

BALANCE SHEET

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

"Kaolin" AD
non-consolidated
01.01.2008 - 30.06.2008

Bulstat

827182866

Reporting period:

(thousand BGN)

ASSETS	Code	Current period	Previous period	LIABILITIES	Code	Current period	Previous period
A. NON-CURRENT ASSETS				A. SHAREHOLDERS' EQUITY			
I. Property, plant and equipment				I. Share capital			
1. Land	1-0011	9747	9061	Issued and outstanding shares	1-0411	25000	25000
2. Buildings	1-0012	7195	4609	Ordinary shares	1-0411-1	25000	25000
3. Machinery and equipment	1-0013	11823	10668	Preferred shares	1-0411-2		
4. Facilities	1-0014	10736	9850	Treasury ordinary shares	1-0417		
5. Vehicles	1-0015	4468	4609	Treasury preferred shares	1-0417-1		
6. Office fittings	1-0017-1	698	623	Unpaid capital	1-0416		
7. Assets under construction	1-0018	11898	6934	Total share capital	1-0410	25000	25000
8. Other	1-0017			II. Reserves			
Total property, plant and equipment	1-0010	56565	46354	1. Issue premiums	1-0421	54757	54757
II. Investment property	1-0041			2. Revaluation reserve	1-0422	2481	2481
III. Farm animals	1-0016			3. Reserves incl.:	1-0423	25277	6260
IV. Intangible assets				general reserves	1-0424		
1. Rights of ownership	1-0021	164	165	special reserves	1-0425	4768	4768
2. Software	1-0022	34	58	other reserves	1-0426	20509	1492
3. R&D expenses	1-0023	1110	1110	Total reserves	1-0420	82515	63498
4. Other intangible assets	1-0024	73	77	III. Retained earnings			
Total intangible assets	1-0020	1381	1410	1. Retained earnings from previous periods	1-0451	0	9325
				undistributed profit	1-0452		9325
V. Goodwill				loss not covered	1-0453		
1. Positive goodwill	1-0051	2083	2083	one-time effect from changes in accounting policy	1-0451-1		
2. Negative goodwill	1-0052			2. Current year profit	1-0454	5445	17191
Total goodwill	1-0050	2083	2083	3. Current year loss	1-0455		
VI. Financial assets				Total retained earnings	1-0450	5445	26516
1. Share participations in:	1-0031	34903	23158				
subsidiary companies	1-0032	34898	23153				
joint ventures	1-0033			TOTAL SHAREHOLDERS' EQUITY	1-0400	112960	115014
associated companies	1-0034						
other companies	1-0035	5	5				
2. Long-term investment securities held to maturity	1-0042	0	0	B. MINORITY SHAREHOLDINGS	1-0400-1		
treasury bonds	1-0042-1						
bonds	1-0042-2			C. LONG-TERM LIABILITIES			
incl. municipality bonds	1-0042-3			I. Long-term debt			
other	1-0042-4			1. Due to related parties	1-0511	1913	1687
3. Other financial assets	1-0042-5			2. Due to financial institutions	1-0512	20257	
Total long-term financial assets	1-0040	34903	23158	3. Due under ZUNK	1-0512-1		
VII. Long-term trade and other receivables from:				4. Trade loans	1-0514	1876	1861
1. Related parties	1-0044	2453		5. Bonds	1-0515		
2. Trade loans	1-0045			6. Other long-term liabilities	1-0517		

