

Additional information under art. 33, par. 1, item 6 of Ordinance № 2 from 17 September 2003 of "Sopharma" AD as at 30 June 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 are issued in compliance with all International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB), which are in force on 1 January 2014 and adopted by 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 financial statements for 2014 in the notes to the interim financial statement for the second quarter.

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

SpetzApharmacia BOOO, Belarus transformed from an associated company to a subsidiary of the Group through Briz, Latvia on 20 January 2014;

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 must be 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 Company leased tangible fixed assets with carrying amount of 7,011 thousand BGN as at 30 June 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 30 June 2014 (31 December 2013: 45 thousand BGN).

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

		30.06.2014	Share	31.12.2013	Share
		BGN '000	%	BGN '000	%
Sopharma Trading AD	Bulgaria	28 605	72.08	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
Vitamina AD	Ukraine	6 187	99.56	6 187	99.56
Ivanchich and sons	Serbia	5 739	51.00	5 739	51.00
Momina Krepost AD	Bulgaria	2 701	52.97	2 701	52.97
Pharmalogistica AD	Bulgaria	1 911	76.54	1 911	76.54
Sopharma Buildings REIT	Bulgaria	643	42.89	643	42.89
Electroncommerce EOOD	Bulgaria	384	100.00	384	100.00
Sopharma Warsaw EOOD	Poland	323	100.00	323	100.00
Sopharma Ukraine EOOD	Ukraine	230	100.00	230	100.00
		105 554		93 977	
Paid unregistered capital increase	Latvia	-		7 230	
Total		105 554		101 207	

As at 30 June 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 /%/ 30 June 2014	Number of shares /%/ 31 March 2014
„Donev Investment Holding” AD, EIK 831915121, Sofia, Positano Str. № 12	33 357 548 /25,27%/	33 266 653 /25,20%/
“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	23 983 906 /18,17%/	23 983 906 /18,17%/

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 30 June 2014	Number of shares 31 March 2014
1. Ognian Ivanov Donev	0	0
2. Vessela Liubenova Stoeva	0	0
3. Andrey Liudmilov Breshkov	0	0
4. Ognian Kirilov Palaveev	102320	54320
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 30 June the *long-term receivables from related parties* include:

	31.03.2014 BGN '000	31.12.2013 BGN '000
Granted long-term loans	31 616	25 214
Receivables on long-term deposits on rentals	322	435
Total	31 938	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%	30.06.2014		31.12.2013	
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest
EUR	11 593	01.12.2015	5.00%	24 958	2 284	22 554	1 750
ERU	3 272	01.12.2015	5.00%	6 658	258	2 660	160
				31 616	2 542	25 214	1 910

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

The receivable on long-term deposit is on a rental contract for an administrative office with an end date 1 August 2022.

Receivables from related parties include:

	30.06.2014 BGN '000	31.12.2013 BGN '000
Receivables from subsidiaries	96 822	78 319
<i>Impairment of uncollectible receivables</i>	<u>(66)</u>	<u>(178)</u>
	96	78
	756	141
Receivables from companies under a common control through key managing personnel	17 449	17 732
Receivables from Companies under common indirect control	7 644	7 477
Total	<u>121 849</u>	<u>103 350</u>

The receivables from related parties by type are as follows:

	30.06.2014 BGN '000	31.12.2013 BGN '000
Receivables on sales of finished products and materials	81 311	69 135
<i>Impairment of uncollectable receivables</i>	<u>(59)</u>	<u>(171)</u>
	81 252	68 964
Granted commercial loans	34 879	34 393
Impairment of uncollectable receivables	<u>(7)</u>	<u>(7)</u>
	34 872	34 386
Receivables from dividends	5 725	-
Total	<u>121 849</u>	<u>103 350</u>

The receivables from sales are interest-free and 41,752 thousand BGN of them are denominated in BGN (31 December 2013: 29,469 thousand BGN), in EUR – 39,500 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 – 46,126 thousand BGN as at 30 June 2014 or 56,77 % 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:

	30.06.2014	31.12.2013
	BGN '000	BGN '000
Receivables from companies related through key managing personnel	17 449	17 726
Subsidiaries	9 786	9 190
Impairment of commercial loans	(7)	(7)
	<u>9 779</u>	<u>9 183</u>
Companies under common indirect control	<u>7 644</u>	<u>7 477</u>
Total	<u><u>34 872</u></u>	<u><u>34 386</u></u>

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

Currency	Contracted amount '000	Maturity	Interest %	30.06.2014		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	31.12.2014	4.50%	11 964	118	11 346	16
BGN	34 020	31.12.2014	5.50%	4 872	45	5 662	14
BGN	1 300	31.12.2014	5.50%	465	4	551	50
BGN	190	31.12.2014	5.50%	148	1	167	-
<i>to companies under common indirect control</i>							
EUR	7 661	31.12.2014	4.50%	7 644	167	7 477	-
<i>to subsidiaries</i>							
EUR	2 770	20.01.2015	6.10%	6 545	1 127	6 381	963
BGN	2 460	30.10.2014	5.50%	2 548	88	2 026	26
BGN	600	31.12.2014	5.50%	302	-	402	2
USD	205	31.12.2014	3.50%	311	17	303	13
USD	25	31.12.2014	3.50%	40	4	39	4
USD	20	31.12.2014	3.50%	33	4	32	3
				<u>34 872</u>	<u>1 575</u>	<u>34 386</u>	<u>1 091</u>

