CONTRACT
FOR TRANSFORMATION

by merger

Today, 6/19/2014, this contract for transformation was concluded between:

I. **"SOPHARMA" AD**, registered in the Commercial Register with the Registry Agency, Tax ID 831902088, with registered office in Sofia, District "Nadejda", Blvd.,,Iliensko shose "№ 16, represented by the Executive Director Ognian Ivanov Donev, xxx, identity card № xxx issued by the Ministry of Internal Affairs, Sofia xxx, valid until xxx, with permanent address xxx, hereinafter referred to as the "acquiring company" or "Sopharma" AD on one hand,

and

II. **"BULGARIAN ROSE-SEVTOPOLIS" AD**, registered in the Commercial Register with the Registry Agency, Tax ID 123007916, with registered office in the town of Kazanlak,Blvd. ,,23rd Pehoten Shipchenski Polk"№ 110, represented by the Executive Director Boncho Ivanov Sholev, xxx, identity card xxx issued by the Ministry of Internal Affairs, Stara Zagora, Valid until xxx, with permanent address in the city xxx, hereinafter referred to as "transforming company" or "Bulgarian Rose-Sevtopolis"

each of them individually called "Party" and together “the Parties".

The parties when taking into consideration that:

(A) The Board of Directors of the transforming company has decided to merge in the acquiring company, at its meeting held on 06.16.2014 and has appointed its Executive Director to sign the contract;

(B) The Board of Directors of the acquiring company has decided to merge the transforming company, at its meeting held on 06.16.2014 and has appointed its Executive Director to sign the agreement;

(C) In comliance with the decisions referred to in subparagraphs (A) and (B) the Parties intend to carry out a merger according to the provisions of art. 262 of the Commercial Code and as a result the entire property of the transforming company shall pass to the acquiring company, which will be his successor, and the transforming company shall be terminated without liquidation.

(D) Art. 262e para. 1 of the Commercial Code requires a contract to be signed between the parties in connection with their transformation as described in subparagraph (C) above.

In this Contract, the Parties agreed as follows:

SECTION 1

DEFINITIONS AND INTERPRETATION

Article 1.1 Definitions

For the purposes of this Contract unless otherwise expressly provided or unless the context clearly requires another meaning:

"**Date of entry into force of the merger**" means the date on which the merger enters into force in accordance with art. 263g, para 1 of the Commercial Code.

"**Date of the merger for accounting purposes**" means the date on which the actions performed by the transforming company shall be deemed to be incurred by the acquiring company for accounting purposes in accordance with Art. 263g, para 2 of the Commercial Code.

"**Report of the Examiner**" means a report prepared by an examiner, according to Art. 262m of the Commercial Code, respectively Art. 262u of the Commercial Code.

"**Report of the Governing Bodies**" means the report prepared by the Board of Directors of each of the companies involved in the transformation according to Art. 262i of the Commercial Code, comprising: (a) a detailed legal and economic rationale of the merger, (b) information on the Examiner; (c) a description of the difficulties encountered in the evaluation process, if such occured, and (d) information on the property to be transferred to the acquiring company based on which the amount of capital pursuant to Art. 262u, para. 1 of the Commercial Code is being calculated.

"**Merger**" means the merger, as set out in Art. 262, para 1 of the Commercial Code according to which the entire property of the transforming company shall pass to the acquiring company and the latter will become a universal successor. The transforming company will be terminated without liquidation and all assets, liabilities, property and moral rights and duties will be transferred to the receiving company.

"**Examiner**" means a certified public accountant or a specialized auditing company registered with the Bulgarian Institute of Certified Public Accountants, meeting the requirements of Art. 262k, para 3 of the Commercial Code, and included in the list referred to in art. 123, para 3 of the Law on Public Offering of Securities.

"**Decisions for transfomration**" means the decisions to be taken by the General Meetings of both companies involved in the transformation according to Art. 262o of the Commercial Code,.

"**Governing Body**" means the Board of Directors of the Country.

