

**SUPPLEMENTAL INFORMATION MEMORANDUM**

**TRANSALP 1 SECURITIES PLC**

*(A special purpose limited liability company incorporated in Ireland)*

**EUR 30,000,000 Pass Through Notes due August 2015 (the "New Notes") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V.**

**The New Notes are fungible and form a single series with (a) the EUR 5,000,000 Pass Through Notes due August 2015 Series 2010-1 issued on 23 April 2010 (the "Initial Notes") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V. and (b) any other further notes issued that are fungible and form a single Series with the Initial Notes**

*This Supplemental Information Memorandum includes the Issue Terms relating to the Notes. Investors should note that such Issue Terms supersede in their entirety any term sheets that may have been circulated previously.*

*The Notes are linked to the performance of the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V.*

*The Notes are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Notes. Prospective investors should be aware of the risks involved in investing in the Notes and are required to read the "Risk Factors" in their entirety beginning on page 1.*

***Dealer***

**UniCredit Bulbank AD**

The date of this Supplemental Information Memorandum is 13 October 2010

## GENERAL

This Supplemental Information Memorandum under which the EUR 30,000,000 Pass Through Notes due August 2015 linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V. which are fungible and form a single series with (a) the EUR 5,000,000 Pass Through Notes due August 2015 Series 2010-1 issued on 23 April 2010 (the "**Initial Notes**") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V. and (b) any further notes issued that are fungible and form a single Series with the Initial Notes are described is issued in conjunction with, and incorporates by reference, the Base Prospectus dated 8 April 2010 (the "**Base Prospectus**") relating to the EUR 10,000,000,000 TransAlp Structured Note Programme (the "**Programme**") of TransAlp 1 Securities plc (the "**Issuer**"). It should be read together with the Base Prospectus as one document. To the extent that the Base Prospectus is inconsistent with this Supplemental Information Memorandum this Supplemental Information Memorandum shall prevail. Terms defined in the Base Prospectus shall, unless the context otherwise requires, bear the same meanings in this Supplemental Information Memorandum.

Save as disclosed herein there has been no significant change and no new matter has arisen since publication of the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplemental Information Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplemental Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to the Charged Assets (as defined herein) has been accurately reproduced from information published by the obligor of the Charged Assets. In each case, such information has been accurately reproduced from such sources and, so far as the Issuer is aware and is able to ascertain from such sources, no facts have been omitted from such sources which would render the reproduced information misleading.

Neither the delivery of this Supplemental Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

This Supplemental Information Memorandum constitutes a prospectus for the purposes of the Prospectus Directive 2003/71/EC. The prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank of Ireland only approves the prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the official list and trading on its regulated market. No assurance can be given as to whether or not or when such application for listing and admission to trading will be approved.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Supplemental Information

Memorandum or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee (as defined herein) or the Dealer (as defined herein).

This Supplemental Information Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken by the Issuer, Trustee or the Dealer to permit an offering of the Notes or the distribution of this Supplemental Information Memorandum in any jurisdiction where such action is required.

The language of this Supplemental Information Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes. The Notes do not have the status of a deposit and are not subject to the deposit protection scheme operated by the Central Bank of Ireland.

**Claims of the Noteholders will be limited in recourse to the Secured Property.**

**The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Consequently, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.**

#### **CURRENCY PRESENTATION**

Unless otherwise indicated, all references in this Supplemental Information Memorandum to "Euro", "EUR" or "€" are to the lawful currency of the European Union and all references to "Lev", "Leva" or "BGN" are to the lawful currency of the Republic of Bulgaria.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents shall be deemed to be incorporated in, and to form part of, this Supplemental Information Memorandum *provided however that* any statement contained in any document incorporated by reference in, and forming part of, this Supplemental Information Memorandum shall be deemed to be modified or superseded for the purpose of this Supplemental Information Memorandum to the extent that a statement contained herein modifies or supersedes such statement:

1. the Base Prospectus; and
2. the audited annual financial statements (including the auditor's report thereon and notes thereto) of the Issuer in respect of the financial years ended 31 December 2008 and 31 December 2007.

Any statement contained in this Supplemental Information Memorandum or any documents incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Supplemental Information Memorandum to the extent that a statement contained in any

document subsequently incorporated by reference and in respect of which a supplement to this Supplemental Information Memorandum is prepared modifies or supersedes such statement.

Copies of documents deemed to be incorporated by reference in this Supplemental Information Memorandum will be available for inspection during normal business hours and free of charge, upon oral or written request, on any weekday (Saturdays, Sunday and public holidays excepted) at the registered office of the Issuer and the specified office of the Principal Paying Agent in respect of the Notes. Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent.

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## **RISK FACTORS**

*The purchase of the Notes may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes.*

*Noteholders may receive a redemption payment less than 100 per cent. of the principal amount they originally invested. There may be circumstances where the Noteholders lose some or all of their principal investment. Payment of interest or principal is not guaranteed. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Notes or the performance of the Notes. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive.*

*Before making an investment decision, prospective purchasers of the Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Supplemental Information Memorandum and the Base Prospectus and, in particular, the considerations set out below and should seek their own independent advice to help them evaluate the risks and merits of an investment in the Notes.*

Terms defined in the Base Prospectus shall, unless the context otherwise requires, bear the same meanings when used in this section.

