

## **MINTUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF SOPHARMA AD**

Today, on 28 November 2014 in Sofia, 16 Iliensko Shousee Str. took place a meeting of the Board of Directors of Sopharma AD.

The following members of the Board of Directors were present:

- Ognian Ivanov Donev – Chairman and Executive Director
- Vessela Liubenova Stoeva – Deputy-chairperson
- Alexandar Victorov Tchaouchev – Member of the Board of Directors
- Andrey Liudmilov Breshkov – Member of the Board of Directors
- Ognian Kirilov Palaveev – Member of the Board of Directors

There is a quorum for the meeting of the Board of Directors according to the Articles of Association of the Company.

The meeting had the following agenda:

1. Approval of a decision to convene an Extraordinary General Meeting of Shareholders of Sopharma AD;
2. Approval of the agenda of the Extraordinary General Meeting of Shareholders and draft decisions;
3. Approval of the text of the invitation to the shareholders.

Before proceeding with taking decisions on the agenda items, the Board of Directors considered the following: the Contract for transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD, together and inseparably with Annex №1 from 15 August 2014 and Annex №2 from 10 October 2014, was approved by Decision №966 – PD from 7 November 2014 of the Financial Supervision Commission (FSC). According to Article 3.3 of the Contract approved by the FSC, the date 1 January 2014 has been defined as the date of entry into force of the transformation through merger for accounting purposes. Due to procedural and technical reasons, a successful entry of the transformation in the Commercial Register will be made no earlier than January 2015. The accounting legislation and principles do not allow consideration of future events and it is not possible that an event, which will take place in 2015, be accounted for on 1 January 2014 and only one financial report for 2014 of the Acquirer, instead of two financial reports of both companies, be presented to the public and for accounting purposes. This circumstance necessitates the need for changing the date of entry into force of the transformation through merger, applicable for accounting purposes, to be 1 January 2015. This date is compliant with the requirements of the Commercial Act and more specifically art. 263g, par. 2. In relation to these considerations has been conducted an additional procedure before the FSC. The FSC has given the respective approval for adoption of the aforementioned change in the Contract for transformation in the part related to the date of entry into force of the transformation through merger, applicable for accounting purposes, and annex №3 from 25 November 2014 to the Contract for transformation has been signed.

Guided by the aforementioned considerations, the Board of Directors took the following

### **DECISIONS:**

**On item 1 of the agenda:** The Board of Directors convenes an Extraordinary General Meeting of Shareholders of Sopharma AD on 9 January 2015 at 11:00 at the Company's headquarters in Sofia and with venue of the meeting in Building B of Commercial center “Sopharma Business Towers”, Izgrev district, 5 Lachezar Stanchev Str. and in the absence of quorum on that date – on 23 January 2015 at the same place, the same time and with the same agenda.

Voting results:

Ognian Ivanov Donev – FOR  
Vessela Liubenova Stoeva - FOR  
Alexandar Victorov Tchaouchev - FOR  
Andrey Liudmilov Breshkov – FOR  
Ognian Kirilov Palaveev - FOR

The decision was unanimously approved by the present members of the Board of Directors.

**On item 2 of the agenda:** The Extraordinary General Meeting of Shareholders of Sopharma AD shall be conducted with the following agenda and draft decisions, proposed by the Board of Directors:

1. Approval of decision for transformation of Sopharma AD through merging with Bulgarian Rose – Sevtopolis AD with seat in Kazanlak, entered in the Commercial Register to the Registry Agency with UID 123007916. **Draft decision:** The GMS approves the transformation of Sopharma AD through merging with Bulgarian Rose – Sevtopolis AD with seat in Kazanlak, entered in the Commercial Register to the Registry Agency with UID 123007916. As a result of the transformation the assets of Bulgarian Rose – Sevtopolis AD shall be transferred to Sopharma AD under the conditions of general legal succession.
2. Approval of Contract for transformation through merger of Bulgarian Rose – Sevtopolis AD, entered in the Commercial Register to the Registry Agency with UID 123007916 in Sopharma AD, signed on 19 June 2014, as well as Annex №1 from 15 July 2014, Annex №2 from 10 October 2014 and Annex №3 from 25 November 2014. **Draft decision:** The GMS approves the Contract for transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD, signed on 19 June 2014, Annex №1 from 15 July 2014, Annex №2 from 10 October 2014 and Annex №3 from 25 November 2014.
3. Approval of the Report by the Board of Directors of Sopharma AD to the shareholders of the company regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD. **Draft decision:** The GMS approves the Report by the Board of Directors of Sopharma AD to the shareholders of the company regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD.
4. Approval of the Report of the common examiner under art. 262m of the CA regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD. **Draft decision:** The GMS approves the Report of the common examiner under art. 262m of CA regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD.