3. Financial lease receivables	1-0046-1	42	42	Total long-term debt	1-0510	24046	3548
4. Other long-term receivables	1-0046						
Total long-term trade and other receivables	1-0040-1	2495	42	II. Other long-term liabilities	1-0510-1		
				III. Deferred revenues	1-0520		
VIII. Deferred expenses	1-0060			IV. Liabilities on deferred taxes	1-0516	231	231
IX. Assets on deferred tax payments	1-0060-1			V. Financing	1-0520-1		
TOTAL NON-CURRENT ASSETS	1-0100	97427	73047	TOTAL LONG-TERM LIABILITIES	1-0500	24277	3779
B. CURRENT ASSETS							
I. Inventory				D. SHORT-TERM LIABILITIES			
1. Materials	1-0071	3269	2685	I. Trade and other payables			
2. Finished goods	1-0072	10733	7553	1. Short-term borrowings	1-0612	19317	9952
3. Goods for resale	1-0073	3306	3378	2. Short-term part of long-term loans	1-0510-2		1956
4. Work in progress	1-0076	2428	2837	3. Short-term payables	1-0630	20977	17029
5. Farm animals	1-0074			related parties payables	1-0611	6706	2308
6. Other materials	1-0077			trade loans	1-0614	942	2341
Total inventory	1-0070	19736	16453	trade accounts payables	1-0613	10446	8823
				advance payments	1-0613-1	267	98
II. Receivables				salaries payable	1-0615	2024	1954
1. Related parties receivables	1-0081	3159	3347	social security payable	1-0616	504	455
2. Trade accounts receivables	1-0082	24782	20396	tax payable	1-0617	88	1050
3. Advance payments	1-0086-1	7514	3878	4. Other	1-0618	8972	2299
4. Trade loans	1-0083	706	318	5. Provisions	1-0619		
5. Court receivables	1-0084	862	862	Total trade and other payables	1-0610	49266	31236
6. Recoverable taxes	1-0085	3180	973				
7. Personnel receivables	1-0086-2						
8. Other receivables	1-0086	450	497	II. Other short-term liabilities	1-0610-1		
Total receivables	1-0080	40653	30271	III. Deferred revenues	1-0700		94
				IV. Financing	1-0700-1	267	200
III. Financial assets							
1. Financial assets held for trading	1-0093	0	0				
bonds	1-0093-1			TOTAL SHORT-TERM LIABILITIES	1-0750	49533	31530
derivatives	1-0093-2						
other	1-0093-3						
2. Financial assets declared for sale	1-0093-4						
3. Other current financial assets	1-0095	23					
Total current financial assets	1-0090	23	0				
IV. Cash and cash equivalents							
1. Cash	1-0151	1248	697				
2. Cash in banks	1-0153	23955	25507				
3. Restricted cash	1-0155		55				
4. Cash equivalents	1-0157	101	105				
Total cash and cash equivalents	1-0150	25304	26364				
V. Deferred expenses	1-0160	3627	4188				
TOTAL CURRENT ASSETS	1-0200	89343	77276				
TOTAL ASSETS	1-0300	186770	150323	TOTAL LIABILITIES	1-0800	186770	150323

Date: 24.07.2008

Accountant: Neli Doncheva

Manager: Aleksandar Prokopiev

INCOME STATEMENT

Company name:

"Kaolin" AD

Bulstat

827182866

Type of statement: consolidated/non-consolidated:

non-consolidated

Reporting period:

01.01.2008-30.06.2008

(thousand BGN)

