

Additional information under art. 33, par. 1, item 6 of Ordinance № 2 from 17 September 2003 of "Sopharma" AD as at 30 September 2015

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 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 2015 and have been accepted by the Commission of the European Union.

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 2015 – 30 September 2015.

2. Information about changes in the economic group of the issuer as at 30 September 2015:

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 4 June 2015 Sopharma Trading OOD – Belgrade is a subsidiary through Sopharma Trading AD.

As from 17 June 2015 Sopharmasi 2 EOOD is a subsidiary of Sopharma Trading AD.

As from 9 July 2015 Alenpharm Plus from an associated company becomes a subsidiary through Briz OOD, Latvia.

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 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 Kazanlak, 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. The entering in the Commercial Register took place on 26 February 2015.

On a meeting on 18 September 2015 The Board of Directors took a decision to start a procedure of transformation of Sopharma AD, Sofia, UID 831902088 under the conditions of Chapter XVI of the Commercial Act und art. 122 and following of the Public Offering of Securities Act, which shall be executed by merging in Sopharma AD of Momina Krepost AD, Veliko Tarnovo, UID 104055543 with seat and address of management in Veliko Tarnovo, 23 Magistralna Str., and chose investment intermediary Elana Trading AD, UID 831470130, with seat and address of management in Sofia, Sredetz district, 4 Kuzman Shapkarov Str. as a consultant in relation to the executing of the procedure of transformation.

The Company has leased tangible fixed assets with carrying amount of BGN 6,226 thousand as at 30 September 2015 to related parties (31 December 2014: BGN 7,074 thousand). In addition, tangible

fixed assets at carrying amount of BGN 231 thousand were leased to third parties as at 30 September 2015 (31 December 2014: BGN 240 thousand).

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

		30.09.2015	Interest	31.12.2014	Interest
		BGN '000	%	BGN '000	%
Sopharma Trading AD	Bulgaria	28 509	71.82	28 529	71.89
Sopharma Ukraine	Ukraine	24 335	100.00	9	100.00
Briz OOD	Latvia	22 270	66.13	22 270	66.13
Unipharm AD	Bulgaria	19 448	49.99	19 448	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
Momina Krepost AD	Bulgaria	4 833	92.78	2 701	52.98
Vitamina AD	Ukraine	3 544	99.56	3 544	99.56
Pharmalogistica AD	Bulgaria	1 961	78.37	1 911	76.54
Sopharma Buildings REIT	Bulgaria	595	40.75	595	40.75
Sopharma Kazakhstan EOOD	Kazakhstan	502	100.00	502	100.00
Electroncommerce EOOD	Bulgaria	384	100.00	384	100.00
Sopharma Warsaw EOOD	Poland	323	100.00	323	100.00
Phyto Palauzovo AD	Bulgaria	95	95.00	95	95.00
Total		<u>120 922</u>		<u>94 434</u>	

As at 30 September 2015, the investments in the subsidiary Sopharma Poland OOD – in liquidation, Poland is fully impaired (31 December 2014: the investments in Sopharma Poland OOD – in liquidation, Poland and Extab Corporation, USA and Sopharma USA were fully impaired).
Sopharma AD has direct or indirect control on the above-mentioned 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 September 2015	Number of shares /%/ 30 June 2015
„Donev Investments Holding” AD, EIK 831915121, Sofia, Positano Str. № 12	33 315 156 /24,71%/	33 296 334 /24,70%/
“Telecomplect Invest” AD, EIK 201653294, Sofia, Slaveikov Square № 9	26 056 752 /20,07%/	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%/	24 313 355 /18,04%/

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 September 2015	Number of shares 30 June 2015
1. Ognian Ivanov Donev	0	0
2. Vessela Liubenova Stoeva	0	0
3. Andrey Liudmilov Breshkov	0	0
4. Ognian Kirilov Palaveev	97 535	97 535
5. Alexander Viktorov Chaushev	97 535	97 351

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.

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

	30.09.2015	31.12.2014
	BGN '000	BGN '000
Long-term loans granted	31 991	32 857
Long-term rental deposit granted	292	293
Total	32 283	33 150

The long-term loans are granted to companies related through key managing personnel.

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

Currency	Contracted amount	Maturity	Interest %	30.09.2015		31.12.2014	
				BGN'000	BGN'000 including interest	BGN'000	BGN'000 including interest
EUR	16 177	01.12.2018	5.00%	24 932	307	26 038	217
EUR	3 272	01.12.2018	5.00%	7 059	659	6 819	419
				31 991	966	32 857	636

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 under a common indirect control under a concluded rental contract for administrative offices with validity term on 1 August 2022.

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

30.09.2015	31.12.2014
BGN '000	BGN '000

Receivables from companies related through key managing personnel	22 827	14 475
<i>Subsidiaries</i>	8 269	10 211
<i>Impairment of trade loans</i>	(8)	(8)
	<u>8 261</u>	<u>10 203</u>
Companies under a common indirect control	-	7 632
Total	<u>31 088</u>	<u>32 310</u>

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

Currency	Contracted amount '000	Maturity	Interest %	30.09.2015		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	12 577	31.12.2015	4.50%	9 654	8	9 537	18
EUR	7 845	31.12.2015	4.50%	7 990	154	-	-
BGN	6 000	22.07.2016	5.50%	3 949	139	1 236	26
BGN	34 020	31.12.2015	5.50%	613	-	3 097	9
BGN	1 300	31.12.2015	5.50%	496	34	477	17
BGN	190	31.12.2015	5.50%	125	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%	6 959	1 541	6 711	1 294
BGN	3 154	31.12.2015	5.50%	1 151	22	2 903	158
BGN	600	31.12.2015	5.50%	151	1	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
				<u>31 088</u>	<u>1 901</u>	<u>32 310</u>	<u>1 714</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).