5. Approval of the Report of the common examiner under art. 262f of the CA for compliance to the regulations regarding the capital increase of Sopharma AD and the net value of the assets of Bulgarian Rose – Sevtopolis AD, which shall be transferred to Sopharma AD. **Draft decision:** The GMS approves the Report of the common examiner under art. 262f of the CA for compliance to the regulations regarding the capital increase of Sopharma AD and the net value of the assets of Bulgarian Rose – Sevtopolis AD, which shall be transferred to Sopharma AD.
6. Approval of decision for an increase of the capital of Sopharma AD from 132,000,000 (one hundred and thirty-two million) to 134,798,527 (one hundred and thirty-four million, seven hundred and ninety-eight thousand, five hundred and twenty-seven ) through the issuing of 2,798,527 (two million, seven hundred and ninety-eight thousand, five hundred and twenty-seven) new shares with a nominal value of 1 BGN and a market value of 4.14 BGN, equaling the fair price of one share of Sopharma AD in relation to the merger with Bulgarian Rose – Sevtopolis AD in Sopharma AD. **Draft decision:** The GMS approves the increase of the capital of Sopharma AD from 132,000,000 (one hundred and thirty-two million) to 134,798,527 (one hundred and thirty-four million, seven hundred and ninety-eight thousand, five hundred and twenty-seven ) through the issuing of 2,798,527 (two million, seven hundred and ninety-eight thousand, five hundred and twenty-seven) new shares with a nominal value of 1 BGN and a market value of 4.14 BGN, equaling the fair price of one share of Sopharma AD in relation to the merger with Bulgarian Rose – Sevtopolis AD in Sopharma AD. The Board of Directors shall determine by its own decision the specific amount of the capital increase after the execution of the terms of the Contract for transformation. The shares from the capital increase shall be allocated among the shareholders of Bulgarian Rose – Sevtopolis AD under the terms of the Contract for transformation. The GMS authorizes the Board of Directors to prepare a list of the persons, which shall acquire shares from the capital increase of Sopharma in relation to its merger with Bulgarian Rose – Sevtopolis AD.
7. Amendments and supplements to the Articles of Association of Sopharma AD. **Draft decision:** The GMS approves the amendments and supplements to the Articles of Association of Sopharma AD as follows:

Art. 6 shall reflect the capital of the Company after the execution of the conditions laid down in the Contract for transformation. The GMS authorizes the Board of Directors to certify through its own decision the amount of the capital after its change in relation to the transformation of Sopharma AD through the merger with Bulgarian Rose – Sevtopolis AD.

Art. 10, par. 1 shall reflect the number of dematerialized ordinary shares with voting rights with a nominal value of 1 (one) BGN of the capital of the Company after execution of the conditions laid down in the Contract for transformation. The GMS authorizes the Board of Directors to certify through its own decision the number of shares of the capital of the Company after its change in relation to the transformation of Sopharma AD through the merger with Bulgarian Rose – Sevtopolis AD.

8. Miscellaneous.

Voting results:

Ognian Ivanov Donev – FOR

Vessela Liubenova Stoeva - FOR  
Alexandar Victorov Tchaouchev - FOR  
Andrey Liudmilov Breshkov – FOR  
Ognian Kirilov Palaveev - FOR

The decision was unanimously approved by the present members of the Board of Directors.

