

## **SUPPLEMENTARY AGREEMENT №1**

to  
CONTRACT

For transformation by merger concluded on 19.06.2014

**Today, 8/\_\_/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 agree upon the following amendments to the Contract for transformation by merger concluded between them on 19.06.2014 (the "Agreement for the merger"):

### **1. Article 2.3. creates a new section 2.3.4. as follows:**

"2.3.4. The acquiring company has 4 946 508 own shares. "

### **2. Article 4.2. is amended as follows:**

"Article 4.2. In determining the fair value of shares of the Parties in implementing the methods of art. 5 of Ordinance №41 and having in mind the minimum deviations due to rounding, the Parties adopted the final calculation of the fair value of shares and the total fair value of the two companies to be rounded down to the second decimal place. In determining the exchange ratio by dividing the fair value of share of the transforming company by the fair value per share of the acquiring company, parties accept rounding down to the sixth decimal place. Parties conclude and adopt the following summary financial data for the size of the net asset value of each of the companies involved in the transformation to on 06/12/2014:

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

Method	Value according to the method	Weighted average	Weighted value
Closing price as at June 12, 2014	1.702	30%	0.511
Net assets value method	2.046	25%	0.12
Discounted cash flow method	1.838	30%	0.551
Peer method	1.910	15%	0.287
Weighted value according to the evaluation methods			1.86

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 "Bulgarian Rose-Seuthopolis" AD the fair value (net asset value) of the company is 22,441,688.64 BGN.

Acquiring company ("Sopharma" AD):

Method	Value according to the method	Weighted average	Weighted value
Closing price as at June 12, 2014	4.410	40%	1.764
Net assets value method	3.258	20%	0.652
Discounted cash flow method	4.472	25%	1.118
Peer method	4.330	15%	0.650
Weighted value according to the evaluation methods			4.18

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 the fair value per share of "Sopharma" AD fair value (net asset value) of the company is 551,760 000.00 BGN "

### 3. Article 4.3. is amended as follows:

1. in item 4.3.1. the words "1.83 BGN" are replaced with "1.86 BGN"
2. In item 4.3.2. the words "4.36 BGN" are replaced with "4.18 BGN"

### 4. Article 4.4. is amended as follows:

"Article 4.4. The fair value of the shares of the companies involved in the transformation is based on the generally accepted valuation methods, their description and justification of the price contained in the Appendix № 1 and № 2 to this Contract. "

**5. Article 4.5. is amended as follows:**

“Article 4.5 Based on the fair value of the shares of companies involved in the transformation form exchange ratio of 0.444976, which means that one share of the transforming company ("Bulgarian Rose-Sevtopolis" AD) should be replaced by 0.444976 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 11 223 842.64 and the total value of the net assets of the acquiring company ("Sopharma" AD) is increased to 562 983 842.64 BGN.”

**6. Article 4.6. make the following amendments:**

**1. Section 4.6.3. is amended as follows:**

"4.6.3. In order to comply with the requirement of art. 262u para. 1, sentence second of the Commercial Code the capital increase will amount to not more than 2,685,129 (two million six hundred и eighty-five thousand one hundred двадесет nine) BGN to the issuance of up to 2,685,129 (two million six hundred и eighty-five thousand one hundred twenty-nine new shares with a nominal value of 1 BGN each and issue price 4.18 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 transforming company that corresponds to the shares of the transforming company that are owned by the acquiring company (11 223 842.64 BGN) and less than the net value of the total assets of the transforming company (22441 688.64 BGN) "

**2. Section 4.6.3. is amended as follows:**

" 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. "

**3. A new section 4.6.5. reads as follows:**

"4.6.5. The parties agree that after the expiration of the term of art. 5.4. below the Board of Directors of the acquiring company will verify the exact amount of the capital increase of the acquiring company and new shares according to the number of received explicit wills of shareholders of the transforming company as a result of the exchange ratio should receive less one new share. In addition, the Board of Directors of the

transforming company plans to ask the Board of Directors of "Bulgarian Stock Exchange-Sofia" temporary suspension of trading in the shares of the transforming company to the completion of a Merger or disapproval of the merger by the general meeting the 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 Agreement are the increase in the capital of the acquiring company to be around BGN 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. The current item. 4.6.5. it t. 4.6.6. and amended as follows:**

