

Additional Information

from Bulgartabac – Holding AD for the period 01.01.2011 – 31.12.2011

pursuant to Article 33, Para.1, Item 6 of Ordinance No. 2 of 17.09.2003 on the prospects in the public offering of securities and their admission to trade in a regulated market and on the disclosure of information from the public companies and the other issuers of securities.

a) information on the changes in the accounting policy over the reporting period, the reasons for making them and how they affect the financial result and the equity of the issuer;

The accounting policy and methods of calculation applied upon drawing up the interim financial statement as at 31.12.2011 were not amended compared to the annual financial statement of Bulgartabac – Holding AD for 2010.

b) information on changes which occurred in the economic group of the issuer, if it participates in such a group;

A Judgement of 28.12.2010 of the District Court of the town of Haskovo terminated the bankruptcy proceedings of Harmanli – Tabac AD, town of Harmanli, and ruled to delete the company from the Trade and Companies Register at the Registry Agency. The court judgement was entered in the Trade and Companies Register as at 05.01.2011 and entered into legal force as at 12.01.2011.

At a regular general meeting of the shareholders of Haskovo – Tabac AD /in liquidation/, held on 21.06.2011, a decision was made that the term for completing the liquidation of the company is extended for a further 6 /six/ months as from 11.07.2011 – the date of expiry of the term, set by decision, adopted at the regular general meeting of the shareholders held on 23.06.2011 /registered in the Trade and Companies Register on 24.06.2011/.

By Decision at the general meeting of the shareholders of Asenovgrad - Tabac AD, held on 01.09.2011, the following decisions were taken: dissolving the company and declaring its liquidation, terminating the powers of the Board of Directors, fixing a term to complete the liquidation – equal to one year as from the date of disclosing the invitation to the creditors for claiming their receivables and appointing a liquidator. The Decision was registered in the Trade and Companies Register on 05.10.2011.

c) information on the results from organizational changes within the issuer such as reorganization, sale of companies from the economic group, in-kind contributions from the company, leasing of the property, long-term investments, suspension of the activity;

For the period from 01.01.2011 – 31.12.2011, such circumstances did not occur at Bulgartabac – Holding AD.

d) opinion of the management body on the probabilities for realization of forecasts published for the results from the current financial year, taking into consideration the results from the current quarter as well as information of the factors and circumstances which will affect the achievement of the forecast results at least for the following quarter;

e) data on the persons holding, directly and indirectly, at least 5 percent of the votes in the general meeting at the end of the relevant quarter and the changes in the votes held by the persons for the period as from the end of the previous three-month period;

As at the date of registration in Central Depository AD - 14.10.2011 – an amendment was made to the data on the persons holding directly at least 5 percent of the votes in the general meeting of Bulgartabac – Holding AD. The Bulgarian state, represented by the Ministry of Economy, Energy and Tourism, sold its stake /5 881 380 shares, representing 79,83 % of the capital of Bulgartabac – Holding AD, to BT Invest GmbH, Austria.

As at 31.12.2011 BT Invest GmbH, Austria, held directly more than 5 percent of the voting shares of the company. The stake of BT Invest GmbH, Austria, in the capital of Bulgartabac – Holding AD is 79,83%.

According to the Shareholders' Register, issued by the Central Depository AD as at 31.12.2011, the company has one shareholder, which is a legal person – Corporate Commercial Bank AD, holding directly more than 5 percent of the capital of Bulgartabac – Holding AD.

No information is available in the company on any persons holding indirectly at least 5 percent of the votes in the general meeting.

f) data on the shares, held by the management and controlling bodies of the issuer at the end of the relevant quarter, as well as the changes which occurred over the period from the end of the previous three-month period, for any person individually;

As at 31.12.2011 none of the members of the Board of Directors of the company holds any shares in the capital of Bulgartabac – Holding AD.

g) information on pending legal, administrative or arbitration proceedings concerning payables or receivables amounting to at least 10 percent of the equity of the issuer; if the total value of the payables or receivables of the issuer for all proceedings instituted exceeds 10 percent of its equity, information on each proceeding shall be presented individually;

As at 31.12.2011 Bulgartabac – Holding AD is a party in a legal case, with the cost of the claim amounting to more than 10 percent of the amount of the company's equity as at 30.09.2011, namely:

Case No. 10-4261 - Court of Appeal, New York City, USA.

Bulgartabac – Holding AD – Applicant.

Republic of Iraq, Tobacco State Enterprise, Central Bank of Iraq, Rafidain Bank – defendants.

The case is brought after an appeal, filed by Bulgartabac – Holding AD, against the Judgement of the Court of First Instance.

Claim cost – 29 772 383.99 US Dollars.

h) information on the loans granted by the issuer or by one of its subsidiaries, provision of guarantees or assumption of obligations jointly to one person or its subsidiary, including to related parties, specifying the nature of the relationships between the issuer and the party, the amount of the unpaid principal, interest rate, deadline for repayment, size of the obligation assumed, conditions and term.

The unpaid sums from the loans, granted to subsidiary public limited companies as at 31.12.2011, are as follows:

	31.12.2011
	BGN '000
Asenovgrad Tabac AD – in liquidation	33
Haskovo Tabac AD – in liquidation	1 500

Shoumen Tabac AD	165
Doulovo Tabac AD – in bankruptcy	15
<i>Total:</i>	1 713
<i>Depreciation:</i>	<u>(1 680)</u>

Purpose of the loans: financing the current activities of companies, mainly the activity related to the purchase of tobaccos. Part of the loans was granted to companies in a hard financial situation to cover current costs for salaries and/or payments in arrears to suppliers and other creditors.

Annual interest rate: for regular principal – 75% of the legal interest (basic interest rate + 10 points) as at the date of concluding the contract.

Penalties for unpaid principal and interest: – 7.2 %.

Collateral provided (as at the date of concluding the contract): includes a mortgage on tangible fixed assets, a pledge on inventories and tangible fixed assets amounting to 150% of the principal and a promissory note issued at the value of - for the principal and the interest amounts under the Loan Contract according to an amortization schedule.

The purpose of the loan, granted to Asenovgrad Tabac AD, is to repay debts for urgent payments for the operating activity of the company.

The annual interest rate, agreed for the whole term of the contract, is 7.5%.

In the event of delay in two consecutive monthly installments /principal or interest/, the company shall owe a penalty amounting to 0.02% of the due amount for each day of delay.

As collateral for the loan, the machines are given as a special pledge.

In the fourth quarter of 2011, Bulgartabac – Holding AD did not grant any internal loans to any subsidiaries.

Ventsislav Cholakov
Executive Director
of Bulgartabac – Holding AD

Angel Dimitrov
Executive Director
of Bulgartabac – Holding AD