

## BALANCE SHEET

Company name:

Type of statement: consolidated/non-consolidated:

Reporting period:

"Kaolin" AD
consolidated
01.01.2008 - 31.12.2008

Bulstat

827182866

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	13514	10546	Issued and outstanding shares	1-0411	25000	25000
2. Buildings	1-0012	11931	7090	Ordinary shares	1-0411-1	25000	25000
3. Machinery and equipment	1-0013	22076	12179	Preferred shares	1-0411-2		
4. Facilities	1-0014	12698	9868	Treasury ordinary shares	1-0417		
5. Vehicles	1-0015	6077	5445	Treasury preferred shares	1-0417-1		
6. Office fittings	1-0017-1	764	672	Unpaid capital	1-0416		
7. Assets under construction	1-0018	42094	10162	Total share capital	<b>1-0410</b>	25000	25000
8. Other	1-0017	66		II. Reserves			
Total property, plant and equipment	<b>1-0010</b>	109220	55962	1. Issue premiums	1-0421	54724	54754
II. Investment property	<b>1-0041</b>			2. Revaluation reserve	1-0422	2724	2336
III. Farm animals	<b>1-0016</b>			3. Reserves incl.:	1-0423	21041	6458
IV. Intangible assets				general reserves	1-0424	4803	4815
1. Rights of ownership	1-0021	235	167	special reserves	1-0425		
2. Software	1-0022	71	70	other reserves	1-0426	16238	1643
3. R&D expenses	1-0023	1110	1110	Total reserves	<b>1-0420</b>	78489	63548
4. Other intangible assets	1-0024	854	175	III. Retained earnings			
Total intangible assets	<b>1-0020</b>	2270	1522	1. Retained earnings from previous periods	1-0451	196	8571
				undistributed profit	1-0452	512	8779
V. Goodwill				loss not covered	1-0453	-316	-208
1. Positive goodwill	1-0051	12756	7072	one-time effect from changes in accounting policy	1-0451-1		
2. Negative goodwill	1-0052			2. Current year profit	1-0454	9059	18112
Total goodwill	<b>1-0050</b>	12756	7072	3. Current year loss	1-0455		
VI. Financial assets				Total retained earnings	<b>1-0450</b>	9255	26683
1. Share participations in:	1-0031	15	5				
subsidiary companies	1-0032						
joint ventures	1-0033			<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1-0400</b>	112744	115231
associated companies	1-0034	2					
other companies	1-0035	13	5				
2. Long-term investment securities held to maturity	1-0042	0	64	<b>B. MINORITY SHAREHOLDINGS</b>	<b>1-0400-1</b>	5612	2695
treasury bonds	1-0042-1						
bonds	1-0042-2		64	<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	52516	39
Total long-term financial assets	<b>1-0040</b>	15	69	3. Due under ZUNK	1-0512-1		
VII. Long-term trade and other receivables from:				4. Trade loans	1-0514	5095	3037
1. Related parties	1-0044	130		5. Bonds	1-0515		
2. Trade loans	1-0045	31		6. Other long-term liabilities	1-0517	358	626
3. Financial lease receivables	1-0046-1		59	Total long-term debt	<b>1-0510</b>	57969	3702
4. Other long-term receivables	1-0046	8	6				
Total long-term trade and other receivables	<b>1-0040-1</b>	169	65	II. Other long-term liabilities	<b>1-0510-1</b>		
				III. Deferred revenues	<b>1-0520</b>		
VIII. Deferred expenses	<b>1-0060</b>	31		IV. Liabilities on deferred taxes	<b>1-0516</b>	273	279
IX. Assets on deferred tax payments	<b>1-0060-1</b>	156	74	V. Financing	<b>1-0520-1</b>		
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1-0100</b>	124617	64764	<b>TOTAL LONG-TERM LIABILITIES</b>	<b>1-0500</b>	58242	3981

<b>B. CURRENT ASSETS</b>				<b>D. SHORT-TERM LIABILITIES</b>			
I. Inventory				I. Trade and other payables			
1. Materials	1-0071	6518	3493	1. Short-term borrowings	1-0612	20203	10294
2. Finished goods	1-0072	14336	9288	2. Short-term part of long-term loans	1-0510-2		1956
3. Goods for resale	1-0073	3818	3504	3. Short-term payables	1-0630	24146	17267
4. Work in progress	1-0076	2633	2900	related parties payables	1-0611	339	359
5. Farm animals	1-0074			trade loans	1-0614	2619	2542
6. Other materials	1-0077			trade accounts payables	1-0613	17917	10143
Total inventory	<b>1-0070</b>	27305	19185	advance payments	1-0613-1	1030	235
				salaries payable	1-0615	1450	2305
II. Receivables				social security payable	1-0616	452	563
1. Related parties receivables	1-0081	6436	184	tax payable	1-0617	339	1120
2. Trade accounts receivables	1-0082	23561	24955	4. Other	1-0618	2153	2407
3. Advance payments	1-0086-1	10243	4061	5. Provisions	1-0619		
4. Trade loans	1-0083	1900	318	Total trade and other payables	<b>1-0610</b>	46502	31924
5. Court receivables	1-0084	1013	883				
6. Recoverable taxes	1-0085	4932	1214				
7. Personnel receivables	1-0086-2	26		II. Other short-term liabilities	<b>1-0610-1</b>		
8. Other receivables	1-0086	1025	597	III. Deferred revenues	<b>1-0700</b>	17	94
Total receivables	<b>1-0080</b>	49136	32212	IV. Financing	<b>1-0700-1</b>	261	200
III. Financial assets				TOTAL SHORT-TERM LIABILITIES	<b>1-0750</b>	<b>46780</b>	<b>32218</b>
1. Financial assets held for trading	1-0093	0	0				
bonds	1-0093-1						
derivatives	1-0093-2						
other	1-0093-3						
2. Financial assets declared for sale	1-0093-4						
3. Other current financial assets	1-0095	6					
Total current financial assets	<b>1-0090</b>	6	0				
IV. Cash and cash equivalents							
1. Cash	1-0151	1269	706				
2. Cash in banks	1-0153	17564	32527				
3. Restricted cash	1-0155	892	56				
4. Cash equivalents	1-0157	74	105				
Total cash and cash equivalents	<b>1-0150</b>	19799	33394				
V. Deferred expenses	<b>1-0160</b>	2515	4570				
TOTAL CURRENT ASSETS	<b>1-0200</b>	98761	89361				
<b>TOTAL ASSETS</b>	<b>1-0300</b>	<b>223378</b>	<b>154125</b>	<b>TOTAL LIABILITIES</b>	<b>1-0800</b>	<b>223378</b>	<b>154125</b>

