

Dear Shareholders of Svilosa AD,

For the first quarter of 2008 ended on 31.03.2008 Svilosa AD made a net profit to the amount of BGN 187 thousand.

The financial result of the Svilosa Group for the first quarter of 2008 is a net consolidated loss of BGN 2 536 thousand. The reasons for this result are clarified in the attached Interim Consolidated Activity Report. A decisive share in the consolidation have the results of the main daughter company Svilocell EAD, where the production activity of the Svilosa Group is carried out, which is a major source of the consolidated revenues. The delay in the starting of the pulp plant after the reconstruction of the end of 2007 made necessary a change in the production program of Svilocell EAD differing from that provided for in the investment project for tripling of the production capacity. The updated total amount of the investment program reaches EUR 60 mln. The better part of the investment is already made. With the installation of Svilocell's own 10 MWh anti-pressure steam turbine with a generator for electricity production and the building of a new wastewater treatment plant in 2008 the investment project will be completed.

The management of Svilosa AD assures its shareholders that despite the complications beyond the control of the Company during the implementation of the investment program, the production activity is restored and stabilized and over the coming months it is expected that the loss from the first quarter of the year will be compensated.

The companies of the Svilosa Group have a competent team of specialists and consultants and an expert management in the field of pulp production. The main suppliers under the reconstruction project are world-famous companies, such as 'Andritz' for the Soda Recovery Boiler, 'Lenzing' for the Line for pulp production and bleaching and 'FLS Airtech' regarding the ecological projects, and, in particular, the prevention of the air from dust emissions. That gives us determination and calmness that the parameters envisaged under the project will be reached.

According to the Business Plans for 2008 of the companies of the Svilosa Group, it is a primary task for the management to reach the production and financial indices forecast for the after-reconstruction period, which were announced in the Annual Consolidated Report on the Activity of Svilosa AD. A main target is the production

of over 8 000 tons of bleached kraft pulp in April and the reaching of the project indices as soon as possible.

The considerable reduction of the direct production costs planned for in the investment project will mainly be achieved after the starting of the turbine for electricity production to the Soda Recovery Boiler.

Thank you for your continuing trust in Svilosa AD!

Sincerely:

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/dipl. eng. Michail Kolchev, Executive Director/

24.04.2008