

# **M I N U T E S**

## **OF THE MEETING OF THE BOARD OF DIRECTORS OF Sopharma AD**

The meeting of the Board of Directors of Sopharma AD took place on 29 April 2014 in Sofia, 16 Iliensko Shousee Str.

The following members of the Board of Directors were present:

1. Ognian Ivanov Donev
2. Vessela Liubenova Stoeva
3. Alexandar Victorov Tchaouchev
4. Ognian Kirilov Palaveev
5. Andrey Liudmilov Breshkov

The Board members are accurately informed about the meeting and its agenda.

The meeting had the following agenda:

1. Approval of the Report of the Board of Directors about the application of the Remuneration policy for the members of the Board of Directors of the Company for 2014.
2. Decision to convene an Annual General Meeting of Shareholders of Sopharma AD.
3. Approval of the agenda of the General Meeting of Shareholders and draft decisions by the Board of Directors for the items on the agenda.
4. Approval of the text of the invitation to the Annual General Meeting.
5. Miscellaneous.

After discussions the Board of Directors took the following

## **D E C I S I O N S :**

### **I. On item 1 of the agenda:**

Approves the report prepared by the Board of Directors on the application of the Remuneration policy for the members of the Board of Directors in 2014.

The approved Report shall be submitted to the Annual General Meeting of Shareholders for approval and shall be included in the agenda materials of the Annual General Meeting of Shareholders for accounting of the activities of the Company in 2014

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 1 of the agenda was unanimously approved by the Board of Directors.**

## **II. On item 2 of the agenda:**

The Board of Directors, pursuant to art. 223 of the Commercial Act /CA/ and art. 115 of the Public Offering of Securities ACT /POSA/, convenes an Annual General Meeting of Shareholders of Sopharma AD, which shall be held on 19 June 2015 at 11:00 at the Company's headquarters in Sofia, at: 5 Lachezar Stanchev Str., Building B and in the absence of quorum on 3 July 2015 at the same place, the same time and with the same agenda

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 2 of the agenda was unanimously approved by the Board of Directors.**

## **III. On item 3 of the agenda:**

**The General Meeting of Shareholders shall be conducted with the following agenda and the following draft decisions, proposed by the Board of Directors:**

- 1. Approval of the Annual report of the Board of Directors of the Company for 2014; Draft decision:** AGM approves the Annual report of the Board of Directors of the Company for 2014;
- 2. Approval of the Annual report of the Investor Relations Director for 2014; Draft decision:** AGM approves the Annual report of the Investor Relations Director for 2014;
- 3. Approval of the Audit report on the audit of the annual financial statements of the Company for 2014; Draft decision:** AGM approves the Audit report on the audit of the annual financial statements of the Company for 2014;
- 4. Approval of the audited annual financial statements of the Company for 2014; Draft decision:** AGM approves the audited annual financial statements of the Company for 2014;
- 5. Approval of the audited annual consolidated financial statements of the Company for 2014; Draft decision:** AGM approves the audited annual consolidated financial statements of the Company for 2014;
- 6. Approval of the report of the Audit Committee for 2014; Draft decision:** AGM approves the report of the Audit Committee for 2014;
- 7. Approval of a decision on the distribution of the Company's net profit for 2014 and undistributed profit from past periods; Draft decision:** AGM approves the proposal by the Board of Directors for the distribution of the profit generated in 2014 and the undistributed profit from past periods as follows: net profit for 2014 amounts to 26 532 491.96 BGN /twenty-six million, five hundred and thirty-two thousand, four

hundred and ninety-one leva and ninety-six stotinki/. The undistributed profit from past periods amounts to 2 620 712.71 /two million, six hundred and twenty thousand, seven hundred and twelve leva and seventy-one stotinki/. The total amount of the profit, subject to distribution, is 29 153 204.67 /twenty-nine million, one hundred and fifty-three thousand, two hundred and four leva and sixty-seven stotinki/. After the allocation of 10% to the statutory reserve, amounting to 2 915 320.46 BGN /two million, nine hundred and fifteen thousand, three hundred and twenty leva and forty-six stotinki/, from the remaining sum, amounting to 26 237 884.21 BGN /twenty-six million, two hundred and thirty-seven thousand, eight hundred and eighty-four leva and twenty-one stotinki/ shall be allocated to the additional reserves of the Company. No dividend shall be paid to the shareholders.

