

## BALANCE SHEET

Company name:

"Kaolin" AD

Bulstat

827182866

Type of statement: consolidated/non-consolidated:

consolidated

Reporting period:

01.01.2007 - 31.12.2007

( 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				1. Share capital			
1. Land	1-0011	10546	6532	Issued and outstanding shares	1-0411	25000	3403
2. Buildings	1-0012	7090	8825	Ordinary shares	1-0411-1	25000	3403
3. Machinery and equipment	1-0013	12179	11930	Preferred shares	1-0411-2		
4. Facilities	1-0014	9868	8650	Treasury ordinary shares	1-0417		
5. Vehicles	1-0015	5445	4991	Treasury preferred shares	1-0417-1		
6. Office fittings	1-0017-1	672	240	Unpaid capital	1-0416		
7. Assets under construction	1-0018	10162	4978	Total share capital	<b>1-0410</b>	25000	3403
8. Other	1-0017			II. Reserves			
Total property, plant and equipment	<b>1-0010</b>	55962	46146	1. Issue premiums	1-0421	54754	
II. Investment property	<b>1-0041</b>			2. Revaluation reserve	1-0422	2336	2580
III. Farm animals	<b>1-0016</b>			3. Reserves incl.:	1-0423	6458	16639
IV. Intangible assets				general reserves	1-0424	4815	4829
1. Rights of ownership	1-0021	167	42	special reserves	1-0425		
2. Software	1-0022	70	87	other reserves	1-0426	1643	11810
3. R&D expenses	1-0023	1110	476	Total reserves	<b>1-0420</b>	63548	19219
4. Other intangible assets	1-0024	175	142	III. Retained earnings			
Total intangible assets	<b>1-0020</b>	1522	747	1. Retained earnings from previous periods	1-0451	8571	5326
V. Goodwill				undistributed profit	1-0452	8779	5326
1. Positive goodwill	1-0051	7072	2848	loss not covered	1-0453	-208	
2. Negative goodwill	1-0052			one-time effect from changes in accounting policy	1-0451-1		
Total goodwill	<b>1-0050</b>	7072	2848	2. Current year profit	1-0454	18112	9184
VI. Financial assets				3. Current year loss	1-0455		
1. Share participations in:	1-0031	5	0	Total retained earnings	<b>1-0450</b>	26683	14510
subsidiary companies	1-0032						
joint ventures	1-0033			<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1-0400</b>	115231	37132
associated companies	1-0034						
other companies	1-0035	5					
2. Long-term investment securities held to maturity	1-0042	64	0	<b>B. MINORITY SHAREHOLDINGS</b>	<b>1-0400-1</b>	2695	1160
treasury bonds	1-0042-1						
bonds	1-0042-2	64		<b>C. LONG-TERM LIABILITIES</b>			
incl. municipality bonds	1-0042-3			1. 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	39	
Total long-term financial assets	<b>1-0040</b>	69	0	3. Due under ZUNK	1-0512-1		
VII. Long-term trade and other receivables from:				4. Trade loans	1-0514	3037	4214
1. Related parties	1-0044			5. Bonds	1-0515		1955
2. Trade loans	1-0045			6. Other long-term liabilities	1-0517	626	576
3. Financial lease receivables	1-0046-1	59	219	Total long-term debt	<b>1-0510</b>	3702	6745
4. Other long-term receivables	1-0046	6					
Total long-term trade and other receivables	<b>1-0040-1</b>	65	219	II. Other long-term liabilities	<b>1-0510-1</b>		
VIII. Deferred expenses	<b>1-0060</b>			III. Deferred revenues	<b>1-0520</b>		
IX. Assets on deferred tax payments	<b>1-0060-1</b>	74	31	IV. Liabilities on deferred taxes	<b>1-0516</b>	279	340
				V. Financing	<b>1-0520-1</b>		

TOTAL NON-CURRENT ASSETS	1-0100	64764	49991	TOTAL LONG-TERM LIABILITIES	1-0500	3981	7085
<b>B. CURRENT ASSETS</b>				<b>D. SHORT-TERM LIABILITIES</b>			
I. Inventory				I. Trade and other payables			
1. Materials	1-0071	3493	3178	1. Short-term borrowings	1-0612	10294	31084
2. Finished goods	1-0072	9288	7278	2. Short-term part of long-term loans	1-0510-2	1956	3912
3. Goods for resale	1-0073	3504	1436	3. Short-term payables	1-0630	17267	18665
4. Work in progress	1-0076	2900	11	related parties payables	1-0611	359	736
5. Farm animals	1-0074			trade loans	1-0614	2542	3097
6. Other materials	1-0077			trade accounts payables	1-0613	10143	10402
Total inventory	1-0070	19185	11903	advance payments	1-0613-1	235	78
				salaries payable	1-0615	2305	3095
II. Receivables				social security payable	1-0616	563	599
1. Related parties receivables	1-0081	184	11444	tax payable	1-0617	1120	658
2. Trade accounts receivables	1-0082	24955	16326	4. Other	1-0618	2407	2422
3. Advance payments	1-0086-1	4061	1497	5. Provisions	1-0619		
4. Trade loans	1-0083	318	354	Total trade and other payables	1-0610	31924	56083
5. Court receivables	1-0084	883	988				
6. Recoverable taxes	1-0085	1214	784	II. Other short-term liabilities	1-0610-1		
7. Personnel receivables	1-0086-2			III. Deferred revenues	1-0700	94	256
8. Other receivables	1-0086	597	1168	IV. Financing	1-0700-1	200	176
Total receivables	1-0080	32212	32561				
				TOTAL SHORT-TERM LIABILITIES	1-0750	32218	56515
III. Financial assets							
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						
Total current financial assets	1-0090	0	0				
IV. Cash and cash equivalents							
1. Cash	1-0151	706	337				
2. Cash in banks	1-0153	32527	2194				
3. Restricted cash	1-0155	56	176				
4. Cash equivalents	1-0157	105	85				
Total cash and cash equivalents	1-0150	33394	2792				
V. Deferred expenses	1-0160	4570	4645				
TOTAL CURRENT ASSETS	1-0200	89361	51901				
TOTAL ASSETS	1-0300	154125	101892	TOTAL LIABILITIES	1-0800	154125	101892