LONG-TERM BANK LOANS

Currency	Contracted loan amount '000	Maturity	30.09.2015			31.12.2014		
			Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
			BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<i>Investment-purpose loans</i>								
EUR	32 000	15.04.2021	32 582	7 363	39 945	37 972	7 391	45 363
EUR	1 617	31.01.2015	-	-	-	-	40	40
			<u>32 582</u>	<u>7 363</u>	<u>39 945</u>	<u>37 972</u>	<u>7 431</u>	<u>45 403</u>

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 44,711 thousand (31 December 2014: BGN 51,918 thousand);
- Special pledges on:
 - machinery and equipment – BGN 20,356 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.

SHORT-TERM BANK LOANS

<i>Currency</i>	<i>Contracted amount</i>	<i>Maturity</i>	<i>30.09.2015</i>	<i>31.12.2014</i>
	<i>'000</i>		<i>BGN'000</i>	<i>BGN'000</i>
Bank loans (overdrafts)				
EUR	20 000	31.08.2016	36 926	38 847
EUR	10 000	20.03.2016	17 802	13 477
BGN	10 000	30.10.2015	10 000	9 990
EUR	5 000	15.08.2016	9 779	9 786
EUR	5 000	15.08.2016	6 747	1 083
			81 254	73 183
Extended credit lines				
EUR	5 000	31.08.2016	6 067	3 119
BGN	18 000	30.10.2015	4 908	9 965
BGN	8 000	29.02.2016	-	4 494
			10 975	17 578
Total			92 229	90 761

The bank loans received in Euro have been agreed at interest rate based on 3-month EURIBOR plus a mark-up of up to 2.45 points and monthly EURIBOR plus a mark-up of up to 2.1 points while the loans received in BGN are based on 3-month SOFIBOR plus 2.1 points, monthly SOFIBOR plus 2 points, weekly SOFIBOR plus 3 points and 2-week SOFIBOR plus 3.25 points (2014: for bank loans in Euro – 3-month EURIBOR plus a mark-up of up to 2.45 points and monthly EURIBOR plus a mark-up of up to 3 points and for loans in BGN – 3-month SOFIBOR plus 2.1 points, monthly SOFIBOR plus 2 points, weekly SOFIBOR plus 3 points and 2-week SOFIBOR plus 3.25 points). Loans are intended for providing working capital.

The following collateral has been established in favor of the creditor banks:

- Mortgages of real estate – BGN 48,557 thousand (31 December 2014: BGN 38,264 thousand);
- Special pledges on:
 - machinery and equipment – BGN 24,797 thousand (31 December 2014: BGN 10,871 thousand);
 - inventories – BGN 40,488 thousand (31 December 2014: BGN 35,525 thousand);
 - receivables from related parties – BGN 18,229 thousand (31 December 2014: BGN 16,229 thousand);
 - trade receivables – BGN 27,507 thousand (31 December 2014: BGN 22,763 thousand);

- trade receivables from third parties – BGN 12,623 thousand (31 December 2014: BGN 12,773 thousand).

The agreements for short-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.

Issued and granted guarantees

The Company is a co-debtor under received bank loans, issued bank guarantees and concluded lease agreements as well as a guarantor before banks and suppliers of the following companies:

Company	Maturity period	Currency	Contracted amount		Amount of the guarantee as at 30.09.2015 BGN'000
			original currency	BGN'000	
Sopharma Trading AD	2015-2019	EUR	63 805	124 792	111 210
Sopharma Properties REIT	2024	EUR	22 619	44 240	36 289
Sopharma Trading AD	2015	BGN	14 732	14 732	14 237
Vitamini OAO	2016	EUR	7 000	13 691	11 029
Telecomplex AD	2015	BGN	5 009	5 009	5 009
Biopharm Engineering AD	2023	BGN	4 250	4 250	1 569
Pharmaplant AD	2015-2019	BGN	1 329	1 329	1 267
Veta Pharma AD	2015	BGN	1 000	1 000	558
Energoinvestment AD	2015	BGN	2 018	2 018	518
Momina Krepost AD	2015	BGN	500	500	273
Mineralcommerce AD	2015	BGN	250	250	250
Mineralcommerce AD	2015-2017	EUR	150	294	176
Total					182 385

The Company has provided the following collateral in favor of banks:

Under loans received by subsidiaries:

- Mortgages of real estate – BGN 10,623 thousand (31 December 2014: BGN 10,776 thousand);
- Special pledges on:
 - machinery and equipment – BGN 11,799 thousand (31 December 2014: none);
 - inventories – BGN 17,000 thousand (31 December 2014: BGN 15,000 thousand);
 - trade receivables – BGN 12,000 thousand (31 December 2014: BGN 12,000 thousand).

Under loans received by companies related through key managing personnel:

- Mortgages of real estate – BGN 1,114 thousand (31 December 2014: none);

Under loans received by third parties:

Special pledges on inventories – BGN 2,623 thousand (31 December 2014: BGN 2,623 thousand);

Ognian Donev, PhD
Executive Director