

**INSIDER INFORMATION ON FACTS AND CIRCUMSTANCES  
WHICH HAVE OCCURRING IN THE FIRST QUARTER  
OF 2015 OF SOPHARMA AD**

- 1.1. No change in the persons controlling the Company.
- 1.2. No changes in the Board of Directors, no changes in the method of representation, appointment or dismissal of a procurator.
- 1.3. Changes and/or amendments in the Articles of Association of the Company in the first quarter of 2015.  
In the Articles of Association of the Company was changed the amount of the share capital in connection with the merger of Bulgarian Rose - Sevtopolis AD into Sopharma AD. The capital was increased from 132 000 000 to 134 797 899 BGN. The entry in the Commercial Register was on 26 February 2015.
- 1.4. Decision for transformation of the Company and implementation of the transformation. Structural changes in the Company in the first quarter of 2015.  
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 Kazanluk, 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.  
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.
- 1.5. Opening of liquidation proceedings and all significant events associated to production.  
As of 31 March 2015, the investments in the subsidiaries Sopharma Poland OOD - in liquidation, Poland, Extab Corporation, USA and Sopharma USA are fully written-off (31 December 2014: completely written off are the investments in Sopharma Poland OOD - in liquidation, Poland, Extab Corporation, USA and Sopharma USA).
- 1.6. No opening of bankruptcy proceedings against the company or its subsidiary or any significant events related to production.
- 1.7. No acquisition, use or disposition of high-value assets under art. 114, par. 1, item 1 of POSA – none.
- 1.8. No decision on conclusion, termination and cancellation of joint venture agreements.
- 1.9. (Annulled – State Gazette, issue 82 from 2007).
- 1.10. Change in the Company's auditors - The regular General Meeting of Shareholders of Sopharma AD, conducted on 20 June 2014 elected AFA OOD with address of management in Sofia, 38 Oborishte Str. as a registered auditor for auditing and verification of the Annual financial statements of the Company for 2014.

1.11. Announcing the Company's profits - Sopharma AD completed the first quarter of 2015 with a net profit of 7 216 thousand BGN (31 March 2014: 10 448 thousand BGN).

1.12. Significant losses and causes for such – none.

1.13. No unforeseen or unexpected circumstance of an extraordinary nature, as a result of which the Company or a subsidiary has suffered damages, amounting to three percent or more of the Company's equity.

1.14. The Company has not received and has not published a modified audit report.

1.15. Decision of the General Meeting on the type and amount of the dividend and the terms and conditions of its payment. – As at the date of preparation of the interim financial statement there is no decision by the GMS.

1.16. Occurrence of a liability which is essential for the Company or a subsidiary, including any non-fulfilment or increase of the liability:

Long-term bank loans:

Currency	Contracted loan amount	Maturity	31.03.2015			31.12.2014		
			Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
	'000		BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Investment-purpose loans								
	<b>32 000</b>	<b>15.04.20</b>						
<b>EUR</b>		<b>21</b>	<b>36 175</b>	<b>7 330</b>	<b>43 505</b>	<b>37 972</b>	<b>7 391</b>	<b>45 363</b>
		<b>31.01.20</b>						
<b>EUR</b>	<b>1 617</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>40</b>	<b>40</b>
			<b>36 175</b>	<b>7 330</b>	<b>43 505</b>	<b>37 972</b>	<b>7 431</b>	<b>45 403</b>

The investment-purpose loan received in Euro was agreed at interest rate based on three-month EURIBOR plus a mark-up of 2.8 points (2014: 3-month EURIBOR plus a mark-up of 2.8 points and 1-month EURIBOR plus a mark-up of 5 points).

The following collateral was established in favor of the creditor banks:

- Mortgages of real estate – BGN 45,554 thousand (31 December 2014: BGN 51,918 thousand);
- Special pledges on:
  - machinery and equipment – BGN 21,022 thousand (31 December 2014: BGN 21,503 thousand).
  - receivables from related parties – none (31 December 2014: BGN 1,481 thousand).

