

**INSIDER INFORMATION ON FACTS AND CIRCUMSTANCES
WHICH HAVE OCCURRING IN THE SECOND 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 as at 30 June 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 as at 30 June 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.
As from 17 June 2015 Sopharmasi 2 EOOD is a subsidiary of Sopharma Trading AD.
- 1.5. Opening of liquidation proceedings and all significant events associated to production.
As of 30 June 2015, the investment in the subsidiary Sopharma Poland OOD - in liquidation, Poland, is 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 19 June 2015 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 2015.
- 1.11. Announcing the Company's profits - Sopharma AD completed the second quarter of 2015 with a net profit of 25 883 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. – The decision of the GMS, conducted on 19 June 2015, is not to distribute dividends to the shareholders.

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:

<i>Currency</i>	<i>Contracted loan amount</i>	<i>Maturity</i>	<i>30.06.2015</i>			<i>31.12.2014</i>		
			<i>Non-current portion</i>	<i>Current portion</i>	<i>Total</i>	<i>Non-current portion</i>	<i>Current portion</i>	<i>Total</i>
	<i>'000</i>		<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
<i>Investment-purpose loans</i>								
EUR	32 000	15.04.2021	34 379	7 329	41 708	37 972	7 391	45 363
EUR	1 617	31.01.2015	-	-	-	-	40	40
			34 379	7 329	41 708	37 972	7 431	45 403

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 45,133 thousand (31 December 2014: BGN 51,918 thousand);
- Special pledges on:
 - machinery and equipment – BGN 20,690 thousand (31 December 2014: BGN 21,503 thousand).
 - receivables from SMEPA – none (31 December 2014: BGN 1,481 thousand).

The agreements for long-term bank loans include clauses with covenants for maintaining certain financial ratios. Company's management currently controls the observance of these financial ratios in communication with the respective creditor bank.

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

Receivables from related parties include:

	30.06.2015	31.12.2014
	BGN '000	BGN '000
Receivables from subsidiaries	66 747	79 618
<i>Impairment of uncollectable receivables</i>	<u>(1 027)</u>	<u>(2 286)</u>
	65 720	77 332
Receivables from companies related through key managing personnel	28 225	14 476
Receivables from associated companies	1	-
Receivables from companies under a common indirect control	<u>-</u>	<u>7 697</u>
Total	<u>93 946</u>	<u>99 505</u>

The receivables from related parties by type are as follows:

	30.06.2015	31.12.2014
	BGN '000	BGN '000
Receivables on sales of finished products and materials	52 015	69 473
<i>Impairment of uncollectable receivables</i>	<u>(1 019)</u>	<u>(2 278)</u>
	50 996	67 195
Trade loans granted	35 977	32 318
<i>Impairment of uncollectable receivables</i>	<u>(8)</u>	<u>(8)</u>
	35 969	32 310
Receivables from dividends	<u>6 981</u>	<u>-</u>
Total	<u>93 946</u>	<u>99 505</u>

The receivables on sales are interest-free and BGN 31,524 thousand of them are denominated in BGN (31 December 2014: BGN 26,776 thousand) and in EUR – BGN 19,472 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 30,506 thousand as at 30 June 2015 or 59,82% of all receivables on sales of finished products and materials to related parties (31 December 2014: BGN 28,390 thousand – 42,25%).

The Company usually negotiates with its subsidiaries payment terms of 180 days for receivables on sales of finished products and up to 90 days for receivables on sales of materials (incl. substances).

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

Currency	Contracted amount '000	Maturity	Interest %	30.06.2015		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%	12 716	166	9 537	18
EUR	7 661	31.12.2015	4.50%	7 799	322	-	-
BGN	6 000	22.07.2015	5.50%	3 897	86	1 236	26
BGN	34 020	31.12.2015	5.50%	3 181	93	3 097	9
BGN	1 300	31.12.2015	5.50%	489	30	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%	-	-	7 632	155
<i>to subsidiaries</i>							
EUR	2 770	31.12.2015	6.10%	6 875	1 458	6 711	1 294
BGN	2 460	31.12.2015	5.50%	731	11	2 903	158
BGN	600	31.12.2015	5.50%	151	-	151	-
USD	205	31.12.2015	3.50%	-	-	355	26
USD	25	31.12.2015	3.50%	-	-	46	5
USD	20	31.12.2015	3.50%	-	-	37	5
				35 969	2 168	32 310	1 714

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 30 June 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	/4 970/:	4 497 480 shares	- 3.41%
Legal persons	/176/:	130 200 419 shares	- 96.59%, including:

Shareholders with a share of over 5%:

„Donev Investment Holding” AD,

UID 831915121,

Sofia, Positano Str. № 12

33 296 334 /24,70%/

“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* were 5,169,332 at the amount of BGN 17,398 thousand as at 30 June 2015 (31 December 2014: 5,114,130 at the amount of BGN 17,203 thousand). During the current year were purchased 55,202 shares (2014: 304.031 shares) and no shares were sold (2014: 650.577 shares) through a broker.

