

## REPORT

### Of the Investor Relations Director for 2013

In 2013 the main responsibilities of the Investor Relations Directorate included:

1. keeping the records of the Board of Directors, the records of the General Meetings of the Company, the information, provided to the public and the internal rules for the operations of the Company,
2. facilitating the effective communication and mediation between the Company and the stakeholders, including the respective governmental institutions. The improvements in this field include:
  - a. creation of a list, the addressees of which receive all announcements, made public by the Company at the time of their publication,
  - b. a regular newsletter, containing the essential information for each reporting period of the Company.
3. preparing, maintaining and disseminating materials, containing important data and information about the Sopharma Group, such as presentations, descriptions, informational files for the media,
4. participating in the preparation and publication of all financial reports of the Company and all official announcements, simultaneously in Bulgarian and English,
5. organizing the Annual General Meeting of Shareholders,
6. maintaining the website of the Company, where the following improvements were made:
  - a. on the front page of the website of Sopharma AD there is now an easy and accessible way to subscribe to all financial news, published by the Company,
  - b. the Financial news section has been updated to allow a quicker access to information;
7. conducting regular meetings with the investors community and participating in investors conferences and other events, popularizing the activity of the Company,
8. organizing investors meetings, and
9. keeping a constant and effective dialog with representatives of the investors' community and the media.

**In addition to its main responsibilities, the Investor Relations Directorate took part in the following projects:**

***Submission of a tender offer to the shareholders of Momina Krepost AD.***

In the beginning of 2013 the Management of Sopharma AD decided to submit a tender offer to the shareholders of Momina Krepost AD. The Financial Supervisory Commission put a ban on the submission of a tender offer.

***Preparation of a Remuneration policy in accordance with the adopted Ordinance №48 of the Financial Supervision Commission from 20 March 2013***

The directorate assisted in preparing the Remuneration policy of the Company according to the requirements of the current legislation.

***Application under OP “Competitiveness”***

The Directorate coordinates the process of applying with project “Implementation of innovative technologies in the ampoule production of Sopharma AD” (for factory for ampule production), financed by procedure “Implementation of innovations in companies” BG161PO003-1.1.07, part of Operational Program “Development of the competitiveness of the Bulgarian economy 2007 – 2013”. According to the approved budget, the approved costs of the project amount to 6,063,073.00 BGN, of which we expect 3,000,000 to be received as a subsidy. The duration of the project is 18 months (as of 21 December 2013).

***Submitting information to the Warsaw Stock Exchange***

In 2013 Sopharma AD submitted over 150 notifications and documents to the Warsaw Stock Exchange as part of its legal obligations. This includes quarterly and annual reports, notifications of insider information, monthly results, etc. This guarantees equal treatment of investors trading with Company shares on the Bulgarian and the Warsaw Stock Exchanges.

***National Commission for Corporate Governance***

The Directorate is supporting the work of the Executive Director in connection with his activities as a member of the National Committee on Corporate Governance.

***Supporting the operation of the Association of Investor Relations Directors***

The Investor Relations Director is a member of the Board of the Association and is assisting its activities.

***Monitoring of the changes in legislation related to the operations of the Company.***

***Improvements in reporting***

In 2013 additional improvements were made in the reporting documents of the Company and the process of updating the financial statements and all supporting documents was continued. All changes were made towards increasing the knowledge of the readers and providing a full and objective description of the state and the business of the Company.

***Improving and updating the corporate website.***

The “Investors” section underwent numerous improvements and its data was updated in accordance with the principles of good corporate governance.

**Share capital**

As at 31 December 2013 the capital of Sopharma amounted to 132 million BGN, divided into 132 million dematerialized, freely transferable shares.

As at the end of 2013 the Company's share capital was distributed among 4629 shareholders. The largest share have legal entities, 91.34% of which are Bulgarian and hold 88.12% of the Company's capital with over 50 pension and investment funds holding a total of 17.74% of the Company's capital. The next group are foreign investors – 8.66% of all legal entities - holding a total of 8.36% of the Company's capital. Sopharma has also over 4400 shareholders - individuals holding a total of 3.52%. In 2013 Rompharm Company OOD invested in Sopharma AD.

**Share repurchase**

In accordance with the decision of the General Meeting of Shareholders on 23 June 2010 Sopharma initiated a share repurchase. On an Extraordinary General Meeting held in 2013 the threshold for share repurchase was increased to 10%, but not more than 3% for one calendar year.

As at 31 December 2013 the treasury shares amount to 5,460,676, representing 4.14% of the capital of the Company.

**Dividends**

In 2013 was distributed a gross dividend of 0.07 BGN per share with voting right.

**Share prices**

Share prices in 2013 were within the range from 2.004 to 3.914 BGN. On the Warsaw Stock Exchange this range was 4 and 7.9 PLN. The weighted annual average price was 2.724 BGN, and the Company's market capitalization as at the end of the year was 359,568 thousand BGN.

**Trading**

Over the year 29,260,765 lots were traded in 5,038 transactions at a weighted-average price of 2.724 BGN. The total turnover of the "Bulgarian Stock Exchange - Sofia" AD in Company's shares over the year amounted to about 80 million BGN or nearly 5.2% of the total annual turnover on the official market, segment "PREMIUM".

Respectfully,

Pelagia Viatcheva