8. **Approval of decision to discharge from liability the members of the Board of Directors for their activities in 2014; Draft decision:** AGM discharges from liability the members of the Board of Directors for their activities in 2014;
9. **Election of a registered auditor of the Company for 2015; Draft decision:** AGM elects a registered auditor to audit and certify the annual financial statements of the Company for 2015 according to the proposal of the Audit Committee, included in the agenda materials.
10. **Approval of the Report of the Board of Directors about the application of the Remuneration policy for the members of the Board of Directors of the Company in 2014; Draft decision:** AGM approves the Report of the Board of Directors about the application of the Remuneration policy for the members of the Board of Directors of the Company in 2014.
11. **Determining the remuneration of the members of the Board of Directors for 2015; Draft decision:** On the basis of art. 24, par. 3, letter A of the Company's Articles of Association AGM decided: the regular monthly remuneration of the members of the Board of Directors, as well as the regular monthly remuneration of the Executive Director in 2015 shall remain the same.
12. **Approval of decision under art. 24, par. 3, letter B of the Company's Articles of Association; Draft decision:** Pursuant to art. 24, par. 3, letter B of the Articles of Association an additional fee of 1% /one percent/ of the net profit for 2014 according to the approved annual financial statements, shall be paid to the Executive Director of the Company;
13. **Approval of decision determining the percent of the net profit for 2014 to be distributed among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company; Draft decision:** AGM approves the decision for the distribution of 2% /two percent/ of the net profit for 2014 among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company
14. **Miscellaneous.**

The materials related to the agenda of the AGM shall be sent within the legal deadline to the Financial Supervision Commission, shall be published on the Company's website: [www.sopharma.bg](http://www.sopharma.bg) and shall be made available to the shareholders at the following address:

Sofia, 16 Iliensko Shousee Str. from the moment the invitation to the AGM is registered in the Commercial Register. Upon a request by a shareholder the Company shall provide the materials to them at no cost.

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 3 of the agenda was unanimously approved by the Board of Directors.**

#### **IV. On item 4 of the agenda:**

**The Board of Directors has decided:** Pursuant to art. 223 of CA, an **Invitation for the Annual General Meeting of Shareholders with the following text** shall be announced in the Commercial Register and under the terms and conditions of art. 100, par. 1 and 3 of POSA:

“The Board of Directors, pursuant to art. 223 of the Commercial Act /CA/ and art. 115 of the Public Offering of Securities ACT /POSA/, convenes an Annual General Meeting of Shareholders of Sopharma AD, which shall be held on 19 June 2015 at 11:00 at the Company's headquarters in Sofia, at: 5 Lachezar Stanchev Str., Building B and in the absence of quorum on 3 July 2015 at the same place, the same time and with the same agenda:

1. **Approval of the Annual report of the Board of Directors of the Company for 2014; Draft decision:** AGM approves the Annual report of the Board of Directors of the Company for 2014;
2. **Approval of the Annual report of the Investor Relations Director for 2014; Draft decision:** AGM approves the Annual report of the Investor Relations Director for 2014;
3. **Approval of the Audit report on the audit of the annual financial statements of the Company for 2014; Draft decision:** AGM approves the Audit report on the audit of the annual financial statements of the Company for 2014;
4. **Approval of the audited annual financial statements of the Company for 2014; Draft decision:** AGM approves the audited annual financial statements of the Company for 2014;
5. **Approval of the audited annual consolidated financial statements of the Company for 2014; Draft decision:** AGM approves the audited annual consolidated financial statements of the Company for 2014;
6. **Approval of the report of the Audit Committee for 2014; Draft decision:** AGM approves the report of the Audit Committee for 2014;
7. **Approval of a decision on the distribution of the Company's net profit for 2014 and undistributed profit from past periods; Draft decision:** AGM approves the proposal by