Date: 27.02.2009

Accountant: Irina Stoyanova

Manager: Aleksandar Prokopiev

INCOME STATEMENT

Company name:

"Kaolin" AD

Bulstat

827182866

Type of statement: consolidated/non-consolidated:

consolidated

Reporting period:

01.01.2008 - 31.12.2008

(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	35629	23607	1. Finished goods	2-1551	85803	72725
2. External services	2-1130	58992	49715	2. Goods for sale	2-1552	14314	9969
3. Depreciation	2-1160	10421	8375	3. Services	2-1560	36004	29251
4. Salaries	2-1140	15226	11876	4. Other	2-1556	5600	5784
5. Social security	2-1150	3210	2795	<b>Total net revenues from sale</b>	<b>2-1610</b>	141721	117729
6. Net book value of assets sold (finished goods excluded)	2-1010	13694	12114				
7. Assets under construction and write off of assets	2-1030	-10324	-9577	<b>II. Revenues from financing for fixed assets</b>	<b>2-1620</b>	150	4
8. Other expenses	2-1170	2551	2379	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>	129 399	101 284	1. Interest revenue	2-1710	2054	1850
				2. Divident income	2-1721		
<b>II. Financial expenses</b>				3. Gains from operations with financial assets and instruments	2-1730	903	2671
1. Interest expenses	2-1210	2482	1559	4. Gains from foreign exchange operations	2-1740	4119	1334
2. Losses from operations with financial assets and instruments	2-1220	268		5. Other financial income	2-1745	9	4
3. Losses from foreign exchange operations	2-1230	4794	1269	<b>Total financial income</b>	<b>2-1700</b>	7085	5859
4. Other financial expenses	2-1240	744	466				
<b>Total financial expenses:</b>	<b>2-1200</b>	8 288	3 294				
<b>B. Total operating expenses</b>	<b>2-1300</b>	137 687	104 578	<b>B. Total revenues before extraordinary activities</b>	<b>2-1600</b>	148956	123592
<b>C. Profit/(loss) from operations</b>	<b>2-1310</b>	11 269	19 014	<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>		2000
<b>D. Total expenses</b>	<b>2-1350</b>	137 687	104 578	<b>D. Total revenues</b>	<b>2-1800</b>	148 956	125 592
<b>E. Profit before tax</b>	<b>2-1400</b>	11 269	21 014	<b>E. Loss before taxes</b>	<b>2-1850</b>	0	0
<b>V. Tax expense</b>	<b>2-1450</b>	1 561	2 362				
1. Corporate profit tax	2-1451	1649	2393				
2. Expenses/(gains) on deferred corporate taxes	2-1452	-88	-31				
3. Other taxes	2-1453						
<b>F. Profit after taxes</b>	<b>2-0454</b>	9 708	18 652	<b>F. Loss after taxes</b>	<b>2-0455</b>	0	0
incl. from minority shareholding	2-0454-1	649	540	incl. from minority shareholdings	2-0455-1		
<b>G. Net profit</b>	<b>2-0454-2</b>	9 059	18 112	<b>G. Net loss</b>	<b>2-0455-2</b>	0	0
<b>Total</b>	<b>2-1500</b>	148 956	125 592	<b>Total</b>	<b>2-1900</b>	148 956	125 592

Date: 27.02.2009

Accountant: Irina Stoyanova

Manager: Aleksandar Prokopiev



**CHANGES IN SHAREHOLDERS' EQUITY STATEMENT**

Company name:

"Kaolin" AD

Bulstat

827182866

Type of statement: consolidated/non-consolidated

consolidated

PT-05-

Reporting period:

01.01.2008 - 31.12.2008

(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	54 754	2 336	4 815	0	2076	26 891	-208	-433	115231	2 695
<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											
Fundamental mistakes	4-15-2											
<b>Corrected balance - beginning of reporting period</b>	<b>4-01-1</b>	25 000	54 754	2 336	4 815	0	2 076	26 891	-208	-433	115231	2 695
<b>Net profit/loss</b>	<b>4-05</b>							9059	0		9059	649
1. Distributed profit for:	4-06	0	0	0	0	0	19 016	-26 516	0	0	-7500	0
dividends	4-07							-7500			-7500	
other	4-07-1						19016	-19016			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		-30	388	-12		-227	137	-108		148	2268
<b>Balance - end of reporting period</b>	<b>4-17</b>	25 000	54 724	2 724	4 803	0	20 865	9 571	-316	-433	116938	5 612
7. Changes from transfers of annual financial reports of companies abroad	4-18									-4194	-4194	
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	54 724	2 724	4 803	0	20 865	9 571	-316	-4 627	112744	5 612

Date: 27.02.2009

Accountant: Irina Stoyanova

Manager: A. Prokopiev