EXPENSES	Code	Current period	Previous period	REVENUES	Code	Current period	Previous period
A. Expenditures				A. Revenues			
I. Operating expenses				I. Net revenues from the sale of:			
1. Materials	2-1120	15562	10845	1. Finished goods	2-1551	33410	30232
2. External services	2-1130	24029	18448	2. Goods for sale	2-1552	6401	4080
3. Depreciation	2-1160	4071	3183	3. Services	2-1560	15613	12999
4. Salaries	2-1140	5108	4163	4. Other	2-1556	1592	3622
5. Social security	2-1150	1145	1031	Total net revenues from sale	2-1610	57016	50933
6. Net book value of assets sold (finished goods excluded)	2-1010	6236	5363				
7. Assets under construction and write off of assets	2-1030	-5485	-1163	II. Revenues from financing for fixed assets	2-1620	49	
8. Other expenses	2-1170	531	850	incl. government grants	2-1621		
incl. impairment of assets	2-1171						
incl. provisions	2-1172			III. Financial income			
Total operating expenses:	2-1100	51,197	42,720	1. Interest revenue	2-1710	802	574
				2. Dividend income	2-1721		
II. Financial expenses				3. Gains from operations with financial assets and instruments	2-1730	4	2550
1. Interest expenses	2-1210	760	1003	4. Gains from foreign exchange operations	2-1740	708	364
2. Losses from operations with financial assets and instruments	2-1220	94		5. Other financial income	2-1745	5	
3. Losses from foreign exchange operations	2-1230	889	392	Total financial income	2-1700	1519	3488
4. Other financial expenses	2-1240	199	199				
Total financial expenses:	2-1200	1,942	1,594				
B. Total operating expenses	2-1300	53,139	44,314	B. Total revenues before extraordinary activities	2-1600	58584	54421
C. Profit/(loss) from operations	2-1310	5,445	10,107	C. Operating loss	2-1810	0	0
III. Share in the profit of associated and joint companies	2-1250-1			IV. Share in the loss of associated and joint companies	2-1810-1		
IV. Extraordinary costs	2-1250			V. Extraordinary revenues	2-1750		2000
D. Total expenses	2-1350	53,139	44,314	D. Total revenues	2-1800	58,584	56,421
E. Profit before tax	2-1400	5,445	12,107	E. Loss before taxes	2-1850	0	0
V. Tax expense	2-1450	0	0				
1. Corporate profit tax	2-1451						
2. Expenses/(gains) on deferred corporate taxes	2-1452						
3. Other taxes	2-1453						
F. Profit after taxes	2-0454	5,445	12,107	F. Loss after taxes	2-0455	0	0
incl. from minority shareholding	2-0454-1			incl. from minority shareholdings	2-0455-1		
G. Net profit	2-0454-2	5,445	12,107	G. Net loss	2-0455-2	0	0
Total	2-1500	58,584	56,421	Total	2-1900	58,584	56,421

Date: 24.07.2008

Accountant: Neli Doncheva

Manager: Aleksandar Prokopiev

CHANGES IN SHAREHOLDERS' EQUITY STATEMENT

Company name:
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(thousand BGN)

INDEXES	Code	Reserves						Retained earnings		Reserve from transfers	Total shareholders' equity	Minority shareholdings
		Share capital	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
Balance-beginning of reporting period	4-01	25,000	54,757	2,481	0	4,768	1492	26,516	0		115014	0
Changes in initial balances due to:	4-15	0	0	0	0	0	0	0	0	0	0	0
Effect from changes in accounting policy	4-15-1										0	0
Fundamental mistakes	4-15-2										0	0
Corrected balance - beginning of reporting period	4-01-1	25,000	54,757	2,481	0	4,768	1,492	26,516	0	0	115014	0
Net profit/loss	4-05							5445	0		5445	
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	0
2. Loss coverage	4-08										0	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	0
decrease	4-11										0	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	0
decrease	4-14										0	0
5. Deferred tax effect	4-16-1										0	0
6. Other changes	4-16						1				1	
Balance - end of reporting period	4-17	25,000	54,757	2,481	0	4,768	20,509	5,445	0	0	112960	0
7. Changes from transfers of annual financial reports of companies abroad	4-18										0	
8. Changes from revaluation of financial reports in case of hyper inflation	4-19										0	
Shareholders' equity - as of end of reporting period	4-20	25,000	54,757	2,481	0	4,768	20,509	5,445	0	0	112960	0

Date: 24.07.2008

Accountant: Neli Doncheva

Manager: Al. Prokopiev

NON-CURRENT ASSETS STATEMENT

Company name:
Reporting period:

"Kaolin" AD
01.01.2008-30.06.2008

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PF-05-

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(thousand BGN)

