

## BALANCE SHEET

Company name:  
Type of statement: consolidated/non-consolidated:

"Kaolin" AD
consolidated
01.01.2009 - 31.12.2009

Bulstat	827182866

Reporting period:

( thousand BGN)

ASSETS	Code	Current period	Previous period	LIABILITIES	Code	Current period	Previous period
<b>A. NON-CURRENT ASSETS</b>				<b>A. SHAREHOLDERS' EQUITY</b>			
I. Property, plant and equipment				I. Share capital			
1. Land	1-0011	20 446	14 122	Issued and outstanding shares	1-0411	25 000	25 000
2. Buildings	1-0012	18 107	12 018	Ordinary shares	1-0411-1	25 000	25 000
3. Machinery and equipment	1-0013	51 832	22 164	Preferred shares	1-0411-2		
4. Facilities	1-0014	15 954	12 699	Treasury ordinary shares	1-0417		
5. Vehicles	1-0015	4 437	6 081	Treasury preferred shares	1-0417-1		
6. Office fittings	1-0017-1	722	764	Unpaid capital	1-0416		
7. Assets under construction	1-0018	16 183	42 127	Total share capital	<b>1-0410</b>	25 000	25 000
8. Other	1-0017	77	66	II. Reserves			
Total property, plant and equipment	<b>1-0010</b>	127 758	110 041	1. Issue premiums	1-0421	54 757	54 757
II. Investment property	<b>1-0041</b>			2. Revaluation reserve	1-0422	1 674	2 714
III. Farm animals	<b>1-0016</b>			3. Reserves incl.:	1-0423	19 322	21 407
IV. Intangible assets				general reserves	1-0424	4 864	4 803
1. Rights of ownership	1-0021	243	247	special reserves	1-0425		
2. Software	1-0022	29	61	other reserves	1-0426	14 458	16 604
3. R&D expenses	1-0023	1 110	1 110	Total reserves	<b>1-0420</b>	75 753	78 878
4. Other intangible assets	1-0024	2 025	853	III. Retained earnings			
Total intangible assets	<b>1-0020</b>	3 407	2 271	1. Retained earnings from previous periods	1-0451	1 032	196
V. Goodwill				undistributed profit	1-0452	1 032	196
1. Positive goodwill	1-0051	14 806	13 678	loss not covered	1-0453		
2. Negative goodwill	1-0052			one-time effect from changes in accounting policy	1-0451-1		
Total goodwill	<b>1-0050</b>	14 806	13 678	2. Current year profit	1-0454	5 013	9 691
VI. Financial assets				3. Current year loss	1-0455		
1. Share participations in:				Total retained earnings	<b>1-0450</b>	6 045	9 887
subsidiary companies	1-0031	12	12				
joint ventures	1-0032						
associated companies	1-0033			TOTAL SHAREHOLDERS' EQUITY	<b>1-0400</b>	106 798	113 765
other companies	1-0034						
2. Long-term investment securities held to maturity	1-0035	12	12	<b>B. MINORITY SHAREHOLDINGS</b>	<b>1-0400-1</b>	14 914	5 612
treasury bonds	1-0042-1						
bonds	1-0042-2			<b>C. LONG-TERM LIABILITIES</b>			
incl. municipality bonds	1-0042-3			I. Long-term debt			
other	1-0042-4			1. Due to related parties	1-0511		
3. Other financial assets	1-0042-5			2. Due to financial institutions	1-0512	62 359	52 516
Total long-term financial assets	<b>1-0040</b>	12	12	3. Due under ZUNK	1-0512-1		
VII. Long-term trade and other receivables from:				4. Trade loans	1-0514	3 767	5 042
1. Related parties	1-0044		130	5. Bonds	1-0515	11 915	
2. Trade loans	1-0045	389	31	6. Other long-term liabilities	1-0517	1 445	359
3. Financial lease receivables	1-0046-1			Total long-term debt	<b>1-0510</b>	79 486	57 917
4. Other long-term receivables	1-0046	14	14	II. Other long-term liabilities	<b>1-0510-1</b>		
Total long-term trade and other receivables	<b>1-0040-1</b>	403	175	III. Deferred revenues	<b>1-0520</b>		
VIII. Deferred expenses	<b>1-0060</b>			IV. Liabilities on deferred taxes	<b>1-0516</b>	271	217
IX. Assets on deferred tax payments	<b>1-0060-1</b>	153	176	V. Financing	<b>1-0520-1</b>		
TOTAL NON-CURRENT ASSETS	<b>1-0100</b>	146 539	126 353	TOTAL LONG-TERM LIABILITIES	<b>1-0500</b>	79 757	58 134