"**Statute**" means the Statutes of the parties that are currently in force;

"**New Shares**" means the shares issued in the process of capital increase to be made in order to implement the merger in accordance with Art. 262u para 1 of the Commercial Code.

Article 1.2. Internal references

References to sections, articles, paragraphs and annexes, refer to sections, articles, paragraphs and annexes of this Contract, unless otherwise indicated.

Article 1.3. Meaning of certain words and expressions

(a) for any use in this Contract of the words "includes" or "including" shall be deemed to be followed by the words "without limitation";
(b) the words "of this Contract" and "in this Contract" and expressions of similar meaning, refer to this Contract as a whole and not to a specific provision, unless otherwise specified;
(c) the use of the plural form of any of the defined terms does not change the meaning given in the definition, and the use of words in a particular genus includes the meaning of these words in all other genera;
(d) grammatical forms of a word or phrase defined in this Contract have the corresponding meaning.

Article 1.4. References to legal provisions

References to any legal provision includes a reference to all amendments and addendums of the respective law and all legal provisions which replace the repealed provisions and all regulations, rules, ordinances and orders issued pursuant to or in accordance with the legal provisions.

SECTION 2

BASIC INFORMATION ON THE PARTIES

Article 2.1. Based information on transforming company shall

"Bulgarian Rose-Sevtopolis" AD is a joint stock company registered in the Commercial Register to the Registry Agency, TAX ID 123007916, with registered office in the town of Kazanlak, Blvd. “23rd Pehoten Shipchenski Polk" № 110. The capital of the company is 12,065,424 (twelve million sixty-five thousand four hundred twenty-four) BGN fully paid. The company's capital is divided into 12,065,424 (twelve million sixty-five thousand four hundred twenty-four) ordinary registered shares with voting right, with a nominal value of 1 (one) BGN each. "Bulgarian Rose-Sevtopolis" AD is a public company in accordance with the provisions of Art. 110 et seq. from the POSA and entered in the register under Art. 30, para. 1, p. 3 of the FSCA with decision № 44 of 03.07.1998.

As at 06.03.2014 the shareholders holding 5 percent or more of the shares with voting right of the capital of "Bulgarian Rose-Sevtopolis" AD are:

Shareholder	% of the capital
1. Sopharma	49.99%
2. Romfarm Company OOD	20.22%
3. Telso AD	9.99%

Article 2.2. Basic information on the acquiring company

"Sopharma" AD is a shareholder company registered in the Commercial Register with the Registry Agency, TAX ID 831902088, with registered office in Sofia, District "Nadejda" Blvd.,, Iliensko shose "№ 16. The capital of the company is 132 million (one hundred thirty-two million) BGN fully paid. The company's capital is divided into 132,000,000 (one hundred thirty-two million) ordinary registered shares with voting right, with a nominal value of 1 (one) BGN each. "Sopharma" AD is a public company under the provisions of of Art. 110 et seq. from the POSA and entered in the register under Art. 30, para. 1, p. 3 of the FSCA with

decision № 57 of 01.10.1998.

As at 06.06.2014 the shareholders holding 5 percent or more of the shares with voting right of the capital of "Sopharma" AD are:

Shareholder	% of the capital
1. Donev Investments Holding AD	25.26%
2. Telecomplect Invest AD	20.42%
3. Romfarm Company OOD	18.17%

Article 2.3. At the date of signing of this Agreement:

2.3.1. The acquiring company has 6,031,100 shares in the capital of the transforming company;

2.3.2. Transforming company does not possess any bought-back shares;

2.3.3. Transforming company does not hold shares in the capital of the acquiring company.

Article 2.4. The Parties acknowledge that the implementation of the merger is subject to the prior approval of the Financial Supervision Commission and will be finalized after receipt of such approval.

SECTION 3

MERGER

Article 3.1. Merger

The Parties to this Contract hereby agree to implement a merger, performing all the actions specified therein, and all other actions necessary for the implementation of the merger, and the actions that should be implemented as a consequence of it.

Article 3.2. Merger related actions

On the date of entry into force of the merger the rights and obligations of the transforming company are transferred to the acquiring company and the shareholders of the transforming company become shareholders of the acquiring company.