As at 30 June 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 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. 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. The Financial Supervision Commission, at a meeting on 28 May 2015 reviewed a revised tender offer by Sopharma AD for the purchase through the investment intermediary Elana Trading of shares of Momina Krepost AD of the remaining shareholders of the company and decided under Protocol №27 from 28 May 2015 not to issue a definitive ban on its publication.

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 33% compared to the second quarter of 2014 due to the decrease of sales in Ukraine by over 60%. 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 second quarter of 2015.

1.24. The Company has received marketing authorizations for 5 new products – Paracedol suspension, Tuspan syrup, Desloratidin 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 20 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 as at 30 June 2015.
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.
In May Sopharma AD finalized the sale of 75% of the capital of the subsidiary Extab Corporation. After the completion of the transaction Sopharma AD retains a 5% share in the capital of the company.
- 1.32. There is no revision of the projected 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 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, which at the end of March after the registration of the capital increase amounts to UAH 317 531 502.
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.

In order to achieve synergy in the Sopharma Group, optimization of the management of products in the domestic market and higher efficiency of resources, the team responsible for the products produced by Sopharma AD and for the free market (OTC products) was transferred to Sopharma Trading AD. The management of both companies believes that this is a logical step in improving the performance and quality of work of the Group.

In connection with the requirements of art. 37, par. 1 of Ordinance №13 for tender offers for the purchase and exchange of shares, Sopharma AD as a tender offeror, who has made a tender offer under art. 149, par. 6 of POSA to purchase all the shares of the other shareholders of Momina Krepost AD, informs on the following results of the tender offer: shareholders who have accepted the tender offer: 38 shareholders with a total number of shares: 211 991.

As a result of the conducted tender offer and after completion of the transactions with shareholders who have accepted it, Sopharma AD holds directly 92.62% of the shares with voting right in the General Meeting of Momina Krepost AD.

On the Annual General Meeting of Shareholder of Sopharma AD, conducted on 19 June 2015 in Sofia, 5 Lachezar Stanchev Str., were taken the following decisions:

- AGM approves the proposal by the Board of Directors for the distribution of the profit generated in 2014 and the undistributed profit from past periods as follows: net profit for 2014 amounts to 26 532 491.96 BGN /twenty-six million, five hundred and thirty-two thousand, four hundred and ninety-one leva and ninety-six stotinki/. The undistributed profit from past periods amounts to 2 620 712.71 /two million, six hundred and twenty thousand, seven hundred and twelve leva and seventy-one stotinki/. The total amount of the profit, subject to distribution, is 29 153 204.67 /twenty-nine million, one hundred and fifty-three thousand, two hundred and four leva and sixty-seven stotinki/. After the allocation of 10% to the statutory reserve, amounting to 2 915 320.46 BGN /two million, nine hundred and fifteen thousand, three hundred and twenty leva and forty-six stotinki/, from the remaining sum, amounting to 26 237 884.21 BGN /twenty-six million, two hundred and thirty-seven thousand, eight hundred and eighty-four leva and twenty-one stotinki/ shall be allocated to the additional reserves of the Company. No dividend shall be paid to the shareholders.
- AGM elects the audit company AFA OOD, with address of management Sofia, 38 Oborishte Str. for the audit and certification of the annual financial statements of the Company in 2015 in compliance with the proposal by the Audit Committee.
- Pursuant to art. 24, par. 3, letter B of the Articles of Association an additional fee of 1% /one percent/ of the net profit for 2014 according to the approved annual financial statements, shall be paid to the Executive Director of the Company.
- AGM approves the decision for the distribution of 2% /two percent/ of the net profit for 2014 among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company.

On 16 July 2015 Sopharma AD bought 240 000 shares of the capital of Medica AD. After the transaction the share of Sopharma AD in the capital of Medica AD reached 36.10%.

Sopharma AD informs all interested parties that the interim financial statements of the Company as at 30 June 2015 have not been verified by a registered auditor.

Ognian Donev, PhD
Executive Director