<b>B. CURRENT ASSETS</b>				<b>D. SHORT-TERM LIABILITIES</b>			
I. Inventory				I. Trade and other payables			
1. Materials	1-0071	6 044	6 544	1. Short-term borrowings	1-0612	40 752	20 203
2. Finished goods	1-0072	21 456	14 327	2. Short-term part of long-term loans	1-0510-2		
3. Goods for resale	1-0073	4 352	3 818	3. Short-term payables	1-0630	23 384	24 810
4. Work in progress	1-0076	2 297	2 619	related parties payables	1-0611	1 004	339
5. Farm animals	1-0074			trade loans	1-0614	2 192	2 635
6. Other materials	1-0077			trade accounts payables	1-0613	16 253	18 640
Total inventory	<b>1-0070</b>	<b>34 149</b>	<b>27 308</b>	advance payments	1-0613-1	363	1 031
				salaries payable	1-0615	1 982	1 502
II. Receivables				social security payable	1-0616	450	454
1. Related parties receivables	1-0081	15 408	6 436	tax payable	1-0617	1 140	209
2. Trade accounts receivables	1-0082	28 176	23 676	4. Other	1-0618	966	1 504
3. Advance payments	1-0086-1	7 410	10 079	5. Provisions	1-0619		
4. Trade loans	1-0083	2 233	1 900	Total trade and other payables	<b>1-0610</b>	<b>65 102</b>	<b>46 517</b>
5. Court receivables	1-0084	305	300				
6. Recoverable taxes	1-0085	3 587	4 913				
7. Personnel receivables	1-0086-2	6	26				
8. Other receivables	1-0086	1 103	1 011	II. Other short-term liabilities	<b>1-0610-1</b>		
Total receivables	<b>1-0080</b>	<b>58 228</b>	<b>48 341</b>	III. Deferred revenues	<b>1-0700</b>	<b>14</b>	<b>18</b>
				IV. Financing	<b>1-0700-1</b>	<b>261</b>	<b>261</b>
III. Financial assets							
1. Financial assets held for trading	1-0093	0	0				
bonds	1-0093-1			TOTAL SHORT-TERM LIABILITIES	<b>1-0750</b>	<b>65 377</b>	<b>46 796</b>
derivatives	1-0093-2						
other	1-0093-3						
2. Financial assets declared for sale	1-0093-4						
3. Other current financial assets	1-0095	7	6				
Total current financial assets	<b>1-0090</b>	<b>7</b>	<b>6</b>				
IV. Cash and cash equivalents							
1. Cash	1-0151	1 089	1 280				
2. Cash in banks	1-0153	17 163	17 014				
3. Restricted cash	1-0155	6 245	880				
4. Cash equivalents	1-0157	997	616				
Total cash and cash equivalents	<b>1-0150</b>	<b>25 494</b>	<b>19 790</b>				
V. Deferred expenses	<b>1-0160</b>	<b>2 429</b>	<b>2 509</b>				
TOTAL CURRENT ASSETS	<b>1-0200</b>	<b>120 307</b>	<b>97 954</b>				
<b>TOTAL ASSETS</b>	<b>1-0300</b>	<b>266 846</b>	<b>224 307</b>	<b>TOTAL LIABILITIES</b>	<b>1-0800</b>	<b>266 846</b>	<b>224 307</b>

Date: 19.03.2010

Accountant: Irina Stoyanova

Manager: Aleksandar Prokopiev

## INCOME STATEMENT

Company name:

"Kaolin" AD

Bulstat

827182866

Type of statement: consolidated/non-consolidated:

consolidated

Reporting period:

01.01.2009 - 31.12.2009

(thousand BGN)