the Board of Directors for the distribution of the profit generated in 2014 and the undistributed profit from past periods as follows: net profit for 2014 amounts to 26 532 491.96 BGN /twenty-six million, five hundred and thirty-two thousand, four hundred and ninety-one leva and ninety-six stotinki/. The undistributed profit from past periods amounts to 2 620 712.71 /two million, six hundred and twenty thousand, seven hundred and twelve leva and seventy-one stotinki/. The total amount of the profit, subject to distribution, is 29 153 204.67 /twenty-nine million, one hundred and fifty-three thousand, two hundred and four leva and sixty-seven stotinki/. After the allocation of 10% to the statutory reserve, amounting to 2 915 320.46 BGN /two million, nine hundred and fifteen thousand, three hundred and twenty leva and forty-six stotinki/, from the remaining sum, amounting to 26 237 884.21 BGN /twenty-six million, two hundred and thirty-seven thousand, eight hundred and eighty-four leva and twenty-one stotinki/ shall be allocated to the additional reserves of the Company. No dividend shall be paid to the shareholders.

8. **Approval of decision to discharge from liability the members of the Board of Directors for their activities in 2014; Draft decision:** AGM discharges from liability the members of the Board of Directors for their activities in 2014;
9. **Election of a registered auditor of the Company for 2015; Draft decision:** AGM elects a registered auditor to audit and certify the annual financial statements of the Company for 2015 according to the proposal of the Audit Committee, included in the agenda materials.
10. **Approval of the Report of the Board of Directors about the application of the Remuneration policy for the members of the Board of Directors of the Company in 2014; Draft decision:** AGM approves the Report of the Board of Directors about the application of the Remuneration policy for the members of the Board of Directors of the Company in 2014.
11. **Determining the remuneration of the members of the Board of Directors for 2015; Draft decision:** On the basis of art. 24, par. 3, letter A of the Company's Articles of Association AGM decided: the regular monthly remuneration of the members of the Board of Directors, as well as the regular monthly remuneration of the Executive Director in 2015 shall remain the same.
12. **Approval of decision under art. 24, par. 3, letter B of the Company's Articles of Association; Draft decision:** Pursuant to art. 24, par. 3, letter B of the Articles of Association an additional fee of 1% /one percent/ of the net profit for 2014 according to the approved annual financial statements, shall be paid to the Executive Director of the Company;
13. **Approval of decision determining the percent of the net profit for 2014 to be distributed among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company; Draft decision:** AGM approves the decision for the distribution of 2% /two percent/ of the net profit for 2014 among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company
14. **Miscellaneous.**

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

Written materials for the AGM are available to shareholders at the headquarters of the Company in Sofia, 16 Iliensko shose Str., the records department, 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 AGM.

Pursuant to art. 118, par. 2, item 4 of POSA, persons holding jointly or separately at least 5 percent of the capital of the public company 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 AGM to the Commercial Register a list of items that should be included in the agenda and the accompanying draft decisions, as well as any draft decisions on items already included in the agenda. Through the announcement in the Commercial Register the items, respectively the draft decisions on items already included in the agenda, are deemed included in the proposed agenda of the AGM. 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 AGM shareholders - individuals must present an identity document, shareholders - legal entities must present an original or certified copy of a current certificate of commercial/court registration 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 written letter of attorney for the particular General Meeting with a minimum content as per art. 116, par. 1 of POSA.