Date: 04.04.2008

Accountant: Neli Doncheva

Manager: Aleksandar Prokopiev

## INCOME STATEMENT

Company name:

"Kaolin" AD

Bulstat

827182866

Type of statement: consolidated/non-consolidated:

consolidated

Reporting period:

01.01.2007-31.12.2007

(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	23607	18142	1. Finished goods	2-1551	72725	56662
2. External services	2-1130	49715	30381	2. Goods for sale	2-1552	9969	6646
3. Depreciation	2-1160	8375	6119	3. Services	2-1560	29251	19457
4. Salaries	2-1140	11876	8589	4. Other	2-1556	5784	7398
5. Social security	2-1150	2795	1753	<b>Total net revenues from sale</b>	<b>2-1610</b>	117729	90163
6. Net book value of assets sold (finished goods excluded)	2-1010	12114	9274				
7. Assets under construction and write off of assets	2-1030	-9577	-2395	<b>II. Revenues from financing for fixed assets</b>	<b>2-1620</b>	4	
8. Other expenses	2-1170	2379	4507	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>	101 284	76 370	1. Interest revenue	2-1710	1850	615
				2. Divident income	2-1721		
<b>II. Financial expenses</b>				3. Gains from operations with financial assets and instruments	2-1730	2671	459
1. Interest expenses	2-1210	1559	2525	4. Gains from foreign exchange operations	2-1740	1334	31
2. Losses from operations with financial assets and instruments	2-1220		138	5. Other financial income	2-1745	4	64
3. Losses from foreign exchange operations	2-1230	1269	654	<b>Total financial income</b>	<b>2-1700</b>	5859	1169
4. Other financial expenses	2-1240	466	506				
<b>Total financial expenses:</b>	<b>2-1200</b>	3 294	3 823				
<b>B. Total operating expenses</b>	<b>2-1300</b>	104 578	80 193	<b>B. Total revenues before extraordinary activities</b>	<b>2-1600</b>	123592	91332
<b>C. Profit/(loss) from operations</b>	<b>2-1310</b>	19 014	11 139	<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>	104 578	80 193	<b>D. Total revenues</b>	<b>2-1800</b>	125 592	91 332
<b>E. Profit before tax</b>	<b>2-1400</b>	21 014	11 139	<b>E. Loss before taxes</b>	<b>2-1850</b>	0	0
<b>V. Tax expense</b>	<b>2-1450</b>	2 362	1 707				
1. Corporate profit tax	2-1451	2393	1754				
2. Expenses/(gains) on deferred corporate taxes	2-1452	-31	-47				
3. Other taxes	2-1453						
<b>F. Profit after taxes</b>	<b>2-0454</b>	18 652	9 432	<b>F. Loss after taxes</b>	<b>2-0455</b>	0	0
incl. from minority shareholding	2-0454-1	540	248	incl. from minority shareholdings	2-0455-1		
<b>G. Net profit</b>	<b>2-0454-2</b>	18 112	9 184	<b>G. Net loss</b>	<b>2-0455-2</b>	0	0
<b>Total</b>	<b>2-1500</b>	125 592	91 332	<b>Total</b>	<b>2-1900</b>	125 592	91 332

Date: 04.04.2008

Accountant: Neli Doncheva

Manager: Aleksandar Prokopiev



**CHANGES IN SHAREHOLDERS' EQUITY STATEMENT**

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

"Kaolin" AD  
consolidated  
01.01.2007-31.12.2007

Bulstat  
PT-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>	3 403	0	2 580	4 829	0	11 921	14 510	0	-111	37132	1 160
<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>	3 403	0	2 580	4 829	0	11 921	14 510	0	-111	37132	1 160
<b>Net profit/loss</b>	<b>4-05</b>							18112	0		18112	540
1. Distributed profit for:	4-06	0	0	0	0	0	6 322	-6 322	0	0	0	0
dividends	4-07										0	
other	4-07-1						6322	-6322			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	21597	54754	-244	-14		-16167	383			60309	1150
<b>Balance - end of reporting period</b>	<b>4-17</b>	25 000	54 754	2 336	4 815	0	2 076	26 683	0	-111	115553	2 850
7. Changes from transfers of annual financial reports of companies abroad	4-18									-322	-322	-155
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	54 754	2 336	4 815	0	2 076	26 683	0	-433	115231	2 695

Date: 04.04.2008

Accountant: Neli Doncheva

Manager: A. Prokopiev