**On item 3 of the agenda:** The Board of Directors approves the following text of the invitation to the shareholders for participation at the Extraordinary General Meeting:

“The Board of Directors, pursuant to art. 223 of the CA convenes an Extraordinary General Meeting of Shareholders of Sopharma AD, which shall be held on 9 January 2015 at 11:00 at the Company's headquarters in Sofia and with venue of the meeting in Building B of Commercial center “Sopharma Business Towers”, Izgrev district, 5 Lachezar Stanchev Str. and in the absence of quorum on that date – on 23 January 2015 at the same place, the same time and with the same agenda:

1. Approval of decision for transformation of Sopharma AD through merging with Bulgarian Rose – Sevtopolis AD with seat in Kazanlak, entered in the Commercial Register to the Registry Agency with UID 123007916. **Draft decision:** The GMS approves the transformation of Sopharma AD through merging with Bulgarian Rose – Sevtopolis AD with seat in Kazanlak, entered in the Commercial Register to the Registry Agency with UID 123007916. As a result of the transformation the assets of Bulgarian Rose – Sevtopolis AD shall be transferred to Sopharma AD under the conditions of general legal succession.
2. Approval of Contract for transformation through merger of Bulgarian Rose – Sevtopolis AD, entered in the Commercial Register to the Registry Agency with UID 123007916 in Sopharma AD, signed on 19 June 2014, as well as Annex №1 from 15 July 2014, Annex №2 from 10 October 2014 and Annex №3 from 25 November 2014. **Draft decision:** The GMS approves the Contract for transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD, signed on 19 June 2014, Annex №1 from 15 July 2014, Annex №2 from 10 October 2014 and Annex №3 from 25 November 2014.
3. Approval of the Report by the Board of Directors of Sopharma AD to the shareholders of the company regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD. **Draft decision:** The GMS approves the Report by the Board of Directors of Sopharma AD to the shareholders of the company regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD.
4. Approval of the Report of the common examiner under art. 262m of the CA regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD. **Draft decision:** The GMS approves the Report of the common examiner under art. 262m of CA regarding the transformation through merger of Bulgarian Rose – Sevtopolis AD in Sopharma AD.
5. Approval of the Report of the common examiner under art. 262f of the CA for compliance to the regulations regarding the capital increase of Sopharma AD and the net value of the assets of Bulgarian Rose – Sevtopolis AD, which shall be transferred to Sopharma AD. **Draft decision:** The GMS approves the Report of the common examiner

under art. 262f of the CA for compliance to the regulations regarding the capital increase of Sopharma AD and the net value of the assets of Bulgarian Rose – Sevtopolis AD, which shall be transferred to Sopharma AD.

6. Approval of decision for an increase of the capital of Sopharma AD from 132,000,000 (one hundred and thirty-two million) to 134,798,527 (one hundred and thirty-four million, seven hundred and ninety-eight thousand, five hundred and twenty-seven ) through the issuing of 2,798,527 (two million, seven hundred and ninety-eight thousand, five hundred and twenty-seven) new shares with a nominal value of 1 BGN and a market value of 4.14 BGN, equaling the fair price of one share of Sopharma AD in relation to the merger with Bulgarian Rose – Sevtopolis AD in Sopharma AD. **Draft decision:** The GMS approves the increase of the capital of Sopharma AD from 132,000,000 (one hundred and thirty-two million) to 134,798,527 (one hundred and thirty-four million, seven hundred and ninety-eight thousand, five hundred and twenty-seven ) through the issuing of 2,798,527 (two million, seven hundred and ninety-eight thousand, five hundred and twenty-seven) new shares with a nominal value of 1 BGN and a market value of 4.14 BGN, equaling the fair price of one share of Sopharma AD in relation to the merger with Bulgarian Rose – Sevtopolis AD in Sopharma AD. The Board of Directors shall determine by its own decision the specific amount of the capital increase after the execution of the terms of the Contract for transformation. The shares from the capital increase shall be allocated among the shareholders of Bulgarian Rose – Sevtopolis AD under the terms of the Contract for transformation. The GMS authorizes the Board of Directors to prepare a list of the persons, which shall acquire shares from the capital increase of Sopharma in relation to its merger with Bulgarian Rose – Sevtopolis AD.
7. Amendments and supplements to the Articles of Association of Sopharma AD. **Draft decision:** The GMS approves the amendments and supplements to the Articles of Association of Sopharma AD as follows:

Art. 6 shall reflect the capital of the Company after the execution of the conditions laid down in the Contract for transformation. The GMS authorizes the Board of Directors to certify through its own decision the amount of the capital after its change in relation to the transformation of Sopharma AD through the merger with Bulgarian Rose – Sevtopolis AD.