In case a shareholder – legal entity is represented by a physical person the authorized person must provide their identity document, original or a certified copy of a current certificate of commercial/court registration of the shareholder – legal entity, as well as an explicit written letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA, signed by the lawful representative of the shareholder – legal entity, entered in the current certificate of good standing.

In case a shareholder is represented by a legal entity, the person, representing the proxy, apart from their identification document, must present an original or a certified copy of a current certificate of commercial/court registration of the proxy - legal entity, an explicit written letter of attorney for the particular General Meeting with content as per art. 116, par. 1

of POSA, issued by the shareholder, and if the shareholder is a legal person, the person representing the proxy must also present an original or a certified copy of a current certificate of commercial/court registration of the shareholder.

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.

The certificate of commercial/court registration and the letter of attorney for representation at the AGM, 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 a sample letter of attorney in paper and electronic form along with the materials for the AGM. The letter of attorney form is also available on the Company's website [www.sopharma.bg](http://www.sopharma.bg).

**As a prerequisite for the technical provisioning of the procedure for registration in the Annual General Meeting of Shareholders, copies of the issued letters of attorney must be presented to the Company on paper or electronically by the end of the workday preceding the date of the AGM, namely 5 p.m. on 18 June 2015.**

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 General Meeting, scheduled for 20 June 2015, and in the absence of quorum – 3 July 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 AGM, /i.e. 5 June 2015/, 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 AGM 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 AGM and shall contain: identification of the shareholder; the number of shares owned by the shareholder; agenda of the issues proposed for discussion on the particular AGM in accordance with the announced invitation to the AGM 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 current certificate of commercial registration of the company - shareholder. Business registration certificate 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 18 June 2015, which is the day preceding the date set for the General Meeting.
8. If the shareholder of Sopharma AD, who has voted by correspondence, attends the General Meeting on 19 June 2015, his correspondence voting is valid, unless the shareholder states the opposite upon their registration for participation at the General Meeting of Shareholders. 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 1220, 16 Iliensko Shose 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 AGM as at the date of the decision of the Board of Directors for convening of the General Meeting, is 134 797 899 /one hundred and thirty-four million, seven hundred and ninety-seven thousand, eight hundred and ninety-nine/ dematerialized registered shares with voting rights.

Pursuant to art.115b, par.1 of POSA voting right at the AGM shall be exercised by persons registered in the Central Depository as shareholders 14 days before the General Meeting, which date, valid for the current Annual General Meeting of Shareholders of Sopharma AD, is 5 June 2015, and only persons registered as shareholders at this date are eligible to vote and participate at the AGM. To determine the group of shareholders entitled to vote at the General Meeting, scheduled for 19 June 2015, the Company will obtain from the Central Depository AD a list of shareholders as at 5 June 2015. Pursuant to art. 187a, par. 3 of the Commercial Act the exercising of all rights, including the right to vote, on all treasury shares of the company as at 5 June 2015 shall be ceased until their transfer.



Pursuant to art. 227, par. 3 of the Commercial Act, in the absence of quorum on the date indicated in this invitation as the date for the AGM the General Meeting will be held on 3 July 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:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 4 of the agenda was unanimously approved by the Board of Directors.**

**V. On item 5 of the agenda:**

**The Board of Directors took the following decision:** The Board assigns the Executive Director the organization and control on the execution of the factual and legal actions on the preparation and conduct of the Annual General Meeting of Shareholders of Sopharma to ensure compliance with the requirements of the Commercial Act, the Public Offering of Securities Act and the Articles of Association of the Company.

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

**The decision on item 5 of the agenda was unanimously approved by the Board of Directors.**

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

The present minutes were prepared in two identical copies and were signed as follows:

1. Ognian Ivanov Donev: .....
2. Vessela Liubenova Stoeva .....
3. Alexandar Victorov Tchaouchev: .....
4. Ognian Kirilov Palaveev: .....

5. Andrey Liudmilov Breshkov:

.....