As at 30 June 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:

	30.06.2014	31.12.2013
	BGN '000	BGN '000
Payables to subsidiaries	6 085	4 717
Payables to companies – main shareholders	4 298	22
Payables to companies under a common control through key management personnel	574	2 304
Payables to companies under common indirect control	338	793
Total	11 295	7 836

The payables to related parties by type are as follows:

	30.06.2014	31.12.2013
	BGN '000	BGN '000
Services	5 877	6 099
Dividends	4 697	-
Payables for the supply of materials	646	152
Supply of long-term assets	75	1 585
Total	11 295	7 836

The commercial payables to related parties are current and are not additionally secured by the Company. The payables in BGN amounted to 10,211 thousand BGN (31 December 2013: 7,550 thousand BGN), in PLN – 536 thousand BGN (31 December 2013: 264 thousand BGN) and in EUR – 548 thousand BGN (31 December 2013: 22 thousand BGN).

Issued guarantees

The Company is a co-debtor under received bank loans and lease contracts and a guarantor for the following pharmaceutical trading companies before banks:

	Maturity	Currency	Amount	Status of the debt	
			Original	30.06.2014	31.12.2013
			currency	BGN'000	BGN'000
Sopharma Properties REIT	29.12.2020	EUR	30 000	58 675	45 404
Sopharma Trading AD	31.08.2014	EUR	15 500	30 315	27 767
Sopharma Trading AD	31.07.2014	EUR	10 000	19 558	19 558
Sopharma Trading AD	31.07.2014	EUR	8 434	16 495	16 495
Sopharma Trading AD	25.06.2017	EUR	7 500	14 669	14 536
Vitamini OAO	25.03.2015	EUR	7 000	13 691	13 691
Sopharma Trading AD	31.07.2014	BGN	10 000	10 000	10 000
Sopharma Trading AD	25.04.2015	EUR	3 000	5 867	5 572
Sopharma Trading AD	30.08.2014	EUR	2 050	4 009	3 912
Sopharma Trading AD	30.07.2018	EUR	2 000	3 912	3 912

Sopharma Trading AD	31.07.2014	BGN	3 732	3 732	3 617
Sopharma Trading AD	31.12.2017	EUR	1 448	2 832	1 905
Biopharm Engineering AD	16.04.2023	EUR	4 500	8 312	1 543
Sopharma Trading AD	30.10.2014	EUR	1 278	2 500	1 250
Sopharma Trading AD	15.11.2018	EUR	521	1 005	918
Sopharma Trading AD	31.12.2017	EUR	450	881	602
Veta Pharma AD	19.11.2014	BGN	1 000	1 000	554
Energoinvestment AD	28.08.2014	BGN	2 018	2 018	518
Sopharma Trading AD	25.10.2016	EUR	432	846	439
Bulgarian Rose Sevtopolis AD	31.01.2015	EUR	1 617	3 163	278
Sopharma Trading AD	31.07.2014	EUR	66	129	129
Mineralcommerce AD	20.09.2017	EUR	100	196	128
Sopharma Trading AD	25.11.2017	EUR	87	29	124
Momina Krepost AD	20.09.2014	EUR	500	978	102
Mineralcommerce AD	27.03.2015	BGN	100	100	100
Mineralcommerce AD	20.12.2015	EUR	50	98	97
Sopharma Trading AD	30.11.2015	EUR	113	221	96
Sopharma Trading AD	25.05.2016	EUR	89	174	77
Mineralcommerce AD	20.07.2017	BGN	85	85	70
Sopharma Trading AD	25.07.2016	EUR	63	124	58
Sopharma Trading AD	28.09.2014	EUR	2 000	3 912	51
Sopharma Trading AD	25.05.2016	EUR	41	80	42
Sopharma Trading AD	25.09.2016	EUR	22	42	26
Sopharma Trading AD	25.06.2016	EUR	23	45	21
Sopharma Trading AD	25.06.2016	EUR	22	43	20
Sopharma Trading AD	25.09.2016	EUR	15	29	14
					173 626

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

- Real estate mortgages - 8,319 thousand BGN (31 December 2012 : 8,598 thousand BGN) (Note № 13);
- Special pledges on:
 - machinery and equipment: 2,073 thousand BGN (31 December 2013: 2,221 thousand BGN) (Note № 13);
 - facilities: 141 thousand BGN (31 December 2013: 233 thousand BGN) (Note № 13);
 - inventories – 17,623 thousand BGN (31 December 2013: 17,623 thousand BGN) (Note № 21);
 - commercial receivables – 19,705 thousand BGN (31 December 2013: 19,705 thousand BGN) (Note № 22).

Ognian Donev, PhD
Executive Director