Article 3.3. Date of entry into force of the merger for accounting purposes

According to Art. 262g para 2, item 7 and Art. 263g para 2 of the Commercial Law, the parties agree that the date of entry into force of the merger for accounting purposes will be 01/01/2014.

Article 3.4. Immovable property which passes from the transforming company to the acquiring company as a result of the merger

Description of immovable property which passes from the transforming company to the acquiring company as a result of the merger is included in Attachment 3 to this Contract.

SECTION 4

FAIR PRICE. MOTIVATION OF THE PRICE. EXCHANGE RATIO. CAPITAL INCREASE OF THE ACQUIRING COMPANY.

Article 4.1. As a result of the merger the shareholders of the transforming company shall, except for the acquiring company, which is also a shareholder of the transforming company, will acquire shares of the acquiring company and become shareholders in it.

Article 4.2. Parties conclude on and adopt the following financial data for the size of the net value of each of the companies involved in the transformation as at June 12, 2014:

Transforming company ("Bulgarian Rose-Sevtopolis" AD):

Method	Value according to the method	Weighted average	Weighted value
Closing price as at June 12, 2014	1.740	30%	0.52
Net assets value method	2.046	15%	0.31
Discounted cash flow method	1.787	40%	0.71
Peer method	1.910	15%	0.29
Weighted value according to the evaluation methods			1.83

Registered capital of 12,065,424 BGN, divided into 12,065,424 dematerialized registered shares with voting right and with a nominal value of 1 BGN each. As calculated above fair value per share of the "Bulgarian Rose-Sevtopolis" AD fair value (net asset value) of the company is 22,084,485 BGN.

For acquiring company ("Sopharma" AD):

Method	Value according to the method	Weighted average	Weighted value
Closing price as at June 12, 2014	4.400	50%	2.20
Net assets value method	3.258	10%	0.33
Discounted cash flow method	4.685	30%	1.41
Peer method	4.330	10%	0.43
Weighted value according to the evaluation methods			4.36

Registered capital of 132 million BGN, divided into 132,000,000 dematerialized registered shares with voting right and with a nominal value of 1 BGN each. As calculated above fair value per share of "Sopharma" AD fair value (net asset value) of the Company is 576,084,128 BGN.

Article 4.3. Based on the established and accepted circumstances the parties conclude and accept the following fair value of the shares determined as at June 12, 2014:

4.3.1. of the transforming company: each one of the total 12,065,424 (twelve million sixty-five thousand four hundred twenty-four) shares with a nominal value of 1 (one) BGN each in the capital of "Bulgarian Rose-Sevtopolis" AD has a fair price of 1.83 BGN;

4.3.2. of the acquiring company: each one of the total 132,000,000 (one hundred thirty-two million) shares with a nominal value of 1 (one) BGN each in the capital of "Sopharma" AD has a fair value of 4.36 BGN;

Article 4.4. The fair value of the shares of companies involved in the transformation is based on the generally accepted valuation methods, their description and justification of the price contained in Annex № 1 to the contract.

Article 4.5. Based on the fair value of the shares of companies involved in the transformation form exchange ratio of 0.419404, which means that one share of the transforming company ("Bulgarian Rose-Sevtopolis" AD) should be replaced by 0.419404 shares of the acquiring company ("Sopharma" AD). Exchange ratio of shares set to 12/06/2014, the property of the acquiring company ("Sopharma" AD) increases with the portion of the net asset value of the transforming company ("Bulgarian Rose-Sevtopolis" AD) corresponding to shares of the capital of the transforming company ("Bulgarian rose-Sevtopolis" AD) that are not owned by the acquiring company ("Sopharma" AD). Thus, the portion of the net assets of the transforming company ("Bulgarian Rose-Sevtopolis" AD), which increases the net assets of the acquiring company ("Sopharma" AD) is 11,045,193 and the total value of the net assets of the acquiring company ("Sopharma" AD) is increased to 587 129 321 BGN.