1.17 Occurrence of a receivable that is significant for the Company, with indication of its maturity

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

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>BGN '000</b>	<b>BGN '000</b>
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:

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

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.

The receivables from related parties by type are as follows:

	31.03.2015 BGN '000	31.12.2014 BGN '000
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>
<b>Total</b>	<b><u>74 653</u></b>	<b><u>99 505</u></b>

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%).

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

Currency	Contracted amount '000	Maturity	Interest %	31.03.2015		31.12.2014	
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest
<i>to companies related through key managing personnel</i>							
EUR	11 999	31.12.2015	4.50%	11 448	28	9 537	18
BGN	34 020	31.12.2015	5.50%	3 139	51	3 097	9
BGN	6 000	22.07.2015	5.50%	2 655	44	1 236	26
BGN	1 300	31.12.2015	5.50%	483	23	477	17
BGN	190	31.12.2015	5.50%	130	2	128	1
<i>to companies under a common indirect control</i>							
EUR	7 661	31.12.2015	4.50%	7 715	238	7 632	155

*to subsidiaries*

<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
				<b>33 734</b>	<b>1 806</b>	<b>32 310</b>	<b>1 714</b>

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).

1.18. There are no liquidity problems and measures for financial support.

1.19. Increase or decrease of the share capital – By decision of the Board of Directors from 10 February 2015 was determined the specific amount of the increase of the share capital of Sopharma AD from 132 000 000 BGN to **134 797 899 BGN** by issuing 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. The entry in the Commercial Register was conducted on 26 February 2015

As at 31 March 2015 the registered share capital of Sopharma AD amounts to **134 797 899 BGN**, distributed in 134 797 899 share with a nominal value of 1 BGN per share.

Physical persons	/4 966/:	4 455 425	shares	- 3.31%
Legal persons	/174/:	130 342 474	shares	- 96.69%, including:

Shareholders with a share of over 5%:

**„Donev Investment Holding” AD,**

UID 831915121,

Sofia, Positano Str. № 12

33 345 372 /24,74%/

**“Telecomplect Invest” AD,**

UID 201653294,

Sofia, Slaveikov Square №9

26 948 052 /19,99%/

**„Rompharm Company” OOD**

UID 200732874

Sofia, Mladost residential complex,

Boian Damianov Str. 7, office 3

24 313 355 /18,04%/

**“Telso” AD,**

UID 131176385,

Sofia, Positano Str. № 12

7 132 057 /5,29%/

*The treasury shares* as at 31 March 2015 amount to 5 163 156 at a value of 17 203 thousand BGN (31 December 2014: 5 114 130 at a value of 17 203 thousand BGN). In the current year were bought 49 026 shares (2014: 304 031 shares) and no shares were sold (2014: 650 577 shares) through an investment intermediary.

As at 31 March 2015 the Company has shares held by its subsidiaries and associated companies as follows:

- Sopharma Trading AD - 23 857 shares (31 December 2014: 23 857 shares);
- Unipharm AD - 191 166 shares (31 December 2014: 191 166 shares);
- Medika AD - 27 573 shares (31 December 2014: 27 573 shares);

1.20. There have been no negotiations for the acquisition of the Company.

1.21. No conclusion or performance of essential contracts, which do not relate to the ordinary business of the Company.

1.22. Opinion of the governing body in connection with a tender offer.

On 23 March 2015 the Board of Directors took a decision to start a procedure under the Public Offering of Securities Act (POSA) for making a tender offering in accordance with Art. 149, para 6 of POSA where under all shares of Momina Krepost AD held by other shareholders to be purchased by Sopharma AD. On 24 March 2015 an application for a tender offering was submitted to the Financial Supervision Commission, which has not yet taken up a position thereon.

1.23. Termination or substantial reduction of relations with clients, who form at least 10% of the revenues of the company for the last three years.

Revenues from sales to European countries decreased by 39% compared to the first quarter of 2014 due to the decrease of sales in Ukraine by over 80%. Currently the access to the eastern territories is permanently restricted and sales there are difficult to conduct by the distributors and are in much smaller quantities. The revenue from sales in Russia decreased due to the volatility of the ruble, which required the revision of the prices of the products intended for the Russian market, as a result of which the Company limited the export to Russia in the first quarter of 2015.

