

**INSIDER INFORMATION OF SOPHARMA AD ON FACTS  
AND CIRCUMSTANCES WHICH HAVE OCCURRING  
IN THE FIRST QUARTER OF 2016**

- 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. No changes and/or amendments in the Articles of Association of the Company in the first quarter of 2016.
- 1.4. Decision for transformation of the Company and implementation of the transformation:

On 21 January 2016 Sopharma AD submitted to the Financial Supervision Commission an agreement for termination by mutual agreement of the contract for transformation through merger between Sopharma AD, UIC 831902088, “Acquiring company” and Momina Krepost AD, Veliko Tarnovo, 23 Magistralna Str., UIC 104055543, “Acquiree”. The decision to end the procedure was taken in the interest of both companies in order to safeguard their good market positions.

Structural changes in the company in the first quarter of 2016:

As from 16 February 2016 Mobil Line OOO is a subsidiary through Briz OOD.

As from 29 February 2016 Sopharmasi 4 EOOD is a subsidiary through Sopharma Trading AD, and as from 1 March 2016 Sopharmasi 5 EOOD is a subsidiary through Sopharma Trading AD.
- 1.5. Opening of liquidation proceedings and all significant events associated to production.

As at 31 March 2016 the composition of investments in subsidiaries also includes the investment in the subsidiary Sopharma Poland OOD – in liquidation, Poland, which is fully impaired (31 December 2015: the investments in Sopharma Poland OOD – in liquidation, Poland was fully impaired).

Sopharma AD has direct or indirect control on the above-mentioned companies.
- 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 first quarter of 2016 with a net profit of 11 711 thousand BGN /31 March 2015 – 7 216 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 statements, there is no decision by the AGM.

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 '000	Maturity	31.03.2016			31.03.2015		
			Non-current portion BGN'000	Current portion BGN'000	Total BGN'000	Non-current portion BGN'000	Current portion BGN'000	Total BGN'000
<b>Investment-purpose loans</b>								
EUR	32,000	15.04.2021	29,200	7,153	36,353	30,819	7,380	38,199
			<b>29,200</b>	<b>7,153</b>	<b>36,353</b>	<b>30,819</b>	<b>7,380</b>	<b>38,199</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, but not less than 2.8 points (2015: 3-month EURIBOR plus a mark-up of 2.8 points, but not less than 2.8 points).

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

- Mortgages of real estate – BGN 43,861 thousand (31 December 2015: BGN 44,285 thousand) (*Note 13*);
- Special pledges on machinery and equipment – BGN 19,695 thousand (31 December 2015: BGN 20,027 thousand) (*Note 13*).

The agreement for long-term bank loan 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

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

	31.03.2016 BGN '000	31.12.2015 BGN '000
Long-term loans granted	11,709	20,213
Long-term rental deposit granted	292	292
<b>Total</b>	<b>12,001</b>	<b>20,505</b>

The long-term loans are granted to companies related 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 %	31.03.2016		31.12.2015		
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest	
<b>to companies related through key management personnel</b>								
EUR	16,177	01.12.2018	5.00%	10,727	44	13,074	18	
EUR	3,272	01.12.2018	5.00%	-	-	7,139	739	
<b>to subsidiaries</b>								
EUR	500	01.03.2019	6.60%	982	4	-	-	

<b>11,709</b>	<b>48</b>	<b>20,213</b>	<b>757</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 related through key management personnel 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:

	<i>31.03.2016</i> <i>BGN '000</i>	<i>31.12.2015</i> <i>BGN '000</i>
Receivables on sales of finished products and materials	49,062	50,847
<i>Impairment of uncollectable receivables</i>	<i>(1,062)</i>	<i>(1,062)</i>
	<u>48,000</u>	<u>49,785</u>
Trade loans granted	30,004	30,213
<i>Impairment of uncollectable receivables</i>	<i>(1,963)</i>	<i>(1,963)</i>
	<u>28,041</u>	<u>28,250</u>
<b>Total</b>	<b><u>76,041</u></b>	<b><u>78,035</u></b>

The receivables on sales are interest-free and BGN 32,193 thousand of them are denominated in BGN (31 December 2015: BGN 28,364 thousand) and in EUR – BGN 15,807 thousand (31 December 2015: BGN 21,421 thousand).