In view of the provisions of Art. 261b and of art. 262u of the CA, the formation of the exchange ratio of the shares of the acquiring company with shares of the transforming company after the merger is according to the principle of equivalence, meaning that the shares acquired by the shareholders of the transforming company in the acquiring company, including additional cash payments under Section 5 below are equivalent to the fair value of their holdings of shares before the merger of the transforming company.

Article 4.6. Increase of capital of the acquiring company

4.6.1. To implement the merger, the capital of the acquiring company should be increased as much as necessary to create new shares for the shareholders of the transforming company.

4.6.2. Since in the process of this Merger is a case described in art. 262u para 3 of the Commercial Code, namely the acquiring company ("Sopharma" AD) holds 6,031,100 shares in the capital of the transforming company ("Bulgarian Rose-Sevtopolis" AD), than on the basis of Art. 262u para 3 item 1 of the Commercial Code the capital of the acquiring company in connection with the merger is not increased with the fair value of these shares.

4.6.3. In order to comply with the requirements of art. 262u para 1 sentence second of the Commercial Code, the capital increase will amount to 2,530,820 (two million five hundred thirty thousand eight hundred and twenty) BGN to the issuance of up to 2,530,820 (two million five hundred thirty thousand eight hundred and twenty) new shares with a nominal value of 1 BGN each and issue price of 4.36 BGN equal to the fair value of one share of "Sopharma" AD. Thus the total amount of the capital increase will be less than the net asset value of the trasnforming company which corresponds to the the shares of the transforming company that are not owned by the acquiring company (11045193 BGN), as well as less than the net value of the total assets of the transforming company (22084485 BGN). Given that the Parties to the Contract are public companies under the Law on Public Offering of Securities, the dynamic of their shareholding structure and the significant number of shareholders of the transforming company, the amount of the capital increase of the acquiring company and the exact number of new shares will be determined after obtaining the approval of the merger by the FSC and will be part of the materials for the General Meeting of Shareholders to be

convened for taking the merger decision. In addition, the Board of Directors of the transforming company plans to ask the Board of Directors of the "Bulgarian Stock Exchange-Sofia" AD to temporary suspend the trading with shares of the transforming company until the completion of a Merger or disapproval of the merger by the general meeting of shareholders of either Party. Based on the book of the shareholders of the transforming company at 03.06.2014, the expectations of the parties to this Contract are the increase in the capital of the acquiring company to be around 2,530,369 (two million five hundred thirty thousand three hundred sixty-nine и) BGN through the issuance of approximately 2,530,369 (two million five hundred thirty thousand three hundred and sixty nine) new shares.

4.6.4. The amount of the capital increase is obtained after applying the exchange ratio to the list of shareholders of the transforming company. New shares for each shareholder of the transforming company is established as the number of shares held by him in transforming company multiplying the assumed exchange ratio pursuant to Art. 4.5. of this Contract. The resulting integer is the number of New Shares which the relevant shareholder receives. The sum of the integers of shares received by each shareholder gives the amount of the new shares and the difference will be paid under the terms of Section 5 below. In order to comply with the requirement that all shareholders of the transforming company shall receive shares in the acquiring company the Parties hereto agree that shareholders who have an insufficient number of shares in the transforming company will receive one New Share, subject to the provisions of Art. 5.4. below.

4.6.5. In view of the findings in the article. 2.3. of this Contract and in connection with the prohibition of art. 262u para. 3 of the Commercial Code the Parties acknowledge that:

a) under the provisions of Art. 262u para. 3 pt. 1 of the Commercial Code against the 6,031,100 shares of the transforming company owned by the acquiring company no new shares from the capital increase of the acquiring company will be issued from the capital increase of the receiving company;

b) The transforming company does not own bought-back shares, so that the provisions of Art. 262u para item 3 of the Commercial Code shall not apply in relation to the increase in the capital of the receiving company;

c) The transforming company does not own shares of the acquiring company, which is why the provision of Art. 262u para. 3 pt. 3 of the Commercial Code shall not apply in relation to the capital increase of the acquiring company.