INDEXES	Code	Reported value of non-current assets				Revaluation		Revaluation (4+5-6)	Depreciation				Revaluation		Revaluated depreciation as of end of period (11+12-13)	Balance value for the current period (7-14)
		beginning of period	purchased during the period	written-off during the period	end of period	increase	decrease		beginning of period	estimated during period	written-off during period	end of period	increase	decrease		
a	b	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I. Property, plant and equipment																
1. Land	5-1001	11269	818	26	12061			12061	2208	106		2314			2314	9747
2. Buildings	5-1002	7227	2769		9996			9996	2619	182		2801			2801	7195
3. Machinery and equipment	5-1003	24177	3881	231	27827			27827	13509	2525	30	16004			16004	11823
4. Facilities	5-1004	14309	1181		15490			15490	4459	295		4754			4754	10736
5. Vehicles	5-1005	7494	1000	462	8032			8032	2885	867	188	3564			3564	4468
6. Office fittings	5-1007-1	888	138		1026			1026	264	64		328			328	698
7. Assets under construction	5-1007-2	6934	11649	6685	11898			11898				0			0	11898
8. Other	5-1007				0			0				0			0	0
Total property, plant and equipment	5-1015	72298	21436	7404	86330	0	0	86330	25944	4039	218	29765	0	0	29765	56565
II. Investment property	5-1037				0			0				0			0	0
III. Farm animals	5-1006				0			0				0			0	0
IV. Intangible assets					0			0				0			0	0
1. Rights of ownership	5-1017	194			194			194	29	1		30			30	164
2. Software	5-1018	741	3		744			744	683	27		710			710	34
3. R&D expenses	5-1019	1110			1110			1110				0			0	1110
4. Other intangible assets	5-1020	83			83			83	6	4		10			10	73
Total intangible assets	5-1030	2128	3	0	2131	0	0	2131	718	32	0	750	0	0	750	1381
V. Financial assets (excl. of long-term receivables)																
1. <i>Share participations in:</i>	5-1032	23153	11832	87	34898	0	0	34898	0	0	0	0	0	0	0	34898
subsidiary companies	5-1033	23153	11832	87	34898			34898				0			0	34898
joint ventures	5-1034				0			0				0			0	0
associated companies	5-1035				0			0				0			0	0
other companies	5-1036				0			0				0			0	0
2. <i>Long-term investment securities held to maturity</i>	5-1038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
treasury bonds	5-1038-1				0			0				0			0	0
bonds incl.	5-1038-2				0			0				0			0	0
municipality bonds	5-1038-3				0			0				0			0	0
Other	5-1038-4				0			0				0			0	0
3. Other financial assets	5-1038-5	5			5			5				0			0	5
Total financial assets	5-1045	23158	11832	87	34903	0	0	34903	0	0	0	0	0	0	0	34903
VI. Goodwill	5-1050	2083			2083			2083				0			0	2083
Total (I+ II+ III+ IV+V+VI)	5-1060	99667	33271	7491	125447	0	0	125447	26662	4071	218	30515	0	0	30515	94932

Note: Companies that own non-current tangible assets abroad present a separate statement for each foreign country

24.7.2008

Accountant: Neli Doncheva

Manager: Al. Prokopiev

RECEIVABLES, PAYABLES AND PROVISIONS STATEMENT

Company name: "Kaolin" AD
Reporting period: 01.01.2008-30.06.2008

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PG-05-

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A. RECEIVABLES

(thousand BGN)

