

Additional information under art. 33, par. 1, item 6 of Ordinance № 2 from 17 September 2003 of "Sopharma" AD as at 31 March 2015

1. Information about changes in accounting policies during the reporting period, the reasons for them and how they affect the financial results and equity of the issuer. The individual financial statements of Sopharma AD have been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January 2015 and have been accepted by the Commission of the European Union.

More detailed information about the Company's accounting policies can be found at 2.1. Basis of preparation of the individual financial statements in the notes to the individual interim financial statement for the period 1 January 2015 – 31 March 2015.

2. Information about changes in the economic group of the issuer as at 31 March 2015:

As from 18 February 2015 Alenfarm Plus is an associated company and Medjel is a subsidiary through Briz OOD, Latvia.

As from 19 February 2015 Salus Line is an associated company through Briz OOD, Latvia.

As from 20 February 2015 Mobil Line is an associated company and GalenaFarm and Danafarm are subsidiaries through Briz OOD, Latvia.

3. Information about the results of organizational changes within the issuer, such as restructuring, sale of companies from the group, in-kind contributions from companies, rental property, long-term investments, closure of business:

On 9 January 2015 the Extraordinary General Meeting of Shareholders of the Company took a decision for the transformation of Sopharma AD through the merger of Bulgarian Rose Sevtopolis AD, with seat in Kazanlak, UIC: 123007916 under a contract for merger from 19 June 2014 between Bulgarian Rose – Sevtopolis AD and Sopharma AD. The operation resulted in the transferring of all assets of Bulgarian Rose – Sevtopolis AD to Sopharma AD and Bulgarian Rose – Sevtopolis AD was terminated without liquidation. As a result of the merger, the share capital of Sopharma AD was increased by 2,797,899 new shares with a nominal value of 1 BGN and an issue price of 4,14 BGN equal to the fair value of one share of Sopharma AD, in connection with the merger of Bulgarian Rose – Sevtopolis AD into Sopharma AD.

The Company's management has made a careful analysis of the structure of the two companies before the operation and respectively of the structure and the capital after the operation, as well as all effects from it. As a result of this analysis, it was decided that the operation be treated and reported as "restructuring of operations" and not as a business combination under IFRS 3.

All documents related to the procedure can be found on the internet website of the Sopharma AD – www.sopharma.bg.

As at 31 March 2015, Company's tangible fixed assets included: land amounting to BGN 32,747 thousand (31 December 2014: BGN 32,747 thousand) and buildings of carrying amount BGN 82,887 thousand (31 December 2014: BGN 83,845 thousand).

Tangible fixed assets in progress as at 31 March include:

- advances granted for:
 - purchase of machinery and equipment – BGN 3,406 thousand (31 December 2014: BGN 3,431 thousand);

- construction and assembly works – BGN 900 thousand (31 December 2014: BGN 841 thousand);
- expenses on construction of a new warehouse unit – BGN 4,064 thousand (31 December 2014: BGN 2,787 thousand);
- buildings reconstruction – BGN 119 thousand (31 December 2014: BGN 100 thousand);
- other – BGN 32 thousand (31 December 2014: BGN 29 thousand).

As at 31 March 2015, the carrying amount of property, plant and equipment includes machinery and equipment for a new tablet production facility at the amount of BGN 8,436 thousand (31 December 2014: BGN 8,589 thousand) purchased using grants under Operational Program "Development of the Competitiveness of the Bulgarian Economy" 2007 – 2013.

The amount of other assets as at 31 March 2015 includes also biological assets – Golden Chain (*Laburnum anagyroides*) plantation at the amount of BGN 128 thousand (31 December 2014: BGN 128 thousand).

The Company has leased tangible fixed assets with carrying amount of BGN 6,467 thousand as at 31 March 2015 to related parties (31 December 2014: BGN 7,074 thousand). In addition, tangible fixed assets at carrying amount of BGN 238 thousand were leased to third parties as at 31 March 2015 (31 December 2014: BGN 257 thousand).

The following encumbrances were constituted on Company's tangible fixed assets as at 31 March 2015 in relation with received loans:

- Land and buildings with carrying amount of BGN 22,009 thousand and BGN 64,816 thousand, respectively (31 December 2014: BGN 23,706 thousand and BGN 69,237 thousand, respectively) (*Notes 30, 35 and 41*);
- Pledges on equipment – BGN 40,412 thousand (31 December 2014: BGN 26,273 thousand).