The receivables from a subsidiary with principal activities in the field of trade in pharmaceuticals were the most significant and amounted to BGN 31,370 thousand as at 31 March 2016 or 65,35% of all receivables on sales of finished products and materials to related parties (31 December 2015: BGN 27,103 thousand – 54,44%).

The terms and conditions of the 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>31.03.2016</i>		<i>31.12.2015</i>	
				<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>	12,577	31.12.2016	4.50%	7,847	84	8,310	26
<i>EUR</i>	7,845	31.12.2016	4.50%	8,571	234	7,982	146
<i>BGN</i>	6,000	31.12.2016	5.50%	4,700	65	4,636	1
<i>BGN</i>	1,300	31.12.2016	5.50%	-	-	503	42
<i>BGN</i>	190	31.12.2016	5.50%	115	2	114	-
<i>to subsidiaries</i>							
<i>EUR</i>	2,770	31.12.2016	6.10%	5,169	82	5,087	-
<i>BGN</i>	3,552	31.12.2016	5.50%	1,589	63	1,568	42
<i>BGN</i>	600	31.12.2016	5.50%	50	-	50	-
				<u>28,041</u>	<u>530</u>	<u>28,250</u>	<u>257</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).

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

1.19. Increase or decrease of the share capital – none.

As at 31 March 2016 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	/4 959/:	4 781 707 shares	- 3.55%
Legal persons	/162/:	130 016 192 shares	- 96.45%, including:

Shareholders with a share of over 5%:

**„Donev Investment Holding” AD,**

UID 831915121,

Sofia, Positano Str. № 12

33 340 762 /24,73%/

**“Telecomplex Invest” AD,**

UID 201653294,

Sofia, Slaveikov Square №9

27 056 752 /20,07%/

**„Rompharm Company” OOD**

UID 200732874

Sofia, Mladost residential complex,

Boian Damianov Str. 7, office 3

24 313 355 /18,04%/

The *treasury shares* were 5,221,296 at the amount of BGN 17,603 thousand as at 31 March 2016 (31 December 2015: 5,219,296 at the amount of BGN 17,597 thousand). During the current year were purchased 2,000 shares (2015: 105,166 shares).

As at 31 March 2016, Company's *shares held by its subsidiaries* were as follows:

- by Unipharm AD – 191,166 shares (31 December 2015: 191,166 shares).
- by Medica AD – 27,573 shares (31 December 2015: 27,573 shares).
- by Sopharma Trading AD – 95,900 shares (31 December 2015: 43,110 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 19 February 2016 Sopharma AD *informs* of the results of conducted tender offer. As a result of the conducted tender offer and after completion of the transactions with the shareholders who have accepted it, **Sopharma AD will hold directly 97.50%** of the shares with voting rights of Medika AD. **Sopharma AD has the right** within three months from the closing date of the tender offer, after receiving an approval by the FSC to make an offer to buy the shares of the remaining shareholders of Medika AD on the basis of art. 157a of POSA. Furthermore, according to art 157b of POSA **every shareholder has the right** to make a request to Sopharma to sell their shares with voting rights until 16 May 2016. The request must be submitted in writing and must contain information about the shareholder and their shares. The request must be submitted to the authorized investment intermediary Elana Trading AD. The price for one share of Medika AD under the offer under art. 157a and upon executing of the rights of the shareholders under art. 157b in accordance with the regulations of art. 157a, par. 3 is equal to the share price of the conducted tender offer of **3.50 BGN** per share. The results of the tender offer have been published by the tender offeror in the daily newspapers Capital Daily and Sega on 18 February 2016.

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 – none.

1.24. Introduction of new products and developments in the market.

The Company received authorizations for use in 6 destinations for the new product Desloratidin film tablets and implemented Videral drops.

Three to five new products are expected to be introduced by the end of 2016.

Around 10 production processes and technologies are in the process of transfer, validation and optimization. Pharmaceutical development is carried out of over 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 in the first quarter of 2016.

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:

In January 2016 the Commercial Director of the Company Mr. Vladimir Stoichev has left the management of the Company. The Executive Director of the company will temporarily be responsible for the export markets.

On 21 April 2016 the Board of Directors of Sopharma decided to convene a General Meeting of Shareholders to be held on 17 June 2016 at 11:00 AM in Sofia, 5 Lachezar Stanchev Str., Sopharma Business Towers, Tower B, floor 3.

Sopharma AD informs all interested parties that the interim financial statements of the Company as at 31 March 2016 have not been verified by a registered auditor.

---

Ognian Donev, PhD  
Executive Director