"4.6.6. In view of the findings in the article. 2.3. of this Agreement and in connection with the prohibition of art. 262u para. 3 of the Commercial Law The Parties acknowledge that:

a) under the provisions of Art. 262u para. 3 pt. 1 of the Commercial Code against the acquiring company owns 6,031,100 shares of the transforming company shall not be issued new shares from the capital increase of the acquiring company. In this way the prohibition under Art. 262u para 3 pt. 1 of the Commercial Code will be followed, under which the capital of acquiring companies can not be increased when they own shares in the transforming company;

b) The transforming company does not possess any own shares, so that the provisions of Art. 262u para 3 pt. 2 of the Commercial Code shall not apply in relation to the increase in the capital of the acquiring 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. "

5. The current item. 4.6.6. it t. 4.6.7.

**7. Article 4.7. the following wording:**

"Article 4.7. Amendment of the Statutes of the acquiring company

The Parties acknowledge that the need for a capital increase for a merger, the articles of association of the acquiring company should be amended in part on the amount of capital and number of shares. The parties agree that after the expiration of the term of art. 5.4. below the Board of Directors of the acquiring company will reflect the specific amount of capital and number of shares in the statutes of the acquiring company in accordance with the number of explicit wills received by shareholders of the transforming company as a result of the exchange ratio should receive less than one New Share. "

**8. Section 5 is amended as follows:**

## "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 each shareholder of the transforming company to be replaced by new shares fully equivalent value, the difference in this value will be offset by additional cash payments in the 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 acquiring 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.

**Article 5.3.** Under the terms and conditions described in the art. 5.4-5.6 below, the shareholders of the transforming company as a result of the calculations should receive at least one new shares are entitled to receive one new share as the difference to make top full fair value of a share in the acquiring company. The difference is calculated as the number of holdings of shares in the shareholder transforming company shall be multiplied by the estimated fair value per share of a transforming company of this Agreement. The resulting number is subtracted from the fair value of one share of the capital of the acquiring company under this contract.

**Article 5.4.** Within five (5) working days from the date of the General Meeting of the shareholders of the transforming company which has taken a decision to approve the merger, a shareholder who complies with the requirements of Art. 5.3. above, should make written statement to the transforming company that wants to acquire a new share of the capital of the acquiring company and pay the difference to the fair value of that share. Payment should be made at management of the transforming company within thirty (30) days from the date of the General Meeting of shareholders of the transforming company which has taken a decision to approve the merger.

**Article 5.5.** If mentioned in the previous article limits the shareholder does not make an explicit written statement accordingly pays opposed to the fair value of a New Share will be deemed that the shareholder refuses to acquire this one New Share in the capital of the acquiring company. In this case, the shareholder is entitled to a cash payment will be made as specified in Art. 5.8 below. The amount of the cash payment is established by the number of shares held by the shareholder of the transforming company multiplied by the fair value of one share of the capital of the transforming company.

**Article 5.6.** After the expiry of art. 5.4. above, the Board of Directors of the acquiring company will determine the exact amount of the capital increase of the acquiring company, the exact number of New Shares in accordance with the exchange ratio and the exact amount of cash paid to the shareholders of the transforming company.

**Article 5.7.** Based on the book of the shareholders of the transforming company at 03.06.2014, the expectations of the Parties to this Agreement shall be the total amount of cash paid to shareholders amounted to about 2,500 (two thousand five hundred) BGN. Thus, in view of the absolute sum of all additional cash payments, the requirement of Art. 261b, para. 2 of the Commercial Code will be met.