There are established encumbrances as at 31 March 2015 on investment property as follows:

- mortgages of warehouse premises – BGN 8,095 thousand (31 December 2014: BGN 8,095 thousand);
- pledges on attached equipment – BGN 6,138 thousand (31 December 2014: BGN 6,138 thousand).

The carrying amount of the investments by company is as follows:

		31.03.2015	Interest	31.12.2014	Interest
		BGN '000	%	BGN '000	%
Sopharma Trading AD	Bulgaria	28 508	71.83	28 529	71.89
Sopharma Ukraine	Ukraine	24 335	100.00	9	100.00
Briz OOD	Latvia	22 270	66.13	22 270	66.13
Unipharm AD	Bulgaria	19 448	49.99	19 448	49.99
Biopharm Engineering AD	Bulgaria	8 384	97.15	8 384	97.15
Ivanchich and sons	Serbia	5 739	51.00	5 739	51.00

Momina Krepost AD	Bulgaria	4 086	80.09	2 701	52.98
Vitamina AD	Ukraine	3 544	99.56	3 544	99.56
Pharmalogistica AD	Bulgaria	1 911	76.54	1 911	76.54
Sopharma Buildings REIT	Bulgaria	595	40.75	595	40.75
Sopharma Kazakhstan EOOD	Kazakhstan	502	100.00	502	100.00
Electroncommerce EOOD	Bulgaria	384	100.00	384	100.00
Sopharma Warsaw EOOD	Poland	323	100.00	323	100.00
Phyto Palauzovo AD	Bulgaria	95	95.00	95	95.00
Total		120 124		94 434	

As at 31 March 2015, the investments in the subsidiaries Sopharma Poland OOD – in liquidation, Poland, Extab Corporation, USA and Sopharma USA were fully impaired (31 December 2014: the investments in Sopharma Poland OOD – in liquidation, Poland and Extab Corporation, USA and Sopharma USA were fully impaired).

Sopharma AD has direct or indirect control on the above-mentioned companies.

4. Opinion of the governing body regarding the feasibility of the published estimates of the results for the current financial year, taking into account the results of the current quarter as well as information on the factors and circumstances that will affect the achieving of the projected results for at least the next quarter - no update of the forecast results.

5. For public companies - data on persons holding directly or indirectly at least 5 percent of the voting rights of the General Meeting at the end of the quarter, and changes in ownership of those voting rights since the end of the preceding quarter;

SHAREHOLDERS	Number of shares /%/ 31 March 2015	Number of shares /%/ 31 December 2014	Number of shares /%/ 30 September 2014
„Donev Investments Holding” AD, EIK 831915121, Sofia, Positano Str. № 12	33 345 372 /24,74%/	33 359 870 /25,27%/	33 368 000 /25,27%/
“Telecomplect Invest” AD, EIK 201653294, Sofia, Slaveikov Square № 9	26 948 052 /19,99%/	26 948 052 /20,42%/	26 948 000 /20,42%/
„Rompharm Company” OOD UID 200732874 Sofia, Mladost residential complex, Boian Damianov Str. 7, office 3	24 313 355 /18,04%/	24 312 135 /18,42%/	24 312 100 /18,42%/
„Telso” AD UID 131176385 Sofia, Positano Str. № 12	7 132 057 /5,29%/	6 573 000 /4,98%/	6 573 000 /4,98%/

The changes in the votes held by listed persons in the General Meeting of Shareholders as at the end of the first quarter of 2015 are due to a capital increase of Sopharma AD as a result of the merger of Bulgarian Rose – Sevtopolis AD. The date of registration of the transactions in the Central Depository AD is 6 March 2015.