4.6.6. The new shares shall be issued and allocated to the shareholders of the transforming company.

Article 4.7. Amendment of the Articles of incorporation of the acquiring company

The Parties acknowledge that due to the need for a capital increase for the purposes of the merger, the articles of incorporation of the acquiring company should be amended in the sections regarding the amount of capital and number of shares. The draft amendments of the articles of incorporation will be part of the materials for the general meetings of shareholders of the companies involved in the transformation, which will be convened to approve the merger.

SECTION 5

ADDITIONAL CASH PAYMENTS IN ART. 261B, PARA 2 OF THE COMMERCIAL CODE. DEADLINE FOR PAYMENT.

Article 5.1. Due to the mathematical impossibility of shares owned by each shareholder of the transforming company to be replaced by new shares with fully equivalent value, the difference in this value will be offset by additional cash payments in due amount.

Article 5.2. The amount of the cash payment to each shareholder shall be established as the number of shares held by him in the transforming company shall be multiplied by the assumed exchange ratio pursuant to Art.

4.5. of this Contract. The resulting integer is the number of New Shares which the relevant shareholder receives. Difference over this integer is multiplied by the fair value of one share of the capital of the receiving company, the result is the amount of cash payment due in BGN. This result represents a pecuniary claim of the shareholder to the acquiring company. Based on the book of the shareholders of the transforming company at 03.06.2014, the expectations of the Parties to this Contract are that the total amount of cash paid to shareholders will amount to about 2,000 (two thousand) BGN. Thus, in view of the absolute value of the sum of all additional cash payments, the requirement of Art. 261b, para. 2 of the Commercial Code will be met.

Article 5.3. The claims of shareholders of art. 261b, para. 2 of the Commercial Code shall become due from the date of entry into force of the merger. Repayment will be in cash to the cashier of the acquiring company in Sofia region "Nadejda" Blvd. ,,Iliensko shose"№ 16. Claims will be paid to shareholders of the transforming company within five (5) years from the date on which they become payable.

Article 5.4. Shareholders of the transforming company which have an insufficient number of shares receive one New Share. The difference between the fair value of held insufficient number of shares of the transforming company and the fair value of shares of the acquiring company is receivable against the acquiring company and the shareholder will be offset against future dividends payable or against other amounts due. In orderfor the subscribed capital to be fully paid, the difference to its compensation will be covered by the grant of the necessary funds by the host company.

SECTION 6
CONDITIONS FOR DISTRIBUTION AND TRANSMISSION OF NEW SHARES

Article 6.1. "Central Depository" AD, in his capacity as depositary pursuant to art. 264ch, para 5 of the Commercial Code will register the issue of New Shares issued and distributes the shares in the accounts of the respective shareholders. Pursuant to Art. 127 of the Public Offering of Securities issuance of new shares shall be effective by the moment of registration of the issue in the "Central Depository" AD. Pursuant to Art. 136, para 2 of the Law on Public Offering of Securities the "Central Depository" AD keeps the Register of Shareholders.

Article 6.2. The issuance of New Shares is dematerialized and therefore there will be no physical shares that need to be exchange. Any shareholder may request to receive a depository receipt for his shares through a broker - member of the "Central Depository" AD.

SECTION 7

DESCRIPTION OF SHARES IN THE ACQUIRING COMPANY. EXERCISE OF THE RIGHTS OF SHAREHOLDERS OF THE TRANSFORMING COMPANY WITH REGARDS TO THE ACQUIRING COMPANY, INCLUDING THE RIGHT TO PARTICIPATE IN A DISTRIBUTION OF PROFIT

Article 7.1. All shares of the acquiring company are ordinary, dematerialized with voting right, with a nominal value of 1 (one) BGN each.

Article 7.2. Each share entitles to one vote at the general meetings of the shareholders entitled to dividends and liquidation, in proportion to its nominal value, and other rights under applicable law.

Article 7.3. From the date of entry into force of the merger, the shareholders of the transforming company shall acquire all rights by law or statutes given to shareholders of the acquiring company, including the right to participate in the distribution of profits.