Art. 10, par. 1 shall reflect the number of dematerialized ordinary shares with voting rights with a nominal value of 1 (one) BGN of the capital of the Company after execution of the conditions laid down in the Contract for transformation. The GMS authorizes the Board of Directors to certify through its own decision the number of shares of the capital of the Company after its change in relation to the transformation of Sopharma AD through the merger with Bulgarian Rose – Sevtopolis AD.

8. Miscellaneous.

All shareholders of the company are invited to participate at the General Meeting in person or by proxy.

Written materials for the GMS are available to shareholders at the headquarters of the Company in Sofia, 16 Iliensko Shousee Str., every workday from 8:30 AM to 5:00 PM. The invitation, together with the written materials related to the items of the agenda of the Meeting

are published on the website of Sopharma AD - [www.sopharma.bg](http://www.sopharma.bg) from the moment the invitation is announced in the Commercial Register until the completion of the General Meeting.

Persons holding jointly or separately at least 5 percent of the capital of Sopharma AD may request the inclusion of items and propose draft decisions on items already included in the agenda of the General Meeting in accordance with art. 223 of the Commercial Act. They must submit not later than 15 days before the GMS to the Commercial Register a list of items and draft decisions that should be included in the agenda. Through the announcement in the Commercial Register the items are deemed included in the proposed agenda. Not later than the next business day after the announcement the shareholders must submit the list of items and draft decisions and the accompanying written materials at the address of the Company and to the Financial Supervision Commission.

During the General Meeting shareholders are entitled to ask questions on all agenda items, as well as on issues concerning the economic and financial condition and business of the Company, regardless if the latter are related to the agenda.

Registration of shareholders will take place on the announced day of the General Meeting from 09:30 AM to 11:00 AM.

For registration and participation in the EGM shareholders - individuals must present an identity document, shareholders - legal entities must present an original or certified copy of a certificate of current state and identity card of the legal representative.

**Rules for proxy voting:** Pursuant to the provisions of art. 18, par. 2 of the Articles of Association of the Company a proxy of shareholders in the General Meeting must present an explicit letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA.

In case a shareholder - legal entity is not represented by its legal representative the authorized person must provide an identity document, original or a certified copy of a certificate of current state of the shareholder - legal entity, and an explicit letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA.

In case a shareholder is represented by a legal entity, apart from an identification document of the person, representing the proxy, an original or a certified copy of a certificate of current state of the proxy - legal entity, as well as an explicit letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA must be presented.

Pursuant to art. 116, par. 4 of POSA reauthorization of the rights granted to the proxy according to the letter of attorney shall be void and a letter of attorney granted in breach and/or inconsistent with the provisions of art. 116, par. 1 of POSA shall also be void.

A certificate of current state and a letter of attorney for representation at the GMS, issued in a foreign language must be accompanied by a translation in Bulgarian by a sworn translator. In case of inconsistency between the texts the translation in Bulgarian language shall be considered the valid text.

The Board of Directors of Sopharma AD has provided an approved sample letter of attorney in paper and electronic form along with the materials for the GMS. The letter of attorney form is also available on the Company's website [www.sopharma.bg](http://www.sopharma.bg).

Sopharma AD will receive and accept as valid notifications and letters of attorney electronically on the following email: [ypanova@sopharma.bg](mailto:ypanova@sopharma.bg). The emails must be digitally signed with the universal electronic signature /UES/ of the principal and the attached electronic documents /electronic form/ of the letter of attorney must also be digitally signed with the universal electronic signature /UES/ of the principal.

**On the basis of art. 16, par 3 of the Company's Articles of Association the Board of Directors notifies the shareholders that the Extraordinary General Meeting, scheduled for 9 January 2015, and in the absence of quorum – 23 January 2015, will accept voting by correspondence or electronic equipment subject to the following rules:**