INDEXES	Code	Receivables amount	Liquidity	
			up to 1 year	over 1 year
a	b	1	2	3
I. Unpaid capital	6-2010			0
II. Long-term trade and other receivables				
1. Related parties receivables, incl.:	6-2021	2453	0	2453
- advance payments	6-2022	2453		2453
- sale of assets and services	6-2241			0
- other	6-2023			0
2. Trade loans	6-2024			0
3. Other receivables, incl.:	6-2026	42	0	42
- financial lease	6-2027	42		42
- other	6-2029			0
Total long-term trade and other receivables	6-2020	2495	0	2495
III. Tax assets				0
Assets on deferred taxes	6-2030			0
IV. Short-term trade and other receivables				
1. Related parties receivables, incl.:	6-2031	3159	3159	0
- advance payments	6-2032	494	494	0
- sales	6-2033	1646	1646	0
- other	6-2034	1019	1019	0
2. Trade accounts receivable	6-2035	24782	24782	0
3. Advance payments	6-2036	7514	7514	0
4. Trade loans	6-2037	706	706	0
5. Court receivables	6-2039	862	862	0
6. Adjudged receivables	6-2040			0
7. Taxes to be refunded, incl.:	6-2041	3180	3180	0
- corporate tax	6-2043	1202	1202	0
- VAT	6-2044	1962	1962	0
- refundable tax temporary differences	6-2045			0
- other taxes	6-2046	16	16	0
8. Other receivables, incl.:	6-2047	450	450	0
- personnel receivables	6-2048	7	7	0
- social security receivables	6-2049	14	14	0
- claims receivables	6-2050			0
- other	6-2051	429	429	0
Total short-term trade and other receivables	6-2060	40653	40653	0
TOTAL RECEIVABLES (I+II+III+IV):	6-2070	43148	40653	2495

B. PAYABLES

(thousand BGN)

INDEXES	Code	Amount of payables	Aging		Collateral value
			up to 1 year	over 1 year	
a	б	1	2	3	4
I. Long-term debt					
1. Due to related parties, incl.:	6-2111	1913	0	1913	0
- loans	6-2112			0	
- assets and services supplies	6-2113			0	
- other	6-2244	1913		1913	
2. Due to financial institutions, incl.:	6-2114	20257	0	20257	0
- banks, incl.:	6-2115	20257		20257	
- overdue	6-2116			0	
- financial institutions, incl.:	6-2114-1			0	
- overdue	6-2114-2			0	
3. ZUNK bonds	6-2123-1			0	
4. Trade loans	6-2118			0	
5. Bonds	6-2120			0	
6. Other long-term debts, incl.:	6-2123	1876		1876	
- financial lease	6-2124	1876		1876	
Total long-term debt	6-2130	24046	0	24046	0
II. Tax liabilities					
Liabilities on deferred taxes	6-2122	231		231	
III. Trade and other payables					
1. Related parties payables, incl.:	6-2141	6706	6706	0	0
- assets and services supplied	6-2142	932	932	0	
- dividends	6-2143			0	
- other	6-2143-1	5774	5774	0	
2. Short-term borrowings, incl.:	6-2144	19317	19317	0	0
- banks, incl.:	6-2145	19317	19317	0	
- overdue	6-2146			0	
- financial institutions, incl.:	6-2144-1			0	
- overdue	6-2144-2			0	
3. Short-term part of long-term loans	6-2161-1	0	0	0	0
- ZUNK	6-2161-2			0	
- bonds	6-2161-3			0	
- long-term loans	6-2161-4			0	
- other	6-2161-5			0	
4. Short-term payables	6-2148	14305	14305	0	0
Trade loans	6-2147	976	976	0	
Trade accounts payable	6-2149	10446	10446	0	
Advance payments	6-2150	267	267	0	
Salaries payable	6-2151	2024	2024	0	
Taxes payable, incl.:	6-2152	88	88	0	0
- corporate tax	6-2154			0	
- VAT	6-2155			0	
- other taxes	6-2156	88	88	0	
Social security payable	6-2157	504	504	0	
5. Other	6-2161	8938	8938	0	
TOTAL PAYABLES	6-2180	#REF!	#REF!	#REF!	#REF!

