

Additional information under art. 33, par. 1, item 6 of Ordinance № 2 from 17 September 2003 of "Sopharma" AD as at 31 December 2014

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 interim 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 2014 and have been accepted by the Commission of the European Union.

For the current financial period the Company has adopted all new and / or revised standards and interpretations issued by the International Accounting Standards Board (IASB), respectively. The Interpretations Committee of the IFRS, which are relevant to its operations.

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 2014 – 31 December 2014.

2. Information about changes in the economic group of the issuer in 2014:

SpetzApharmacia BOOO, Belarus transformed to a joint-venture of the Group through Briz, Latvia from 20 January 2014; OOO Bellerophon became an associated company through Briz OOD from 28 August 2014.

On 30 September 2014 was acquired the subsidiary TOO Sopharma with core business in trading with pharmaceuticals.

On 4 November 2014 Medika AD was acquired as an associated company, with core business the production of bandages and sanitary materials and finish medicines.

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 19 June 2014 Sopharma AD and Bulgarian Rose – Sevtopolis AD signed a Contract for transformation through merger in accordance with the requirements of art. 262d and following of the Commercial Act (CA), as a result of which all assets of Bulgarian Rose – Sevtopolis AD shall be transferred to Sopharma AD and the latter shall become its legal successor. Bulgarian Rose – Sevtopolis shall be terminated without liquidation. Pursuant to art. 124, par. 1 of the Public Offering of Securities Act (POSA) the Contract for merger, as well as reports of the management bodies of the companies involved in the transformation of the company under art. 262i of the CA and the report of the examiner under art. 262m of the CA are approved by the deputy chairman of the Financial Supervision Commission, managing the "Investment Supervision" division. According to the signed contract, in connection with the implementation of the merger shall be carried out a capital increase of the receiving company Sopharma AD through issuing of new shares to be distributed among the shareholders of the transferring company Bulgarian Rose - Sevtopolis AD (except the shareholder Sopharma AD).

The merger procedure shall commence in accordance with the terms of the Contract for transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD, signed

on 19 June 2014, Annex №1 from 15 August 2014, Annex №2 from 10 October 2014, and Annex №3 from 25 November.

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

As at 31 December 2014 the Company's tangible fixed assets include: land amounting to 31,031 thousand BGN (31 December 2013: 30,865 thousand BGN) and buildings of carrying amount 72,426 thousand BGN (31 December 2013: 75,756 thousand BGN).

Expenses on acquisition of tangible fixed assets as at 31 December include:

- advance payments - 4,303 thousand BGN (31 December 2013: none);
- expenses on construction of new production buildings – 2,733 thousand BGN (31 December 2013: 36 thousand BGN);
- buildings reconstruction – 101 thousand BGN (31 December 2013: 210 thousand BGN);
- supply of equipment – none (31 December 2013: 734 thousand BGN)
- other – none (31 December 2013: 3 thousand BGN).

As at 31 December 2014 in the book value of property, plant and equipment are included machines and equipment for new tablet production at a total value of 7,052 thousand BGN, purchased under a contract for financing under Operational Program "Development of the Competitiveness of the Bulgarian Economy 2007 – 2013 (31 December 2013: 7,410 thousand BGN).

The amount of other assets as at 31 December 2014 includes also biological assets – Golden Chain (*Laburnum anagyroides*) plantation at the amount of 128 thousand BGN (31 December 2013: 119 thousand BGN).

The Company leased tangible fixed assets with carrying amount of 7,106 thousand BGN as at 31 December 2014 to related parties (31 December 2013: 7,277 thousand BGN). In addition, tangible fixed assets at zero book value were leased to third parties as at 31 December 2014 (31 December 2013: 45 thousand BGN).

As at 31 December 2014, there were pledges on long-term fixed assets of the Company in connection with loans as follows:

- Land and buildings with a carrying value respectively 14,870 thousand BGN and 61,149 thousand BGN (31 December 2013: respectively 12,311 thousand BGN and 64,410 thousand BGN);
- Pledges on equipment – 26,087 thousand BGN (31 December 2013: 35,967 thousand BGN).

As at 31 December 2014 there are encumbrances on investment properties as follows:

- mortgage on storage areas – 8,085 thousand BGN (31 December 2013: 7,988 thousand BGN);
- pledges on associated equipment – 6,138 thousand BGN (31 December 2013: 7,592 thousand BGN);

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

		31.12.2014	Share	31.12.2013	Share
		BGN '000	%	BGN '000	%
Sopharma Trading AD	Bulgaria	28 529	71.89	30 126	75.92
Briz OOD	Latvia	22 270	66.13	9 172	53.14
Unipharm AD	Bulgaria	19 448	49.99	19 448	49.99
Bulgarian Rose Sevtopolis AD	Bulgaria	8 729	49.99	8 729	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
Vitamina AD	Ukraine	5 154	99.56	6 187	99.56
Momina Krepost AD	Bulgaria	2 665	52.98	2 701	52.97
Pharmalogistica AD	Bulgaria	1 911	76.54	1 911	76.54
Sopharma Buildings REIT	Bulgaria	595	40.75	643	42.89
Sopharma Kazakhstan EOOD	Kazakhstan	502	100.00	-	-
Electroncommerce EOOD	Bulgaria	384	100.00	384	100.00
Sopharma Warsaw EOOD	Poland	323	100.00	323	100.00
Sopharma Ukraine EOOD	Ukraine	9	100.00	230	100.00
		104 642		93 977	
Paid unregistered capital increase	Latvia	-		7 230	
Total		104 642		101 207	

As at 31 December 2014, the investments in the subsidiaries Sopharma Poland OOD - in liquidation, Poland, Extab Corporation, USA and Sopharma, USA are fully impaired (31 December 2013: fully impaired are the investments in Sopharma Poland OOD - in liquidation, Poland, Extab Corporation, USA and Sopharma USA).

