

INFORMATION ABOUT THE PUBLIC COMPANY

According to Appendix 11

of Ordinance No. 2 of 17.09.2003 on prospects for initial public offering of stocks and disclosure of information by the public companies and other issuers of stocks

1. Capital structure of Svilosa AD

Svilosa AD's own capital as at 31.12.2007 amounts to BGN 52 740 000, including a shareholding capital to the amount of BGN 31 754 944, which is paid up in full. The shareholding capital is distributed into 31 754 944 ordinary personal cashless voting shares with a nominal value of BGN 1 each, as follows:

<i>Main shareholders</i>	<i>2007</i>		<i>2006</i>	
	<i>Number of shares held</i>	<i>%</i>	<i>Number of shares held</i>	<i>%</i>
A.R.U.S. Ltd	25 397 674	80%	5 797 674	87%
KBD	4 000 000	13%	-	
HVB AG Athens	726 711	3%	-	
Svilosa 2000 AD	598 790	2%	599 268	9%
Machine Manufacturing and Engineering Ltd	218 000	1%	218 000	3%
Others	813 769	1%	43 092	1%
Total	31 754 944	100%	6 658 034	100%

All Company shares belong to one and the same class of shares. The Company does not possess stocks which are not allowed to be traded on a regulated market in the Republic of Bulgaria or other EU member state.

The transfer of shares from the capital of the Company is performed freely through the trade system of Bulgarian Stock Exchange – Sofia AD. There are no restrictions on the possession and transfer of stocks of Svilosa AD or a necessity for receiving approval by the Company or another shareholder.

The majority shareholder A.R.U.S. Ltd is a company established according to the legislation of the State of Delaware, USA, and represented by Maria Alfonsieva Bratanova – a duly empowered representative.

After the capital increase KBD is the shareholder possessing the second largest share after the majority shareholder. KBD is a company registered in Luxembourg and possesses 4 000 000 shares constituting 13% of the total number of Company shares.

The rest of the shareholders (legal and physical persons) possess directly or indirectly less than 5 per cent of the voting rights in the General Assembly of the Company. Svilosa AD does not have any shareholders with special controlling rights.

2. Rights of Svilosa AD's shareholders

Each Company share gives one voting right in the General Assembly of Shareholders, the right to a dividend and a liquidation share in proportion to the nominal value of the share.

Dividends are distributed from the Company profit after its taxation and the deduction of funds for the Reserve Fund. Dividends shall not be paid in cases of annual closing of accounts with a loss or lack of funds after the deductions for the Reserve Fund.

3. Procedure for summoning the General Assembly of Shareholders

The General Assembly of Shareholders of Svilosa AD gets convened at least once in a year according to the Company Statute. It is convened by the governing body – the Board of Directors, or at the request of shareholders possessing 1/10th of the Company capital according to the procedure of art. 223 of the Commercial Code.

The Board of Directors is obliged to convene the General Assembly of Shareholders to an extraordinary session in case of losses exceeding 50 per cent of the nominal value of the Company's own capital, if an insolvency proceedings are opened, as well as in any case where the economic stability of the Company is endangered, as long as under the respective circumstances measures must be taken falling within the competence scope of the General Assembly of Shareholders.

At each session of the General Assembly of Shareholders, a list is made of the shareholders or their representatives who attend the meeting, as well as of the respective number of shares possessed or represented.

The General Assembly of Shareholders is deemed to be in the due legal order if it is attended by shareholders possessing more than half of the Company capital, unless the law provides for a larger quorum.

The decisions of the General Assembly of Shareholders, in the general case, are taken by an ordinary majority and become effective immediately, unless their effect is postponed. The decisions regarding amendments to the Company Statute, capital increase or decrease, transformation and termination of the Company, election and dismissal of members of the Board of Directors and appointment of liquidators, shall be entered into the Trade Register and become effective upon their entering.

4. Governing body

According to the Statute of Svilosa AD, the Company is governed and represented by a Board of Directors consisting of up to 5 persons. The Board of Directors gets elected for a period of 5 years. The General Assembly may at any time decide to make changes in the membership of the Board of Directors in terms of number and persons holding office. Only a legally able physical and legal person may become Board member. The Board members may be reelected without restrictions.