1. Persons registered as shareholders of Sopharma AD in the "Central Depository" AD 14 days before the EGM, /i.e. 26 December 2014/, on the basis of art.16 of the Articles of Association and these Rules, may exercise their voting right prior to the date of the General Meeting by correspondence.
2. Voting right at the GMS of Sopharma AD exercised by correspondence must be an explicitly written, notarized statement expressed by a shareholder of the Company, which refers to the particular GMS and shall contain: identification of the shareholder; the number of shares it applies to; agenda of the issues proposed for discussion on the particular GMS in accordance with the announced invitation to the GMS in the Commercial Register; draft decisions on each item of the agenda; chosen voting option on each item on the agenda (only one of the voting options "For", "Against" or "Abstain" must be explicitly stated for each item on the agenda); date and signature.
3. The necessary data for identification of shareholders - individuals are: full name, personal identification number /PIN/ and address. The necessary data for identification of shareholders - legal entities are: name, company seat and address of management, unique identification code /UIC/ and the full name of the company's representatives.
4. Statements under item 2 of these rules, made in a foreign language must be accompanied by legalized translation into Bulgarian language by a sworn translator.
5. If the voting by correspondence is exercised by a shareholder - legal entity, the statement must be accompanied by original or certified copy of a certificate of current state of the company - shareholder. Certificate of current state, issued in a foreign language, must be accompanied by legalized translation into Bulgarian language by a sworn translator.
6. The shareholders of Sopharma AD can use any of the following methods as a valid means of voting by correspondence: mail - through a letter sent to the Company with a return receipt, verifying the moment of reception of the letter by the Company; e-mail - through email, which must be signed with the universal electronic signature /UES/ of the shareholder and has an attached electronic document /electronic form/ of the statement, which must also be signed with the universal electronic signature /UES/ of the shareholder; courier - through a letter sent via courier company chosen by the shareholder.
7. Sopharma AD will consider the vote by correspondence valid only if the written statement with the shareholder's vote was received by the Company not later than 17:00 on 8 January 2015, which is the day preceding the date is set for the General Meeting.

8. If the shareholder of Sopharma AD, who has voted by correspondence, attends the General Meeting on 9 January 2015, his correspondence voting is valid, unless the shareholder states the opposite. In these cases, on the items, on which the shareholder votes at the General Meeting in person, their exercised vote by correspondence will be disregarded.
9. The address for correspondence voting by mail or courier: **Sofia, 16 Iliensko Shousee Str., Sopharma AD, ATTN: Investor Relations Director**
10. E-mail address for correspondence voting: [vpanova@sopharma.bg](mailto:vpanova@sopharma.bg)

The Board of Directors of Sopharma AD notifies that the total number of shares with voting rights at the GMS as at 28 November 2014 – the date of the decision of the Board of Directors for convening of the General Meeting, is 132,000,000 /one hundred thirty-two million/ dematerialized registered shares with voting rights. As a result of share repurchase, as at the same date the Company has treasury shares amounting to 5,110,663 and in accordance with art.187a, par.3 of the Commercial Act no rights, including voting rights, shall be exercised on these shares until they are transferred.

Pursuant to art.115b, par.1 of POSA voting right at the GMS shall be exercised by persons registered in the Central Depository as shareholders 14 days before the General Meeting. The date mentioned in the preceding sentence, valid for the Extraordinary General Meeting of Shareholders of Sopharma AD, convened for 9 January 2015 is 26 December 2014, and only persons registered as shareholders at this date are eligible to vote and participate at the GMS.

In the absence of quorum on the date indicated in this invitation as the date for the EGM, pursuant to art.227, par.3 of the Commercial Act, the General Meeting will be held on 5 January 2015 at 11:00AM at the same place and with the same agenda. In this case no additional items can be included in the agenda under par.223a of the Commercial Act.”

Voting results:

Ognian Ivanov Donev – FOR  
Vessela Liubenova Stoeva - FOR  
Alexandar Victorov Tchaouchev - FOR  
Andrey Liudmilov Breshkov – FOR  
Ognian Kirilov Palaveev - FOR

The decision was unanimously approved by the present members of the Board of Directors.

The Board commissions the Executive Director to undertake all factual and legal actions on the preparation and execution of the Extraordinary General Meeting of Shareholders of Sopharma AD under compliance with the requirements of the CA, the POSA and all other relevant legislation.

Due to completion of the agenda the meeting of the Board of Directors was closed.

Ognian Ivanov Donev – .....

Vessela Liubenova Stoeva – .....



Alexandar Victorov Tchaouchev – .....

Andrey Liudmilov Breshkov – .....

Ognian Kirilov Palaveev – .....