SECTION 8

RIGHTS GIVEN TO SHAREHOLDERS WITH SPECIAL RIGHTS AND TO HOLDERS OF SECURITIES OTHER THAN EQUITY

Article 8. The Parties acknowledge that neither the transforming company, nor the acquiring companyhas has shareholders who have special rights attached to their shares, and that neither the transforming company or the acquiring company issued securities other than shares. In view of the above, the Parties agree that the provisions of Art. 262g para. 2 pt. 8, first proposal of the Commercial Code and Art. 123, para 1, p. 3 of the Law on Public Offering of Securities Act are not applicable to the merger.

SECTION 9

BENEFITS PROVIDED TO THE EXAMINER UNDER THE PROVISIONS OF ART. 262K THE COMMERCIAL LAW OR MEMBERS OF THE MANAGEMENT OR SUPERVISORY AUTHORITY OF THE COUNTRY

Article 9.1. The Parties acknowledge that no special advantages are available to the examiner under Art. 262l of the Commercial Code.

Article 9.2. The Parties acknowledge that no special advantages are available to members of the management and supervisory bodies of the companies involved in the transformation.

SECTION 10

OBLIGATIONS PRECEDING THE DATE OF ENTRY INTO FORCE OF THE MERGER

Article 10.1. Actions prior to the holding of General Meetings of Shareholders

10.1.1 The Parties undertake to make the necessary efforts to ensure implementation of the obligations listed below by their governing bodies:

(a) The parties shall submit to the examiner of the merger: (1) a copy of this Contract within three (3) working days after the appointment of the examiner and (2) without undue delay any information and written documentation that has been requested by the examiner with regards to the merger or any relevant information the governing body considers necessary for the purposes of the report of the examiner;

(b) The Parties will provide the examiner's report to be prepared and submitted in a timely manner;

(c) Each Party shall ensure timely preparation of the report of the governing body;

(d) The parties shall submit an application to the "Central Depository" AD for the upcoming transformation in compliance with the requirements of Art. 124, para. 2 pt. 7 of the Law on Public Offering of Securities;

(e) The governing body of the acquiring company shall submit an application to the FSC for approval of this Contract, the reports of the Governing Bodies and the Report of the Examiner;

(f) each of the Parties present in the commercial register this Contract and the report referred to in paragraph (c) above, in accordance with Art. 262K para 1 of the Commercial Code;

(g) after receiving approval from the FSC pursuant to Art. 124, para 1 of POSA each Party will perform all necessary steps to convene a General meeting of shareholders, including publication of the invitation to its shareholders under the provisions of the Commercial Code, POSA and the Articles of Incorporation of the respecitve Party, the fulfillment of the obligation to provide information pursuant to Art. 262n para 1 and 2 of the Commercial Code. Each Party shall notify the other of the date on which its General Assembly is convened;

Article 10.2. Notification of subsequent changes in property rights and obligations of the Parties

According to Art. 262n para. 4 of the Commercial Code, each Party shall notify the other Party of changes in property rights and obligations after the date of this Agreement. Notification under the preceding sentence shall be made not later than the day preceding the date on which the parties to the intended message has scheduled its General Assembly decision for merger .

Article 10.3. Subsequent changes in the law

If, after the conclusion of this Contract the law changes in a way that requires modifications and / or additions to this Contract, the Parties will discuss amendments to this Contract as they may deem necessary and appropriate, as soon as the relevant legislative changes be made. If as a result of these discussions, the Parties agree on changes to be made in this Agreement, each Party shall propose on its General Meeting of shareholders that such respective changes concenring the merger will be included in the Contract.

Article 10.4. Actions after holding the General Meetings

Provided that the General Meetings decide to approve this Contract:

(a) Each Party shall notify the respective territorial directorate of the National Revenue Agency for the merger within 3 (three) working days from the date of the decision for the merger of the respective Party in accordance with Art. 77, para. 1 of the Tax Procedure Code;

(b) The governing body of the acquiring company, pursuant to Art. 263, para. 1 of the Commercial Code, will file for entering the merger in the Commercial Register.