EXPENSES	Code	Current period	Previous period	REVENUES	Code	Current period	Previous period
<b>A. Expenditures</b>				<b>A. Revenues</b>			
<b>I. Operating expenses</b>				<b>I. Net revenues from the sale of:</b>			
1. Materials	2-1120	32 783	35 619	1. Finished goods	2-1551	78 154	85 235
2. External services	2-1130	54 984	59 078	2. Goods for sale	2-1552	11 454	14 315
3. Depreciation	2-1160	14 526	10 419	3. Services	2-1560	40 539	36 572
4. Salaries	2-1140	13 839	15 322	4. Other	2-1556	5 463	6 914
5. Social security	2-1150	2 599	3 226	<b>Total net revenues from sale</b>	<b>2-1610</b>	135 610	143 036
6. Net book value of assets sold (finished goods excluded)	2-1010	9 849	13 694				
7. Assets under construction and write off of assets	2-1030	-5 448	-10 204	<b>II. Revenues from financing for fixed assets</b>	<b>2-1620</b>	150	150
8. Other expenses	2-1170	3 291	2 963	incl. government grants	2-1621		
incl. impairment of assets	2-1171						
incl. provisions	2-1172			<b>III. Financial income</b>			
<b>Total operating expenses:</b>	<b>2-1100</b>	126 423	130 117	1. Interest revenue	2-1710	1 422	2 054
				2. Dividend income	2-1721		
<b>II. Financial expenses</b>				3. Gains from operations with financial assets and instruments	2-1730	222	899
1. Interest expenses	2-1210	3 337	2 482	4. Gains from foreign exchange operations	2-1740	2 531	4 119
2. Losses from operations with financial assets and instruments	2-1220	135	270	5. Other financial income	2-1745		9
3. Losses from foreign exchange operations	2-1230	2 632	4 830	<b>Total financial income</b>	<b>2-1700</b>	4 175	7 081
4. Other financial expenses	2-1240	696	737				
<b>Total financial expenses:</b>	<b>2-1200</b>	6 800	8 319				
<b>B. Total operating expenses</b>	<b>2-1300</b>	133 223	138 436	<b>B. Total revenues before extraordinary activities</b>	<b>2-1600</b>	139 935	150 267
<b>C. Profit/(loss) from operations</b>	<b>2-1310</b>	6 712	11 831	<b>C. Operating loss</b>	<b>2-1810</b>	0	0
<b>III. Share in the profit of associated and joint companies</b>	<b>2-1250-1</b>			<b>IV. Share in the loss of associated and joint companies</b>	<b>2-1810-1</b>		
<b>IV. Extraordinary costs</b>	<b>2-1250</b>			<b>V. Extraordinary revenues</b>	<b>2-1750</b>		
<b>D. Total expenses</b>	<b>2-1350</b>	133 223	138 436	<b>D. Total revenues</b>	<b>2-1800</b>	139 935	150 267
<b>E. Profit before tax</b>	<b>2-1400</b>	6 712	11 831	<b>E. Loss before taxes</b>	<b>2-1850</b>	0	0
<b>V. Tax expense</b>	<b>2-1450</b>	1 430	1 491				
1. Corporate profit tax	2-1451	1 399	1 577				
2. Expenses/(gains) on deferred corporate taxes	2-1452	31	-86				
3. Other taxes	2-1453						
<b>F. Profit after taxes</b>	<b>2-0454</b>	5 282	10 340	<b>F. Loss after taxes</b>	<b>2-0455</b>	0	0
incl. from minority shareholding	2-0454-1	269	649	incl. from minority shareholdings	2-0455-1		
<b>G. Net profit</b>	<b>2-0454-2</b>	5 013	9 691	<b>G. Net loss</b>	<b>2-0455-2</b>	0	0
<b>Total</b>	<b>2-1500</b>	139 935	150 267	<b>Total</b>	<b>2-1900</b>	139 935	150 267

Date: 19.03.2010

Accountant: Irina Stoyanova

Manager: Aleksandar Prokopiev

**CASH FLOW STATEMENT - DIRECT METHOD**

Company name: "Kaolin" AD Bulstat 827182866

Type of statement: consolidated/non-consolidated consolidated PF-05-

Reporting period: 01.01.2009 - 31.12.2009 (thousand BGN)