6. For public companies - data on persons holding directly or indirectly at least 5 percent of the voting rights of the General Meeting at the end of the quarter, and changes in ownership of those voting rights since the end of the preceding quarter;

Members of the Board of Directors	Number of shares 31 March 2015	Number of shares 31 December 2014
1. Ognian Ivanov Donev	0	0
2. Vessela Liubenova Stoeva	0	0
3. Andrey Liudmilov Breshkov	0	0
4. Ognian Kirilov Palaveev	97 535	102 320
5. Alexander Viktorov Chaushev	97 535	87 414

The changes in the votes held by listed persons in the General Meeting of Shareholders as at the end of the first quarter of 2015 are due to a capital increase of Sopharma AD as a result of the merger of Bulgarian Rose – Sevtopolis AD. The date of registration of the transactions in the Central Depository AD is 6 March 2015.

7. Information on pending judicial, administrative or arbitration proceedings relating to liabilities or receivables amounting to at least 10 percent of the equity of the Company - none.

8. Information on loans granted by the issuer or their subsidiary, provided guarantees or commitments to a single person or a subsidiary thereof, including to related persons with indication of the nature of the relationship between the issuer and the person, the amount of the outstanding principal, the interest rate, the maturity, the size of commitment, the terms and conditions.

The *long-term receivables from related parties* at 31 December include:

	31.03.2015 BGN '000	31.12.2014 BGN '000
Long-term loans granted	33 254	32 857
Long-term rental deposit granted	293	293
Total	33 547	33 150

The long-term loans are granted to companies related through key managing personnel.

The terms and conditions of the long-term loans granted to related parties are as follows:

<i>Currency</i>	<i>Contracted amount</i> <i>'000</i>	<i>Maturity</i>	<i>Interest %</i>	<i>31.03.2015</i>		<i>31.12.2014</i>	
				<i>BGN'000</i>	<i>BGN'000 including interest</i>	<i>BGN'000</i>	<i>BGN'000 including interest</i>
<i>EUR</i>	11 831	01.12.2016	5.00%	26 356	535	26 038	217
<i>EUR</i>	3 272	01.12.2016	5.00%	6 898	498	6 819	419
				33 254	1 033	32 857	636

The long-term loans granted to related parties are intended to support the financing of these companies' activities under common strategic objectives. They are secured by pledges on securities (shares).

The long-term deposit receivable is from a company under a common indirect control under a concluded rental contract for administrative offices with validity term on 1 August 2022.

Receivables from related parties include:

	<i>31.03.2015</i> <i>BGN '000</i>	<i>31.12.2014</i> <i>BGN '000</i>
Receivables from subsidiaries	49 212	79 618
<i>Impairment of uncollectable receivables</i>	(129)	(2 286)
	<u>49 083</u>	<u>77 332</u>
Receivables from companies related through key managing personnel	17 855	14 476
Receivables from companies under a common indirect control	7 715	7 697
Total	<u>74 653</u>	<u>99 505</u>

The receivables from related parties by type are as follows:

	<i>31.03.2015</i> <i>BGN '000</i>	<i>31.12.2014</i> <i>BGN '000</i>
Receivables on sales of finished products and materials	41 040	69 473
<i>Impairment of uncollectable receivables</i>	(121)	(2 278)
	<u>40 919</u>	<u>67 195</u>
Trade loans granted	33 742	32 318
<i>Impairment of uncollectable receivables</i>	(8)	(8)
	<u>33 734</u>	<u>32 310</u>
Total	<u>74 653</u>	<u>99 505</u>

The receivables on sales are interest-free and BGN 26,102 thousand of them are denominated in BGN (31 December 2014: BGN 26,776 thousand) and in EUR – BGN 14,817 thousand (31 December 2014: BGN 40,419 thousand).

The receivables from a subsidiary with principal activities in the field of trade in pharmaceuticals were the most significant and amounted to BGN 25,098 thousand as at 31 March 2015 or 61,34% of all receivables on sales of finished products and materials to related parties (31 December 2014: BGN 28,390 thousand – 42,25%).