SECTION 11

OBLIGATIONS AFETER THE DATE THE MERGER ENTERS INTO FORCE

Article 11.1. Administrative registrations

The Parties undertake to meet their obligations for administrative registrations in accordance with the provisions of the law. For the avoidance of doubt registrations include:

(a) notification to the Financial Supervision Commission for registration of the merger within five (5) working days from the date of entry of the merger in the commercial register;

(b) the registration of the new shares in the Central Depository. Within 7 (seven) working days from the date of entry of the merger in the commercial register the Board of Directors of the acquiring company must apply for registration with the "Central Depository" AD the New Shares, including the opening of accounts.

(c) registration of an issue with the FSC. Within 7 (seven) working days from the date of entry of the merger in the commercial register the Board of Directors of the acquiring company shall apply to the FSC for inclusion of the issue in the register under Art. 30, para. 1, p. 3 of the Financial Supervision Commission.

(d) the admission of the New Shares to trading on the "Bulgarian Stock Exchange-Sofia" AD. Within 7 (seven) working days from the date of registration of the issue in the register under Art. 30, para 1, p. 3 of the Financial Supervision Commission, the Board of Directors of the acquiring company shall apply to the "Bulgarian Stock Exchange-Sofia" AD for admission to trading of the New Shares.

Article 11.2. Obligation of the acquiring company to be managed separately

According to Art. 263k, para. 1 of the Commercial Code, the company undertakes to manage separately the assets of the transforming company for a period of six (6) months from the date of entry into force of the merger. Members of the governing body of the acquiring company are jointly liable to the creditors for separate management.

SECTION 12

DECLARATIONS AND WARRANTIES

Article 12. Each Party represents and warrants to the other Party that each of the following statements is true and accurate in all respect to the date of this Contract and will be true and accurate at the date of entry into force of the merger:

(a) each Party shall:

(1) is a corporation duly incorporated and validly existing under the Commercial Code and the Law on Public Offering of Securities;

(2) has the necessary capacity to carry out its business in the manner that is underway and owns, rents and operates all of its properties and assets; and

(3) is in good financial condition and is able to pay its monetary obligations as soon as they become due.

(b) Each Party represents and guarantees to the other Party that:

(1) has the necessary legal capacity to enter into this Contract and to perform its obligations hereunder;

(2) the conclusion of the Contract and fulfillment of obligations under it shall be with proper authorization, in accordance with the law and the Statute of the country, except for the merger decision, which is not taken at the date of this Agreement;

(3) neither the conclusion of the Contract or the performance of obligations under it:

3.1 are in conflict or result in violation of the Articles of incorporation or other company documents of the Party;
3.2 constitute a violation of any law, regulation, ordinance or regulation applicable to the Party, or judicial or administrative decision which is bound.

(c) In addition, each Party guarantees to the other Party that:

The Party has complied and continues to comply with all applicable laws and regulations relating to the protection of personal data, prevention and discrimination, conditions of employment, remuneration under employment contracts, employees' working hours, working conditions and occupational safety and has possessed and observed, and still possesses and observes, any and all licenses and permits required by law to carry out commercial activities in the country; and it has not been, is not, and as far as the Pary is awase is not known to expect to be in breach or default of any obligation under any contract, license and permit, or the rights of any third party, to the extent that such breach or default adversely affects the merger or the ability of the Party to fulfill its obligations under this Agreement.

SECTION 13
EFFECTIVE AND TERMINATION

Article 13.1. Entry into force and termination of the Contract

13.1.1. This Contract shall enter into force on the date of its signing by the Parties.

13.1.2. This Contract may be terminated before the date of entry into force of the merger:

(a) Before a vote by the General Meetings of the Parties of their decisions on the approval of this Contract - (1) by mutual written Contract of the parties or (2) unilaterally by either party by written notice to the other Party; in the case of paragraph (1) above occurs on the termination date specified in the mutual consent of the Parties, and in the case of paragraph (2) above, termination occurs on the date specified in the unilateral notice and not earlier than the date on which this notice is is presented to the other Party;

