

**INSIDER INFORMATION ON FACTS AND CIRCUMSTANCES
WHICH HAVE OCCURRING IN THE THIRD 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 third quarter of 2012 with a net profit of 35,192 thousand BGN, which is a decrease of 974 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

<i>Currency</i>	<i>Contracted loan amount</i>	<i>Maturity</i>	<i>30.09.2012</i>			<i>31.12.2011</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>0</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>0</i>	<i>BGN'000</i>
<i>Investment-purpose loans</i>								
EUR	32 000	15.04.2021	40 428	6 798	47 226	18 737	37	-
<i>Credit lines</i>								
BGN	23 470	31.01.2013	-	21 510	21 510	-	22 583	22 583
BGN	18 000	31.07.2013	-	17 952	17 952	-	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	31.08.2013	-	3 211	3 211	-	2 192	2 192
EUR	2 500	20.11.2013	4 878	5	4 883	-	-	-
			45 306	65 111	110 417	18 737	40 735	40 698

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). The following guarantees have been established in favour of the creditor banks for the above mentioned loans:

- Real estate mortgages: 19,009 thousand BGN (31 December 2011: 47,183 thousand BGN);
- Special pledges on:
 - Machinery and equipment – 14,548 thousand BGN (31 December 2011: 21,621 thousand BGN);
 - Inventory – 2,347 thousand BGN (31 December 2011: 2,800 thousand BGN);
 - Receivables from related parties – 4,500 thousand BGN (31 December 2011: 2,500 thousand BGN);
 - Trade receivables – 10,070 thousand BGN (31 December 2011: 7,000 thousand BGN).

SHORT-TERM BANK LOANS

<i>Currency</i>	<i>Contracted amount</i>	<i>Maturity</i>	<i>30.09.2012</i>	<i>31.12.2011</i>
	<i>'000</i>		<i>BGN'000</i>	<i>BGN'000</i>
Bank loans				
EUR	20 000	31.05.2013	39 112	39 095
EUR	12 500	17.02.2013	21 965	15 127
BGN	10 000	31.12.2012	10 000	10 003
EUR	5 000	01.05.2013	9 779	-
USD	4 000	01.05.2013	6 051	6 027
EUR	2 000	28.09.2013	3 656	5 864
EUR	1 906	01.05.2013	3 438	3 508
EUR	12 000	01.05.2012	-	23 595
EUR	3 977	30.11.2012	-	8 789
Total			94 001	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 3.85 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.

The following guarantees have been established in favour of the creditor banks for the above mentioned loans:

- Real estate mortgages: 27,009 thousand BGN (31 December 2011: none);
- Special pledges on:
 - Machinery and equipment – 12,911 thousand BGN (31 December 2011: none);
 - Inventory – 36,025 thousand BGN (31 December 2011: 33,025 thousand BGN);
 - Receivables from related parties – 6,000 thousand BGN (31 December 2011: 7,950 thousand BGN);
 - Trade receivables – 22,492 thousand BGN (31 December 2011: 24,492 thousand BGN).

The trade payables to related parties are regular, denominated in BGN, EUR and PLN and are not additionally secured by the Company. As at 30 September 2011, the payables in BGN amounted to 10,839 thousand BGN (31 December 2011: 5,195 thousand BGN), in EUR – 53 thousand BGN (31 December 2011: 41 thousand BGN) and those in PLN - . 55 thousand BGN (31 December 2011: none).

All liabilities of the Company are reflected in Notes №27 through №34 to the interim financial statement for the period 1 January – 30 September 2012.

1.17. Occurrence of a claim that is essential for the company, with indication of its maturity:

Receivables from related parties include:

	30.09.2012	31.12.2011
	BGN '000	BGN '000
Receivables from subsidiaries	101 211	73 840
<i>Impairment of uncollectible receivables</i>	(22)	(641)
	<u>101 189</u>	<u>73 199</u>
Receivables from companies under a common control through key managing personnel	40 768	36 088
Receivables from companies – main shareholders	8 410	14 468
Receivables from Companies under common indirect control	15 096	13 478
<i>Impairment of uncollectible receivables</i>	(2 300)	(2 129)
	<u>12 796</u>	<u>11 349</u>
Total	<u>163 163</u>	<u>135 104</u>

The receivables on sales are interest-free and 57,136 thousand BGN of them are denominated in BGN (31 December 2011: 52,760 thousand BGN) and in EUR –37,999 thousand BGN (31 December 2011: 19,760 thousand BGN).

The receivables from a subsidiary with principal activities in the field of trade in pharmaceuticals are the most significant and amounted to 54,117 thousand BGN as at 30 September 2012 or 56,88% of all receivables on sales of finished products and materials to related parties (31 December 2011: 50,088 thousand BGN - 69.07 %).

All receivables of the Company are reflected in Notes №21, №22 and №23 to the interim financial statement for the period 1 January – 30 September 2012.

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

1.19. No changes in the share capital as at 30 September 2012:

Physical persons	/4683./:	4 979 471 shares	- 3, 77%
Legal persons	/198./:	127 020 529 shares	– 96, 23%, including:

„Donev Investment Holding” AD,

EIK 0831915121,

Sofia, Positano Str. № 12

32 443 391 /24, 58%/

“Telecomplect 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

21 437 242/16,24%/

Universal Pension Fund “Doverie” AD,

EIK 130474628

Sofia, Dunav Str. 5

8 871 943 /6,72%/

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 - 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.

Two to three new products are expected to be introduced by the end of 2012.

Over fifty production processes and technologies are in the process of transfer and optimization. Pharmaceutical development is carried out of 26 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. 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. The strategic goal of Sopharma AD in the future is to achieve a stable result of developing of eight to ten new products a year. 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:

As at 30 September 2012 the treasury shares of Sopharma AD amount to 3 205 655 shares

or 2,43% of the capital, according to a decision by the General Meeting of Shareholders from 23 June 2010..

Sopharma AD increased its interest in the capital of Biopharm Engineering AD from 69,43% to 97,15% after an increase of the capital of the company.

Sopharma AD increased its interest in the capital of Doverie United Holding from 14.97% to 18.70% after an increase of the capital of the company.

According to a decision by the Board of Directors, Sopharma AD shall convene an Extraordinary General Meeting of Shareholders, which shall be held on 01 November 2012 at 11:00, and in the absence of a quorum – on 15. November 2012 . at 11.00 in Sofia, 16 "Iliensko shousse". The invitation to the Extraordinary General Meeting of Shareholders is entered in the Commercial Register under number 20120925101646 and together with the materials on the items of the agenda of the Meeting is published on the website of the Company- www.sopharma.bg.

Sopharma AD commenced the paying of dividends for 2011 on 31 August 2012 in accordance with a List of Entitled Persons as at 13 July 2012, prepared by the Central Depository. Pursuant to the Regulations of the Central Depository AD the dividend will be paid out as follows: to shareholders with client accounts at an investment intermediary – through the investment intermediary, to shareholders without accounts at an investment intermediary - through the branches of Eurobank EFG - Bulgaria AD / Postbank in the country. The gross dividend, voted on the AGM, amounts to 0.07 BGN (seven stotinki) per share.

"Sopharma" AD informs all concerned that the interim financial statements of the Company for the period 1 January – 30 September 2012 have not been certified by a registered auditor.

Ognian Donev, PhD
Executive Director