Loans granted to related parties by type of related party are as follows:

	31.03.2015	31.12.2014
	BGN '000	BGN '000
Receivables from companies related through key managing personnel	17 855	14 475
<i>Subsidiaries</i>	8 172	10 211
<i>Impairment of trade loans</i>	(8)	(8)
	<u>8 164</u>	<u>10 203</u>
Companies under a common indirect control	7 715	7 632
Total	<u>33 734</u>	<u>32 310</u>

The terms and conditions of the loans granted to related parties are as follows:

<i>Currency</i>	<i>Contracted amount '000</i>	<i>Maturity</i>	<i>Interest %</i>	31.03.2015		31.12.2014	
				<i>BGN'000</i>	<i>BGN'000 including interest</i>	<i>BGN'000</i>	<i>BGN'000 including interest</i>
<i>to companies related through key managing personnel</i>							
<i>EUR</i>	11 999	31.12.2015	4.50%	11 448	28	9 537	18
<i>BGN</i>	34 020	31.12.2015	5.50%	3 139	51	3 097	9
<i>BGN</i>	6 000	22.07.2015	5.50%	2 655	44	1 236	26
<i>BGN</i>	1 300	31.12.2015	5.50%	483	23	477	17
<i>BGN</i>	190	31.12.2015	5.50%	130	2	128	1
<i>to companies under a common indirect control</i>							
<i>EUR</i>	7 661	31.12.2015	4.50%	7 715	238	7 632	155
<i>to subsidiaries</i>							
<i>EUR</i>	2 770	31.12.2015	6.10%	6 793	1 375	6 711	1 294
<i>BGN</i>	2 460	31.12.2015	5.50%	721	1	2 903	158
<i>USD</i>	205	31.12.2015	3.50%	405	32	355	26
<i>BGN</i>	600	31.12.2015	5.50%	151	1	151	-
<i>USD</i>	25	31.12.2015	3.50%	52	6	46	5
<i>USD</i>	20	31.12.2015	3.50%	42	5	37	5
				<u>33 734</u>	<u>1 806</u>	<u>32 310</u>	<u>1 714</u>

The short-term loans granted to related parties are intended to support the financing of these companies' activities under common strategic objectives. They are secured by pledges on corporate shares and securities (shares).

The payables to related parties refer to:

	31.03.2015	31.12.2014
	BGN '000	BGN '000
Payables to subsidiaries	1 790	3 219
Payables to companies under a common indirect control	987	761
Payables to associates	165	2
Payables to companies under a common control through key managing personnel	139	171
Payables to main shareholding companies	27	1
Total	<u>3 108</u>	<u>4 154</u>

The trade payables to related parties are regular and are not additionally secured by the Company. The payables in Bulgarian Levs amount to BGN 2,558 thousand (31 December 2014: BGN 2,045 thousand), in EUR – BGN 7 thousand (31 December 2014: BGN 1,153 thousand), in PLN – BGN 344 thousand (31 December 2014: BGN 552 thousand) and in KZT – BGN 199 thousand (31 December 2014: BGN 404 thousand).

The Company is a co-debtor under received bank loans, issued bank guarantees and concluded lease agreements as well as a guarantor before banks and suppliers of the following companies:

Company	Maturity period	Currency	Contracted amount		Amount of the guarantee as at
			original currency	BGN'000	31.03.2015 BGN'000
Sopharma Trading AD	2015-2019.	EUR	63 305	123 799	111 669
Sopharma Trading AD	2015	BGN	14 732	14 732	14 581
Vitamini OAO	2016	EUR	7 000	13 691	13 691
Biopharm Engineering AD	2023	BGN	4 250	4 250	4 237
Pharmaplant AD	2015-2019	BGN	1 329	1 329	1 268
Telecomplex AD	2015	BGN	5 009	5 009	5 009
Veta Pharma AD	2015	BGN	1 000	1 000	709
Energoinvestment AD	2015	BGN	2 018	2 018	518
Momina Krepost AD	2015	BGN	500	500	249
Mineralcommerce AD	2015-2017	EUR	150	294	196
Mineralcommerce AD	2015	BGN	175	175	175
Sopharma Properties REIT	2024	EUR	22 619	44 240	38 531
					190 833

The Company has provided the following collateral in favor of banks under loans received by subsidiaries:

- Mortgages of real estate – BGN 11,839 thousand (31 December 2014: BGN 10,776 thousand);
- Special pledges on:
 - machinery and equipment – BGN 12,117 thousand (31 December 2014: none);

- inventories – BGN 17,623 thousand (31 December 2014: BGN 17,623 thousand);
- trade receivables – BGN 12,000 thousand (31 December 2014: BGN 12,000 thousand).

Ognian Donev, PhD
Executive Director