

**INSIDER INFORMATION ON FACTS AND CIRCUMSTANCES
WHICH HAVE OCCURRING IN THE FOURTH QUARTER OF 2012
OF “SOPHARMA” AD**

- 1.1. No change in the persons controlling the Company..
- 1.2. Change in the Board of Directors – on the Annual General Meeting of Shareholders held on 19 June 2012 a new member of the Board was elected - Ognian Kirilov Palaveev, no changes in the method of representation, appointment or dismissal of a procurator.
- 1.3. No amendments and/or supplements to Articles of association.
- 1.4. No decision for transformation of the Company and implementation of the transformation, no structural changes in the Company.
- 1.5. No opening of liquidation proceedings or any significant events associated related to production.
- 1.6. No opening of bankruptcy proceedings against the company or its subsidiary or any significant events related to production.
- 1.7. No purchase, lease or disposition of assets of great value under Article 114, Paragraph 1, Item 1 of the Law on Public Offering of Securities.
- 1.8. No decision on conclusion, termination and cancellation of joint venture agreements.
- 1.10. No change in the Company's auditors. The Annual General Meeting of Shareholders held on 19 June 2012 elected the registered auditor company AFA ODD, Sofia, 38 Oborishte Str. to audit and certify the annual financial statements of the Company for 2012.
- 1.11. Announcing the company's profits - "Sopharma" AD finished the fourth quarter of 2012 with a net profit of 40 820 thousand BGN, which is an increase of 135 thousand BGN compared to the same period of 2011
- 1.12. No significant losses and causes for such.
- 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. The Company conducted an Annual General Meeting of Shareholders on 19 June 2012. The AGM took the decision to distribute a dividend of 0.07 BGN per share.
- 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	31.12.2012			31.12.2011		
			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								
EUR	32 000	15.04.2021	51 779	5 888	57 667	18 737	37	18 774
Credit lines								
BGN	23 470	31.01.2013	-	19 772	19 772	-	22 583	22 583
BGN	18 000	31.07.2013	-	15 028	15 028	-	286	286
EUR	5 000	31.08.2013	-	9 772	9 772	-	9 774	9 774
EUR	3 000	25.08.2013	-	5 863	5 863	-	5 863	5 863
EUR	2 500	20.11.2013	-	4 851	4 851	-	-	-
EUR	2 500	31.08.2013	-	1 803	1 803	-	2 192	2 192
			51 779	62 977	114 756	18 737	40 735	59 472

The loans received in EUR have been agreed at interest rate based on 3-month EURIBOR plus a mark-up of up to 2.8 points, 6-month EURIBOR plus a mark-up of up to 3 points and 1-month EURIBOR plus a mark-up of up to 4,092 points, while those in BGN – on 1-month SOFIBOR plus a mark-up of up to 3.75 points (2011: 3-month EURIBOR plus a mark-up of up to 2.8 points, for those in BGN – monthly SOFIBOR plus a mark-up of up to 4.75 points).

SHORT-TERM BANK LOANS

Currency	Contracted amount	Maturity	31.12.2012	31.12.2011
			'000	BGN'000
Bank loans				
EUR	20 000	31.05.2013	39 091	39 095
EUR	12 500	17.02.2013	24 384	15 127
BGN	10 000	31.01.2013	10 003	10 003
EUR	5 000	01.05.2013	9 785	23 595
USD	4 000	01.05.2013	5 936	6 027
EUR	1 968	01.05.2013	3 632	3 508
EUR	3 000	28.09.2013	2 858	5 864
EUR	5 000	30.11.2012	-	8 789
Total			95 689	112 008

The loans received in EUR are contracted at an interest rate based on 3-month EURIBOR plus a mark-up of up to 3.86 points and 1-month EURIBOR plus a mark-up of up to 3 points, the loans in USD – 3-month LIBOR plus a mark-up of up to 3.85 points, and the loans in BGN – monthly SOFIBOR plus a mark-up of up to 2 points. (2011: 3-month EURIBOR plus a mark-up of up to 4.5 points, for those in USD – 3-month LIBOR plus a mark-up of up to 3.85 points, and for those in BGN – 1-month SOFIBOR plus a mark-up of up to 2 points). Loans are intended for providing working capital.