Sopharma has direct or indirect control over the above listed 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 December 2014	Number of shares /%/ 30 September 2014
„Donev Investment Holding” AD, EIK 831915121, Sofia, Positano Str. № 12	33 359 870 /25,27%/	33 368 092 /25,28%/
“Telecomplect Invest” AD, EIK 201653294, Sofia, Slaveikov Square № 9	26 948 052 /20,42%/	26 948 052 /20,42%/
„Rompharm Company” OOD UID 200732874 Sofia, Mladost residential complex, Boian Damianov Str. 7, office 3	24 312 135 /18,42%/	24 312 135 /18,42%/

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 December 2014	Number of shares 30 September 2014
1. Ognian Ivanov Donev	0	2000
2. Vessela Liubenova Stoeva	0	0
3. Andrey Liudmilov Breshkov	0	0
4. Ognian Kirilov Palaveev	102320	102320
5. Alexander Viktorov Chaushev	87414	87414

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.

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

	31.12.2014 BGN '000	31.12.2013 BGN '000
Granted long-term loans	32 857	25 214
Receivables on long-term deposits on rentals	293	435
Total	33 150	25 649

The long-term loans are granted to related parties through key management personnel.

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

Currency	Contracted amount '000	Maturity	Interest%	31.12.2014		31.12.2013	
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest
EUR	11 831	01.12.2016	5.00%	26 038	217	22 554	1 750
ERU	3 272	01.12.2016	5.00%	6 819	419	2 660	160
				32 857	636	25 214	1 910

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

The receivable on long-term deposit is from a company under common indirect control on a rental contract for an administrative office with an end date 1 August 2022.

Receivables from related parties include:

	31.12.2014 BGN '000	31.12.2013 BGN '000
Receivables from subsidiaries	79 580	78 319
<i>Impairment of uncollectible receivables</i>	<u>(258)</u>	<u>(178)</u>
	79	78
	322	141
Receivables from companies under a common control through key managing personnel	14 476	17 732
Receivables from Companies under common indirect control	7 632	7 477
Total	<u>101 430</u>	<u>103 350</u>

The receivables from related parties by type are as follows:

	31.12.2014 BGN '000	31.12.2013 BGN '000
Receivables on sales of finished products and materials	69 395	69 135
<i>Impairment of uncollectable receivables</i>	<u>(251)</u>	<u>(171)</u>
	69 144	68 964
Granted commercial loans	32 293	34 393
Impairment of uncollectable receivables	<u>(7)</u>	<u>(7)</u>
	32 286	34 386
Total	<u>101 430</u>	<u>103 350</u>

The receivables from sales are interest-free and 26,819 thousand BGN of them are denominated in BGN (31 December 2013: 29,469 thousand BGN), in EUR – 42,325 thousand BGN (31 December 2013: 39,466 thousand BGN), and in Ukrainian hryvnia – none (31 December 2013: 29 thousand BGN).

The most significant receivables are the ones from a subsidiary with principal activities in the field of trade in pharmaceuticals. They amounted to 30,547 thousand BGN as at 31 December 2014 or 44,18% of all receivables on sales of finished products and materials to related parties (31 December 2013: 31,466 thousand BGN – 45,60%).

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

	31.12.2014	31.12.2013
	BGN '000	BGN '000
Receivables from companies related through key managing personnel	14 475	17 726
Subsidiaries	10 186	9 190
Impairment of commercial loans	(7)	(7)
	<u>10 179</u>	<u>9 183</u>
Companies under common indirect control	<u>7 632</u>	<u>7 477</u>
Total	<u>32 286</u>	<u>34 386</u>

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

Currency	Contracted amount '000	Maturity	Interest %	31.12.2014		31.12.2013	
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest
<i>to companies related through key managing personnel</i>							
EUR	10 824	31.12.2015	4.50%	9 537	18	11 346	16
BGN	34 020	31.12.2015	5.50%	3 097	9	5 662	14
BGN	6 000	22.07.2015	5.50%	1 236	26	-	-
BGN	1 300	31.12.2015	5.50%	477	17	551	50
BGN	190	31.12.2015	5.50%	128	1	167	-
<i>to companies under common indirect control</i>							
EUR	7 661	31.12.2015	4.50%	7 632	155	7 477	-
<i>to subsidiaries</i>							
EUR	2 770	31.12.2015	6.10%	6 687	1 269	6 381	963
BGN	2 460	31.12.2015	5.50%	2 903	158	2 026	26
USD	205	31.12.2015	3.50%	355	26	303	13
BGN	600	31.12.2015	5.50%	151	-	402	2
USD	25	31.12.2015	3.50%	46	5	39	4
USD	20	31.12.2015	3.50%	37	5	32	3
				<u>32 286</u>	<u>1 689</u>	<u>34 386</u>	<u>1 091</u>

As at 31 December 2014 there are pledges on receivables from related parties amounting to 16,229 thousand BGN (31 December 2013: 16,229 thousand BGN) as collateral for received bank loans.