**Article 5.8.** 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 infusion. Repayment will be in cash to the cashier of the acquiring company at the town. Sofia region "Hope" Blvd., Iliensko road "№ 16. Claims will be paid to shareholders of the transforming company shall within five (5) years from the date on which they become due. "

9. Section 6 is amended as follows:

## **"SECTION 6**

### **CONDITIONS FOR DISTRIBUTION AND TRANSMISSION OF NEW SHARES**

**"Article 6.1.** Each shareholder of the transforming company will acquire New Shares in the acquiring company for his shares as specified in this Agreement.

**Article 6.2.** Right to acquire new shares are the shareholders of the transforming company at the date of the general meeting of shareholders, which will take the decision under Art. 262o of the Commercial Code for approval of the merger.

**Article 6.3.** "Central Depository" AD, in his capacity as depository of art. 264ch, para. 5 of the Commerce Act, register the issue of New Shares issued and distributed dematerialized accounts of the shareholders. Pursuant to Art. 127 of the Public Offering of Securities issuance of new shares shall be effected by the issue of the registration of the "Central Depository" AD. Pursuant to Art. 136, para. 2 of the Law on Public Offering of Securities "Central Depository" AD keeps the Register of Shareholders.

**Article 6.4.** Within 7 days after entry of the merger in the Commercial Register Board of Directors of the acquiring company will submit the "Central Depository" AD documents for registration of the New Shares and sharing their accounts of the shareholders of the transforming companies.

**Article 6.5.** "Central Depository" AD on the basis of the application and a list of shareholders of the transforming company shall make distribution of shares personal accounts of the shareholders of the shareholders of the transforming companies.

**Article 6.6.** Within 7 (seven) working days from the entry of the merger in the Commercial Register Board of Directors of the acquiring company shall submit an application to the Financial Supervision Commission for registration of the issue in the register kept by it.

**Article 6.7.** New Shares dematerialized is therefore physically not surrendered shares. Any shareholder may request to receive a depository receipt for his shares through a broker - member of the "Central Depository" AD. "

10. Section 7 creates 7.4 new members. and 7.5. as follows:

"**Article 7.4.** According to Art. 263r of CA each shareholder whose status changed after the conversion and who voted against the decision for transformation by merger can leave acquiring company. The parties agree that the change in status will occur when the percentage interest in the capital of the acquiring company reduces the ability of shareholders to exercise their moral rights, ie if it reduces the ability of shareholders to influence the decisions of the General Assembly.

**Article 7.5.** Termination of participation is made with a notarized notice to the acquiring company within three months from the date of entry of the merger in the Commercial Register. Exiting shareholder is entitled to receive the equivalent of his shares before the conversion of the price specified in this contract. Within 30 days from the date of notice of termination of participation in art. 263r of the CA The acquiring company is obliged to redeem shares of leavers shareholders. Exiting shareholder may sue for monetary clearance within three months of notification under Art. 263r, para. 1 of the Commercial Code. Shares of the departed shareholder shall be borne by the acquiring company and shall be subject to the rules for the acquisition of own shares except art. 187a para. 4 of the Act. "

2. Article 10.4. make the following amendments:

1. A new "b" as follows:

"(B) The governing body of the acquiring company will take a decision which will verify the exact amount of the capital increase of the acquiring company and the number of New Shares and will reflect the specific amount of capital and number of shares in the acquiring company articles of incorporation according to the number of explicit wills of shareholders of the transforming company as a result of the exchange ratio should receive at least one new share; "

2. The current "b" becomes "c".

3. This additional agreement with the corrected statement of the fair value of the shares of "Sopharma" AD for transformation by merger of "Bulgarian Rose-Seuthopolis" AD into "Sopharma" AD (Appendix № 1) and corrected statement of the fair value of the shares of "Bulgarian rose-Seuthopolis" AD for transformation by merger of "Bulgarian Rose-Seuthopolis" AD into "Sopharma" AD (Appendix № 2) are an integral part of the Contract for merger.

This supplementary agreement was signed in four originals as follows:

For the transforming company: \_\_\_\_\_

For the acquiring company: \_\_\_\_\_