C. PROVISIONS

(thousand BGN)

a	б	1	2	3	4
1. Provisions for legal payables	6-2210				0
2. Provisions for constructive payables	6-2220				0
3. Other provisions	6-2230				0
Total (1+2+3):	6-2240	0	0	0	0

Note:

Receivables and payables from and to a foreign country are to be reported in a separate statement for each country

Date: 24.07.2008

Accountant: Neli Doncheva

Manager: Aleksandar Prokopiev

SECURITIES

Company name:
Reporting period:

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01.01.2008-30.06.2008

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(thousand BGN)

ПОКАЗАТЕЛИ	Code	Type and number of securities			Securities value			
		ordinary	privileged	convertible	reported value	revaluation		revaluation (4+5-6)
						increase	decrease	
a	b	1	2	3	4	5	6	7
I. Non-current financial assets in securities								
1. Shares	7-3031							0
2. Bond, incl.:	7-3035							0
municipality bonds	7-3035-1							0
3. Treasury bonds	7-3036							0
4. Other	7-3039							0
<i>Total non-current financial assets in securities:</i>	<i>7-3040</i>	0	0	0	0	0	0	0
II. Current financial assets in securities								
1. Shares	7-3001	3000			27	4	8	23
2. Own shares repurchased	7-3005							0
3. Bonds	7-3006							0
4. Own bonds repurchased	7-3007							0
5. Treasury bonds	7-3008							0
6. Derivatives and other financial instruments	7-3010-1							0
7. Other	7-3010							0
<i>Total current financial assets in securities:</i>	<i>7-3020</i>	3000	0	0	27	4	8	23

Note: A company that owns short-term and long-term investment securities presents a separate statement for each country

Date: 24.07.2008

Accountant: Neli Doncheva

Manager: Aleksandar Prokopiev

STATEMENT
investments in subsidiaries, joint ventures, associated and other companies

Company name:
 Reporting period:

"Kaolin" AD
 01.01.2008-30.06.2008

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 PI-05-

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(thousand BGN)

Company name	Code	Investment amount	Investment % in other company equity	Investment in securities traded on the Stock exchange	Investment in securities not traded on the Stock exchange
a	b	1	2	3	4
A. IN THE COUNTRY					
I. Investments in subsidiaries					
1. "Magma" AD		93	84.79		93
2. "Ogneuporni glini" AD		1735	91.67		1735
3. "Solarpro" AD		4800	80.00		4800
4.					
5.					
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
14.					0
	Total	8-4001	6628	0	6628
II. Investments in joint ventures					
1.					0
2.					0
3.					0
4.					0
5.					0
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
14.					0
15.					0
	Total	8-4006	0	0	0
III. Investments in associated companies					
1.					0
2.					0
3.					0
4.					0
5.					0
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
14.					0
15.					0
	Total	84011	0	0	0
IV. Investments in other companies					
1.					0
2.					0
3.					0
4.					0
5.					0
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
14.					0
15.					0
	Total	8-4016	0	0	0
Total in the country (I+II+III+IV):	8-4025	6628		0	6628

B. ABROAD					
I. Investments in subsidiaries					
1. "Jugo Kaolin" AD, Serbia		11754	100.00		11754
2. "Kaolin Azov", Ukraine		639	100.00		639
3. "Kaolin Mineral", Romania		538	100.00		538
4. "Promineral", Ukraine		515	93.00		515
5. "PKSP", Ukraine		13232	51.00		13232
6. "M.I.D." AL, Albania		1000	92		1000
7. "Kaolin Industrial Minerals, Turkey		592	80		592
8					0
9					0
10					0
11					0
12					0
13					0
14					0
	Total	8-4030	28270	0	28270
II. Investments in joint ventures					
1.					0
3.					0
4.					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12					0
13					0
14					0
15					0
	Total	8-4035	0	0	0
III. Investments in associated companies					
1.					0
2.					0
3.					0
4.					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12					0
13					0
14					0
15					0
	Total	8-4040	0	0	0
IV. Investments in other companies					
1.					0
2.					0
3.					0
4.					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12					0
13					0
14					0
15					0
	Total	8-4045	0	0	0
Total for abroad (I+II+III+IV):	8-4050	28270		0	28270

Date: 24.07.2008

Accountant: Neli Doncheva

Manager: Aleksandar Prokopiev