CASH FLOW	Code	Current period	Previous period
<b>A. Cash flow from operating activities</b>			
1. Cash receipts from customers	3-2201	131 262	150 664
2. Cash paid to suppliers	3-2201-1	-99 597	-120 329
3. Payments/income related to financial assets	3-2202		
4. Cash paid to employees and social security	3-2203	-15 940	-19 020
5. Paid/refunded taxes except corporate tax/	3-2206	741	5 608
6. Corporate tax paid	3-2206-1	-186	-3 271
7. Interest received	3-2204	866	1 166
8. Interest and bank charges paid on short-term loans	3-2204-1	-1 151	-1 142
9. Foreign currency exchange gains/losses net	3-2205	133	2 541
10. Other proceeds/payments from operational activity	3-2208	-2 710	-4 596
<b>Net cash flow from operational activities (A):</b>	<b>3-2200</b>	<b>13 418</b>	<b>11 621</b>
<b>B. Cash flow from investing activity</b>			
1. Purchase of fixed assets	3-2301	-33 358	-58 952
2. Sale of fixed assets	3-2301-1	535	56
3. Loans granted	3-2302		
4. Proceeds from loans	3-2302-1	-3 321	-4 569
5. Interest received on granted loans	3-2302-2	40	
6. Purchase of investments	3-2302-3	2 849	-8 386
7. Sale of investments	3-2302-4		
8. Dividends received	3-2303		
9. Foreign currency exchange gains/losses net	3-2305		
10. Other proceeds/payments from investing activity	3-2306	-950	189
<b>Net cash flow from investing activities (B):</b>	<b>3-2300</b>	<b>-34 205</b>	<b>-71 662</b>
<b>C. Cash flow from financing activities</b>			
1. Proceeds on securities issued	3-2401	3 653	2 892
2. Payments on securities buy-back	3-2401-1		
3. Proceeds on loans	3-2403	155 206	139 732
4. Payments of loans	3-2403-1	-126 021	-87 173
5. Payments on leasing contracts	3-2405	-343	-429
6. Paid interest, charges and commissions on investment loans	3-2404	-1 839	-1 571
7. Dividends paid	3-2404-1	-3 705	-7 396
8. Other proceeds/payments on financing activities	3-2407	-460	382
<b>Net cash flow from financing activities (C):</b>	<b>3-2400</b>	<b>26 491</b>	<b>46 437</b>
<b>D. Net decrease/increase in cash and cash equivalents (A+B+C) :</b>	<b>3-2500</b>	<b>5 704</b>	<b>-13 604</b>
<b>E. Cash and cash equivalents as of the beginning of the period</b>	<b>3-2600</b>	<b>19 790</b>	<b>33 394</b>
<b>F. Cash and cash equivalents as of the end of the period</b>	<b>3-2700</b>	<b>25 494</b>	<b>19 790</b>
cash and bank deposits	3-2700-1	18 252	18 294
restricted cash	3-2700-2	6 245	880

Date: 19.03.2010

Accountant: Irina Stoyanova

Manager: Aleksandar Prokopiev

**CHANGES IN SHAREHOLDERS' EQUITY STATEMENT**

Company name:  
Type of statement: consolidated/non-consolidated  
Reporting period:

"Kaolin" AD  
consolidated  
01.01.2009 - 31.12.2009

Bulstat  
PG-05-

827182866

(thousand BGN)

INDEXES	Code	Share capital	Reserves					Retained earnings		Reserve from transfers	Total shareholders' equity	Minority shareholdings
			Issue premiums	Revaluation reserve	Reserves including:			profit	loss			
					general	special	other					
a		1	2	3	4	5	6	7	8	9	10	11
Code		1-0410	1-0410	1-0422	1-0424	1-0425	1-0426	1-0452	1-0453	4-0426-1	1-0400	1-0400-1
<b>Balance-beginning of reporting period</b>	<b>4-01</b>	25 000	54 757	2 714	4 803	0	21 191	10 212	-325	-4587	113 765	5 612
<b>Changes in initial balances due to:</b>	<b>4-15</b>	0	0	0	0	0	0	0	0	0	0	0
Effect from changes in accounting policy	4-15-1										0	
Fundamental mistakes	4-15-2										0	
<b>Corrected balance - beginning of reporting period</b>	<b>4-01-1</b>	25 000	54 757	2 714	4 803	0	21 191	10 212	-325	-4 587	113 765	5 612
<b>Net profit/loss</b>	<b>4-05</b>							5 013	0		5 013	269
1. Distributed profit for:	4-06	0	0	0	0	0	5 003	-8 753	0	0	-3 750	0
dividends	4-07							-3 750			-3 750	
other	4-07-1						5 003	-5 003			0	
2. Loss coverage	4-08										0	
3. Revaluation of non-current tangible and intangible assets, incl.:	4-09	0	0	0	0	0	0	0	0	0	0	0
increase	4-10										0	
decrease	4-11										0	
4. Revaluation of financial assets and instruments, incl.:	4-12	0	0	0	0	0	0	0	0	0	0	0
increase	4-13										0	
decrease	4-14										0	
5. Deferred tax effect	4-16-1										0	
6. Other changes	4-16			-1 040	61		-3 340	-427	325		-4 421	10 752
<b>Balance - end of reporting period</b>	<b>4-17</b>	25 000	54 757	1 674	4 864	0	22 854	6 045	0	-4 587	110 607	16 633
7. Changes from transfers of annual financial reports of companies abroad	4-18									-3 809	-3 809	-1 719
8. Changes from revaluation of financial reports in case of hyper inflation	4-19										0	
<b>Shareholders' equity - as of end of reporting period</b>	<b>4-20</b>	25 000	54 757	1 674	4 864	0	22 854	6 045	0	-8 396	106 798	14 914

Date: 19.03.2010

Accountant: Irina Stoyanova

Manager: A. Prokopiev

