

Additional Information
by Bulgartabac-Holding AD
for the period 01 January 2011 -31 March 2011

in accordance with Art. 33, para.1, i.6 of ORDINANCE No 2 of 17 September 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES

a) information about the changes in the accounting policy during the reporting period, the reasons for their making and in what way they impact on the issuer's financial result and equity;

The accounting policies and calculation methods used in preparing the interim financial statements at 31 March 2011 have not been changed compared with those used in the preparation of the annual financial statements of Bulgartabac-Holding AD for 2010.

b) information about occurred changes in the economic group of the issuer if it participates in such group

By a decision dated 28 December 2010 of the Haskovo District Court the insolvency procedure of Harmanli-Tabac AD, town of Harmanli, was termination and the obliteration of the company from the Trade Register at the Registry Agency was enacted. The court decision was registered with the Trade Register on 05 January 2011 and on 12 January 2011 it entered into legal force.

c) information on the results from organizational changes within the issuer, such as transformation, selling of undertakings from the economic group, non-money contributions by the undertaking, renting out of property, long-term investments, suspension of operations

No such circumstances have occurred in respect of Bulgartabac-Holding AD for the period 01 January 2011 – 31 March 2011.

d) opinion of the management body about the likelihood of realization of the published forecasts on the results of the current financial year, taking account of the results of the current quarter, as well as information about the factors and circumstances which will influence the obtaining of the forecast results at least for the next quarter;

e) data about the persons holding directly or indirectly at least 5 per cent of the votes in the general meeting at the end of the relevant quarter, and the changes in the held by the persons votes for the period since the end of the preceding quarter;

At 31 March 2011 the Bulgarian State, through the Ministry of Economy, Energy and Tourism, held directly more than 5 per cent of the voting shares of the company. The share of the Ministry of Economy, Energy and Tourism in the capital of Bulgartabac-Holding AD is 79.83%. There have not been any changes in the number of shares held by the State for the period following the end of the previous quarter.

According to the Book of Shareholders issued by Central Depository AD, the company had one shareholder-legal entity at 31 March 2011 – Corporate Commercial Bank AD holding more than 5 per cent of the capital of Bulgartabac-Holding AD.

f) data about the shares owned by the issuer's management and supervisory bodies at the end of the relevant quarter as well as the changes that occurred for the period since the end of the preceding quarter for every person individually;

At 31 March 2011 no one of the members of the Board of Directors of the company held shares in the capital of Bulgartabac-Holding AD.

g) information on pending legal, administrative or arbitration procedures relating to liabilities or receivables at the rate of at least 10 per cent from the issuer's equity; if the total amount of the issuer's liabilities or receivables of all initiated proceedings exceeds 10 per cent of its equity, information shall be presented for each procedure separately;

At 31 March 2011 Bulgartabac-Holding AD was a party to a trial where the amount of the claim exceeds 10 per cent of the company's equity at 31 December 2010, namely:

Case No 10-4261 – Appellate Court, New York city, USA.

Bulgartabac-Holding AD as a claimant

Republic of Iraq, the State Tobacco Group, the Central Bank of Iraq, and Rafidan bank as defendants.

The case was initiated at an appeal of Bulgartabac-Holding AD against the decision of the court of first instance.

Amount of the claim – USD 29,772,383.99.

h) information about granted by the issuer or its subsidiary loans, providing of guarantees or assuming liabilities in whole to one entity or its subsidiary, including also related persons with indication of the nature of the relations between the issuer and the entity, the amount of unpaid principal, interest rate, deadline for repayment, amount of the assumed liability, term and conditions.

The outstanding amounts on loans granted to subsidiaries at 31 March 2011 are as follows:

	31 March 2011
	BGN '000
Haskovo-Tabac AD – in liquidation	1,500
Shumen-Tabac AD	165
Dulovo Tabac AD – in insolvency	15
<i>Impairment</i>	<u>(1,680)</u>
Total	<u><u>0</u></u>

Purpose of the loans: to finance the current activity of the companies, and especially the tobacco buyout. Part of loans has been granted to companies experiencing severe difficulties to enable them to cover their current expenses on salaries and/or overdue payments to suppliers and other creditors.

Annual interest rate: for regular principal - 75% of statutory interest (BIR + 10 b.p.) at the date of signing the contract.

Annual interest rate: for overdue principal – 7.2%.

Collateral provided (at the date of signing the contract): it includes a mortgage of fixed tangible assets, pledge of inventories and fixed tangible assets in the amount of 150% of principal, and a promissory note issued – for the principal and interest on the loan contract, in accordance with a repayment schedule.

In Q'1 of 2011, there were no internal loans granted by Bulgartabac-Holding AD to its subsidiaries.

Ivan Bilarev
Executive Director
of Bulgartabac-Holding AD