(b) If the General Assembly of any Party does not approve this Contract; in this case the termination occurs on the date of the General Meeting of Shareholders at which a decision was taken that this Contract is not approved;

(c) Upon approval of the Contract by the General Meetings and before entry of the merger in the Commercial Register - by the General Assembly of any of the parties to terminate the Contract, this decision shall require a majority of at least 3/4 (three fourths) of the shareholders; in this case the party whose General Assembly has voted to terminate the contract shall notify the other Party immediately and termination occurs on the date on which such the decision has been taken;

(d) If the Commercial Registry refuses to register merger , provided that such entry is necessary for the entry into force of the merger, in which case this Contract will be deemed terminated as of the date on which the refusal of the Commercial Register became final.

Article 13.2. Liability for termination

13.2.1 Each Party shall be liable for breach of its obligations under this Contract, the responsibility for liabilities that arose and were due prior to the termination of this Contract shall continue to exist after the termination of this Contract.

13.2.2 Each Party shall be liable for damages incurred by the other Party that are directly related to the termination of this Contract if such termination occurs on the basis of Art. 13.1.2, paragraph (a) of subsection (2) of this Agreement, or if the termination would not have occurred if the party has not complied with its obligations under this Contract or its obligations under the law relating to the acquisition, it was fulfilled.

SECTION 14

ADDITIONAL PROVISIONS

Article 14.1. Costs and fees

All costs and fees incurred in connection with this Contract or in connection with the merger, are borne by the party committed such costs.

14.2 Amendments to the Contract

Subject to the provisions of the law, this Contract may be amended or supplemented only by mutual consent of the parties and in accordance with the decisions of the General Meetings of both Parties requiring the submission of essentially similar amendments to this Agreement.

Article 14.3. Notifications

Any notice, request, demand, consent, approval or other communication in connection with this Contract shall be made in writing and shall be deemed received if delivered personally against issuance of a receipt for it or sent by facsimile (receipt of which is confirmed), electronic mail (e-mail) or sent by courier to the mailing address of the Parties as set forth below or to such other address for which the Party subsequently notifies in writing the other Party. All such notices and other communications shall be deemed served on the date on which they are received by the addressee.

(a) To the transforming company:

Boncho Sholev, Executive Director, at: Kazanlak,Blvd. „23rd Pehoten Shipchenski Polk"№ 110; fax: +359431 62114; email: b.sholev@abv.bg

(b) To the acquiring company:

Mr. Donev, CEO, address: Sofia, District "Nadejda" Blvd.„ Iliensko shose "№ 16; fax: 02/8134 141; email: ir@sopharma.bg

Article 14.4. Integrity of the Contract

Contract constitutes the entire Contract and supersedes all prior agreements, negotiations, contracts and understandings between the parties regarding the acquisition, whether in written, electronic or oral form.

Article 14.5. Partial invalidity

Nothing in this Contract which is declared void, invalid or unenforceable by a competent court shall not affect the validity or enforceability of the remaining provisions of this Contract. In the event that a final judgment of a competent court concerning any provision of this Contract be declared void, invalid or unenforceable, the Parties shall make every effort to agree upon replacing it with a valid and enforceable provision as similar in content and effect to that which has been declared invalid or unenforceable.

Article 14.6 Applicable law

This Contract shall be governed by and construed in accordance with the laws of the Republic of Bulgaria.

Article 14.7. Settlement of disputes

All disputes arising out of this Contract or related to it, including disputes arising from or relating to the interpretation, validity, performance or termination, as well as disputes about filling gaps in the Contract or its adaptation to newly arisen circumstances, shall be resolved by arbitration Court at the Bulgarian Chamber of Commerce in accordance with its Rules for arbitration agreements.

An integral part of this Contract are the following attachments:

Attachment № 1: Justification report of the fair price of the shares of “Sopharma” AD

Attachment № 2: Justification report of the fair price of the shares of “Bulgarian rose – Sevtopolis” AD

Attachment № 3: Description of property that passes from the transforming company to the acquiring company as a result of the merger.

This contract was signed in four originals as follows:

For the transforming company: _____

For the acquiring company: _____