Long-term loans granted to related parties are as follows:

	31.12.2012	31.12.2011
	BGN'000	BGN'000
Companies under common control through key managing personnel	748	729
Subsidiaries	-	15 340
Total	748	16 069

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

<i>Currency</i>	<i>Contracted amount</i>	<i>Maturity</i>	<i>Interest %</i>	<i>31.12.2012</i>		<i>31.12.2011</i>		
				<i>BGN '000</i>	<i>BGN '000 including interest</i>	<i>BGN '000</i>	<i>BGN '000 including interest</i>	
<i>to companies under common indirect control through key managing personnel</i>								
<i>BGN</i>	1 100	31.12.2014	8.08%	748	25	729	1	
<i>to subsidiaries</i>								
<i>USD</i>	3 000	25.01.2015	9.80%	-	-	5 845	1 311	
<i>EUR</i>	2 770	21.01.2013	6.10%	-	-	5 732	314	
<i>USD</i>	1 000	25.01.2015	9.80%	-	-	2 022	510	
<i>USD</i>	3 000	25.01.2015	9.80%	-	-	1 741	381	
				748	25	16 069	2 517	

The long-term loans granted to related parties are not secured by collateral.

All payables of the Company are presented in Notes №27 to №36 to the interim financial statement as at 31 December 2012.

1.17 Receivables from related parties include:

	31.12.2012	31.12.2011
	BGN '000	BGN '000
Receivables from subsidiaries	110 629	73 840
<i>Impairment of uncollectible receivables</i>	(76)	(641)
	110 553	73 199
Receivables from companies under a common control through key managing personnel	39 325	36 088
Receivables from Companies under common indirect control	14 051	13 478
<i>Impairment of uncollectible receivables</i>	(2 382)	(2 129)
	11 669	11 349
Receivables from companies – main shareholders	8 170	14 468
Total	169 717	135 104

All receivables of the Company presented in Notes №22, 23 and 24 to the interim financial statement as at 31 December 2012.

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

1.19. No changes in the share capital as at 31 December 2012:

Physical persons	/4516./:	5 114 914 shares	- 3, 86%
Legal persons	/197./:	126 885 086 shares	- 96, 14%, including:

„Donev Investment Holding” AD,

EIK 0831915121,

Sofia, Positano Str. № 12

32 373 781 /24,53%/

“Telecomplex Invest” AD,

EIK 201653294,

Sofia, Totleben Blvd. № 69-73, floor 4

26 948 052 /20,42%/

„Finance Consulting Company” EOOD

EIK 121414242

Sofia, Khan Krum Str. 10

18 213 990 /13,80%/

Universal Pension Fund “Doverie” AD,

EIK 130474628

Sofia, Dunav Str. 5

8 877 397 /6,73%/

1.20. There have been no negotiated 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. No opinion of the governing body in connection with a tender offer.

1.23. No termination or substantial reduction of relations with clients, who form at least 10% of the revenues of the company for the last three years.

1.24. Introduction of new products and developments to the market – In 2012 the Company implemented 3 new products into its portfolio – Vitamin C ampoules of 2 ml. and 5 ml. for drinking, Sopral ampoules and Neurelaks tablets. Three to five new products are expected to be introduced by the end of 2013.

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. Sopharma focuses its R&D mainly on generics. R&D projects are focused on finding and developing new formulas and composition or physical properties (such as

formulation or tablets) of a product in order to adapt it to current market needs. In the process of transfer and optimization are over 50 new production processes and technologies. A pharmaceutical development of 23 new products is currently under way. The company mainly submitted applications for marketing authorizations of new products, including new forms of products in Bulgaria and/or export markets for existing products on new markets.