According to the Statute of Svilosa AD, the Board of Directors shall hold regular sessions at least three times per month in order to discuss the condition and development of the Company. Each Board member may ask the Chairman to convene a session for discussion of particular issues.

The competence scope of the Board of Director according to the Company Statute is as follows:

- The Board of Directors adopts the organizational and governing structure and the internal rules of the Company;
- The Board decides on opening and closing of branches and participation in commercial and civil companies in the country and abroad, on acquisition and alienation of real estate and real rights, on having credits, granting guarantees and warrantys, acquisition and granting of licences, conclusion of contracts for granting credits to third persons, on establishment of a pledge and mortgage over long-term tangible assets of the Company;
- The Board discusses and decides on all issues but those falling within the competence of the General Assembly;
- Within a 5-year period as from the date of the entering into the Trade Register of the amendment of 25.11.2006 made to the Company Statute, on the grounds of art. 196, paragraph 1 of the

Commercial Law, the Board has the right to take a decision on the increasing of the Company capital up to a total nominal value of BGN 100 000 000 (a hundred million Bulgarian leva) through issuing of new ordinary or privileged shares.

The effective Management Contract between the Company and its Executive Director dipl. eng. Mihail Georgiev Kolchev was concluded on 22.12.2004 and is termless. Mr. Kolchev has occupied that position since 18.05.1999. According to the contract in cases of its termination for reasons excluding the fault of the Executive Director, the latter shall be paid a remuneration to the amount of two monthly remunerations. In case of contract termination, where the Executive Director has acquired the right to a pension for a due social security and length of service, regardless of the grounds for termination, the latter has the right to a compensation according to art. 222, para 2 of the Labour Code. When the contract is terminated the Executive Director has the right to a compensation for an unused paid annual leave under the conditions of art. 224, paras 1 and 2 of the Labour Code.

The effective Management Contract between the Company and the Chairman of its Board of Directors Krassimir Banchev Dachev was concluded on 22.12.2004 and is termless. Mr. Dachev has occupied that position since 18.10.1999. According to the contract in cases of its termination for reasons excluding the fault of Mr. Dachev, he shall be paid a remuneration to the amount of two monthly remunerations.

The effective Management Contract between the Company and the Chairman of its Board of Directors Krassimir Banchev Dachev was concluded on 22.12.2004 and is termless. Mr. Dachev has occupied that position since 18.10.1999. According to the contract in cases of its termination for reasons excluding the fault of Mr. Dachev, he shall be paid a remuneration to the amount of two monthly remunerations.

The effective Management Contract between the Company and the Member of its Board of Directors Kosta Petrov Nikolov was concluded on 22.12.2004 as termless. According to the contract in case of its termination for health reasons Mr. Nikolov has the right to a compensation to the amount and under the conditions of art. 222, para 2 of the Labour Code. Mr. Nikolov has occupied that position since 18.10.1999. The contract was terminated on 28.06.2007 by virtue of the removing of the name of Mr. Nikolov from the Trade Register as a member of the Board of Directors of Svilosa AD by Veliko Tarnovo Regional Court, on the basis of a decision of the General Assembly of Shareholders adopted on 23.06.2007.

The effective Management Contract between the Company and the Vice-Chairman of its Board of Directors Boni Evlogiev Bonev was concluded on 28.06.2007 on the basis of a decision of the General Assembly of Shareholders adopted on 23.06.2007, and is termless. Mr. Bonev has occupied that position since 28.06.2007. According to the contract in cases of its termination for reasons excluding the fault of Mr. Bonev, he shall be paid a remuneration to the amount of two monthly remunerations.

The Company is not aware of any agreements between its shareholders, which could lead to restrictions in the transferring of shares or the voting right.

During the reported period no obligatory tender offerings have occurred. In this connection, there are no data regarding substantial contracts of the Company which become effective, get modified or terminated due to a change in the control of the Company in cases of performance of obligatory tender offerings.

Executive Director:

/Dipl. eng. M. Kolchev/