued provisions                                                          | 12           |                    |                      |                |                           |               |
| <b>Total recognized amount of income and expenses for the period</b>        |              | <b>11 500</b>      |                      |                | <b>(11 610)</b>           | <b>(110)</b>  |
| <b>Balance as of 31.12.2014</b>                                             | <b>11,12</b> | <b>43 500</b>      | <b>2 190</b>         | <b>3 200</b>   | <b>6 816</b>              | <b>55 706</b> |
| <b>Balance as of 01.01.2015</b>                                             | <b>11,12</b> | <b>43 500</b>      | <b>2 190</b>         | <b>3 200</b>   | <b>6 816</b>              | <b>55 706</b> |
| Changes in the accounting policy                                            |              |                    |                      |                |                           |               |
| Correction of material errors                                               |              |                    |                      |                |                           |               |
| <b>General effect of the implementation of the retroactive adjustments</b>  |              |                    |                      |                |                           |               |
| Profit/loss for the period                                                  |              |                    |                      |                | 7 780                     | 7 780         |
| Other comprehensive income                                                  | 12           |                    | 521                  |                |                           | 521           |
| Including of tax effect of the revaluation of property, plant and equipment |              |                    |                      |                |                           |               |
| <b>Total comprehensive income</b>                                           |              |                    | <b>521</b>           |                | <b>7 780</b>              | <b>8 301</b>  |
| Issue of shares by the owners                                               |              | 6 100              |                      |                | (6 100)                   |               |
| Accrued dividends                                                           |              |                    |                      |                | (35)                      | (35)          |
| Accrued tantiemmes                                                          |              |                    |                      |                |                           |               |
| Transferred to profit reserves                                              | 12           |                    |                      | 681            | (681)                     |               |
| Accrued provisions                                                          | 12           |                    |                      |                |                           |               |
| <b>Total recognized amount of income and expenses for the period</b>        |              | <b>6 100</b>       |                      | <b>681</b>     | <b>(6 816)</b>            | <b>(35)</b>   |
| <b>Balance as of 31.12.2015</b>                                             | <b>11,12</b> | <b>49 600</b>      | <b>2 711</b>         | <b>3 881</b>   | <b>7 780</b>              | <b>63 972</b> |

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