1.24. The Company has received marketing authorizations for 5 new products – Otofix drops, Softenzif tablets with delayed release, Fentoril injection solution, Ivadron injection solution, Tuspan syrup 100 ml., and one new product Glicerax suppository was brought to market Promerol injection solution.

The Company expects to introduce three to five new products by the end of 2015.

Around eighteen production processes and technologies are in the process of transfer, validation and optimization. Pharmaceutical development is carried out of 22 new products for the Company.

1.25. No large orders /amounting to over 10% of the average income of the Company for the last three years/.

1.26. No development and/or change in the volume of orders and the utilization of the production capacity:

1.27. No stopping of sales of a product, forming a significant part of the Company's revenue.

1.28. No purchase of patents.

1.29. No new acquisition, temporary cessation of use, withdrawal of permission to operate /license/.

1.30. No initiation or termination of a court or arbitration proceedings relating to claims or liabilities of the company or its subsidiary, with the price of the claim at least 10% of the company's equity.

1.31. Purchase, sale or pledge of shares in companies of the issuer or its subsidiary in the first quarter.

In March 2015 the subsidiary of Sopharma AD, Sopharma Ukraine EOOD, with a core business the trading of pharmaceutical products increased its share capital to 317 531 502 UAH.

On 19 March 2015 the Company received Notifications for disclosure of share participation under art. 145 of POSA from Donev Investments Holding AD – the share participation in Sopharma AD decreases from 25.26% to 24.74%, Telecomplect Invest AD – the share participation in Sopharma AD decreases from 20.41% to 19.99%, and Telso AD – the share participation in Sopharma AD increases from 4.98% to 5.29% due to the capital increase of Sopharma AD through the merger of Bulgarian Rose Sevtopolis AD. The date of registration of the transaction in the Central Depository

AD is 6 March 2015.

1.33. No award or change of rating, commissioned by the company.

1.34. Other circumstances which the company believes could be relevant for investors in deciding to acquire, sell or continue to hold publicly traded securities:

On 9 January 2015 was held an Extraordinary General Meeting of Shareholders of Sopharma AD, which approved a decision for transformation of Sopharma AD through the merger of Bulgarian Rose Sevtopolis AD, with seat in Kazanluk, UIC: 123007916. As a result of the merger, all assets of Bulgarian Rose – Sevtopolis AD was transferred to Sopharma AD under the conditions of general succession. Cash payments to the shareholders of the transferring company Bulgarian Rose - Sevtopolis acc. art. 261b, par. 2 of the Commercial Act are set at the amount of 2 597 BGN.

By decision №218/11.03.2015 the Commission for Protection of Competition allowed the concentrations between companies, which will be achieved through the acquisition of the sole control by Sopharma AD over Medica AD, Sofia.

On 19 March 2015, a contract was concluded between Sopharma AD and PAO Vitamini based on which the trade receivables of Sopharma AD, amounting to EUR 12,774 million, were transformed to their equivalent in Hryvnia - UAH 316,532 million. This right of receivable, in accordance with a Decision of the Board of Directors of Sopharma AD, dated 20 March 2015, was used as an additional contribution to the increase in the share capital of Sopharma Ukraine OOD. The capital increasing procedure is expected to complete no later than 10 April

In relation to Decision № 216-E/25.03.2015 of the FSC regarding the entry of a subsequent emission of shares, issued by Sopharma AD – Sofia (3JR) in the register of public companies and other issuers of securities under art. 30, par. 3 of the FSCA, guided by the FSC, the Board of Directors of BSE-Sofia AD, with protocol №12 from 7 April 2015 admits to trading on the Main market BSE, segment “Premium” the subsequent emission of shares, issued by Sopharma AD. The date of admission to trading is 9 April 2015.

Sopharma Ad informs all interested parties that the interim financial statements of the Company as at 31 March 2015 have not been verified by a registered auditor.

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Ognian Donev, PhD  
Executive Director