The payables to related parties include:

	31.12.2014	31.12.2013
	BGN '000	BGN '000
Payables to subsidiaries	6 995	4 717
Payables to companies under common indirect control	760	793
Payables to companies under a common control through key management personnel	115	2 304
Payables to companies – main shareholders	1	22
Total	7 871	7 836

The commercial payables to related parties are current and are not additionally secured by the Company. The payables in BGN amounted to 5,762 thousand BGN (31 December 2013: 7,550 thousand BGN), in PLN – 552 thousand BGN (31 December 2013: 264 thousand BGN), in EUR – 1,153 thousand BGN (31 December 2013: 22 thousand BGN), and in other currencies – 404 thousand BGN (31 December 2013: none)

	Maturity	Currency	Amount	Status of the debt	
			Original currency	BGN'000	31.12.2014 BGN'000
Sopharma Trading AD	31.08.2015	EUR	20 500	40 095	34 782
Sopharma Trading AD	31.08.2015	EUR	10 000	19 558	19 558
Sopharma Trading AD	31.08.2015	EUR	8 434	16 495	16 495
Vitamini OAO	22.06.2016	EUR	7 000	13 691	13 691
Sopharma Trading AD	25.06.2017	EUR	7 500	14 669	11 684
Sopharma Trading AD	31.08.2015	BGN	10 000	10 000	10 000
Sopharma Trading AD	25.04.2015	EUR	5 000	9 779	9 779
Sopharma Trading AD	25.04.2015	EUR	3 000	5 867	5 867
Biopharm Engineering AD	16.04.2023	BGN	4 250	4 250	4 250
Sopharma Trading AD	30.10.2015	EUR	2 050	4 009	3 912
Sopharma Trading AD	31.08.2015	BGN	4 732	4 732	3 791
Sopharma Trading AD	30.07.2018	EUR	2 000	3 912	3 423
Sopharma Trading AD	31.12.2019	EUR	3 000	5 867	2 202
Telecomplect AD	05.09.2015	BGN	5 009	5 009	1 252
Pharmaplant AD	20.12.2019	BGN	1 083	1 083	1054
Veta Pharma AD	19.11.2015	BGN	1 000	1 000	993
Sopharma Trading AD	15.11.2018	EUR	521	1 005	828
Energoinvestment AD	28.08.2015	BGN	2 018	2 018	518
Sopharma Trading AD	25.10.2016	EUR	432	846	358
Momina Krepost AD	20.09.2015	BGN	500	500	263
Pharmaplant AD	20.12.2015	BGN	246	246	214
Mineralcommerce AD	27.03.2015	BGN	175	175	175
Sopharma Trading AD	15.08.2019	EUR	78	153	153
Sopharma Trading AD	15.08.2019	EUR	74	145	145
Sopharma Trading AD	15.08.2019	EUR	74	145	145

	Maturity	Currency	Amount		Status of the debt
			Original currency	BGN'000	31.12.2014 BGN'000
Sopharma Trading AD	15.09.2019	EUR	72	141	134
Sopharma Trading AD	31.08.2015	EUR	66	129	129
Sopharma Trading AD	25.11.2017	EUR	87	170	108
Mineralcommerce AD	20.09.2017	EUR	100	196	108
Sopharma Trading AD	15.08.2019	EUR	58	114	107
Mineralcommerce AD	20.12.2015	EUR	50	98	97
Sopharma Trading AD	15.09.2019	EUR	35		69
Sopharma Trading AD	25.05.2016	EUR	89	174	60
Sopharma Trading AD	25.07.2016	EUR	63	124	47
Bulgarian Rose Sevtopolis AD	31.01.2015	EUR	1 617	3 163	40
Sopharma Trading AD	15.07.2019	EUR	20	39	39
Sopharma Trading AD	25.05.2016	EUR	41	80	33
Sopharma Trading AD	25.09.2016	EUR	22	42	21
Sopharma Trading AD	25.06.2016	EUR	23	45	16
Sopharma Trading AD	25.09.2016	EUR	15	29	12
Sopharma Trading AD	25.06.2016	EUR	22	43	10
					146 562

The following collateral have been established by the Company in favor of the creditor banks for loans to subsidiaries:

- Real estate mortgages - none (31 December 2013: 8,598 thousand BGN) (Note № 14);
- Special pledges on:
 - inventories – 17,623 thousand BGN (31 December 2013: 17,623 thousand BGN);
 - commercial receivables – 12,000 thousand BGN (31 December 2013: 19,705 thousand BGN).

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