- 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. No purchase, sale or pledge of shares in companies of the issuer or its subsidiary.
- 1.32. No update of the forecast results.
- 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 29 October 2012, pursuant to Article 262d of the Commercial Act, was signed a merger agreement between Bulgarian Rose – Sevtopolis AD (merging company) and Sopharma AD (acquiring company).

The Extraordinary Meeting of Shareholders of Sopharma, held on 1 November 2012, took a decision to amend the conditions for share repurchase as follows: the repurchase of own shares representing the company's capital, subject to the specific requirements of CA and POSA, shall be carried out under the following conditions: volume of treasury shares - up to 10% of the total number of shares issued by the company, but not more than 3% for one calendar year; period of execution of the repurchase – not longer than 5 (five) years; minimum repurchase price– 2.10 BGN; the maximum repurchase price of 5,50 BGN per share, determined by a decision of the regular AGM from 23 June 2010, shall not be amended.”

On 21 November 2012 Sopharma AD received a notification of disclosure of shareholdings under art. 145 of POSA from Telso AD for the purchasing of 13,000 shares. After this transaction the share of Telso AD in the capital of Sopharma AD reached 5,0061%. The date of registration of the transaction with the Central Depository AD is 15 November 2012.

On 26 November 2012 Sopharma AD received a notification of disclosure of shareholdings under art. 145 of POSA from Telso AD regarding the selling of 35,000 shares. After this transaction the share of Telso AD in the capital of Sopharma AD decreased to 4,979%. The date of registration of the transaction with the Central Depository AD is 26 November 2012.

On 21 December 2013 Sopharma AD received a notification of disclosure of shareholdings under art. 145 of POSA from Financial Consulting Company EOOD for the selling of 999 840 shares of Sopharma, resulting in a decrease of its interest in the capital of Sopharma from 13.80% to 14,56 %. The date of registration of the transaction with the Central Depository AD is 20 December 2012.

The Board of Directors, pursuant to Article 223 of the Commercial Act, convenes an

Extraordinary General Meeting of Shareholders of "Sopharma" AD, which will be held on **28 February 2013** at 11.00 AM at the Company's headquarters in Sofia, "Iliensko shosee" № 16 and in the absence of a quorum – on **15 March 2013** at the same place and time and according to the following agenda:

1. Amendment of the conditions for acquisition of treasury shares of the Company.

Draft decision: AGM shall amend the conditions for share repurchase, determined by the decision on the regular AGM, held on 23 June 2010, and amended by decisions of the Extraordinary General Meeting of Shareholders from 30 November 2011 and the EGM from 1 November 2012, as follows: the repurchase of own shares representing the company's capital, subject to the specific requirements of CA and POSA, shall be carried out at a minimal repurchase price not lower than the nominal value of one share of the capital of the Company.

2. Miscellaneous.

On 23 January 2013 Sopharma AD received a notification of disclosure of shareholdings under art. 145 of POSA from Financial Consulting Company EOOD for the selling of 4,053,002 shares of Sopharma, resulting in a decrease of its interest in the capital of Sopharma from 13.80% to 9.62%. The date of registration of the transaction with the Central Depository AD is 23 January 2012.

On 23 January 2013 Sopharma AD received a notification for disclosure of shareholdings under art. 145 of POSA from Donev Investments Holding AD for the purchasing of 2,982,666 shares of Sopharma, resulting in an increase of its participation in the capital of Sopharma from 24.53% to 26.78%. The date of registration of the transaction with the Central Depository AD is 23 January 2012.

As at 31 December 2012 the treasury shares of Sopharma AD amount to 3 486 231 shares or 2,64% of the capital, according to a decision by the General Meeting of Shareholders from 23 June 2010..

"Sopharma" AD informs all concerned that the interim financial statements of the Company for the period 1 January – 31 December 2012 have not been audited by a registered auditor.

Ognian Donev, PhD
Executive Director