### **Return on the Notes and exposure to the Charged Assets**

Before making an investment decision, prospective purchasers should inform themselves about, and make a detailed evaluation of, the nature and financial position of the obligor of the Charged Assets, Chimimport AD, any of their affiliates, the economic, social and political conditions of the jurisdiction in which the obligor of the Charged Assets, Chimimport AD or any of their affiliates is located and the terms and conditions of the Charged Assets. See also "Risks related to the operations and structure of the Chimimport Group" and "Risk factors relating to Charged Assets" below. None of the Issuer, the Dealer, Arranger, Trustee or any party referred to herein has had any access to the obligor of the Charged Assets, Chimimport AD or any of their affiliates for the purposes of conducting any investigation and no such person makes any representations as to the financial conditions, creditworthiness or any other matter related to the obligor of the Charged Assets, Chimimport AD or any of their affiliates for the purposes of the issuance of the Notes. In addition, prospective purchasers should consider the nature and financial position of the Issuer of the Notes as well as the Conditions (as defined herein) of the Notes and the other related transaction documents described in this document.

The return on an investment in the Notes will be dependent upon, inter alia, the value and performance of the Charged Assets. Investors in the Notes will only receive payments of interest and principal scheduled to be paid in respect of the Notes to the extent that the Issuer receives amounts under the Charged Assets that are sufficient to pay such scheduled interest and principal amounts after application of the Security Ranking Basis. On certain dates amounts will

be deducted by the Issuer from monies received in respect of the Charged Assets to meet the Issuer's ongoing costs and expenses related to the Notes (including costs of the Trustee and the Custodian) thereby reducing amounts available to be distributed to the Noteholders. Investors in the Notes must be comfortable in holding the Notes for prolonged periods in respect of which no interest amounts may be paid. If the Issuer does not receive payment of interest or principal amounts scheduled to be paid under the Charged Assets, the Noteholders will, to the extent of such shortfall and the Security Ranking Basis, not be repaid their original investment in the Notes. Investors in the Notes may therefore receive back less than their original investment to the extent that insufficient proceeds are received by the Issuer in respect of the Charged Assets. The return on the Notes is not guaranteed.

This Supplemental Information Memorandum contains summaries of certain provisions of other documents executed in relation to the Notes. Such summaries are subject to, and are qualified by, the actual provisions of each such document, copies of which are available to Noteholders for inspection at the specified office of the Principal Paying Agent. Holders of the Notes to which this Supplemental Information Memorandum relates, and any other person into whose possession this Supplemental Information Memorandum comes, will be deemed to have notice of all provisions of the documents executed in relation to the Notes, which may be relevant to a decision to acquire, hold or dispose of any of such Notes.

### **Risks relating to the Exchange Right and Physical Delivery Right**

Prospective purchasers should inform themselves about, and make a detailed evaluation of (i) the right contained in the Conditions to (a) instruct the Issuer to exercise its rights under the Charged Assets to exchange such Charged Asset for ordinary shares in the Chimimport AD ("**Shares**") (such right of the Issuer, the "**Exchange Right**") and (b) call for physical delivery of the Charged Assets in certain circumstances (the "**Physical Delivery Right**") and (ii) the risks involved in relying on and exercising such Exchange Right or Physical Delivery Right. Prospective purchasers should also inform themselves about, and make a detailed evaluation of, the rights the issuer of the Charged Assets has under the Charged Assets. For the avoidance of doubt, references to "physical settlement" or to the physical delivery of assets in this Supplemental Information Memorandum shall be taken to refer to settlement for a cash amount, which is then satisfied by way of transfer of the relevant underlying assets.

On the effective exercise of the Exchange Right by the Issuer delivering the relevant exchange notice required by the terms and conditions of the Charged Assets or the Physical Delivery Right in respect of a Note such Note will be redeemed without any further amounts of interest or principal being payable in respect of such Note.

The exercise of the Exchange Right or Physical Delivery Right is dependent upon a relevant Noteholder complying with the requirements set out in the Conditions. To the extent that a Noteholder fails to comply with such requirements such Noteholder may lose the right to exercise such Exchange Right or Physical Delivery Right. The Exchange Right and Physical Delivery Right are also dependent upon Chimimport Invest AD (in respect of the Exchange Right only), the Principal Paying Agent and the Issuer performing their respective obligations under the Conditions and the Charged Assets. Any failure on the part of any of these parties to comply with such obligations may result in a Noteholder not receiving shares (or, in the event the issuer of the Charged Assets elects the cash settlement option in respect of the Exchange

Right, cash) or Charged Assets following the exercise of the Exchange Right or Physical Delivery Right respectively or there being a delay in it receiving such shares (or cash) or Charged Assets.

As a condition precedent to the Issuer exercising its Exchange Right in favour of any Noteholder or acting in respect of the Physical Delivery Right exercised by any Noteholder, such Noteholder will be required to indemnify and / or pre-fund the Issuer, Trustee, Calculation Agent, Selling Agent, Principal Paying Agent and any other agent of the Issuer to each of their satisfaction against all costs, charges, expenses and losses (including any applicable taxes) that might be incurred by them in connection with acting in respect of the Exchange Right or Physical Delivery Right, including, without limitation, against all amounts that the Issuer may be required to pay pursuant to any indemnity given by it to any party in respect of such party agreeing to act in respect of the Charged Assets, including, without limitation, the trustee in respect of the Charged Assets.

In circumstances where, for any reason, it is not possible to deliver Charged Assets to a Noteholder pursuant to the exercise of its Physical Delivery Right, the Selling Agent shall attempt to sell such Charged Assets and the sale proceeds received in respect thereof shall be paid to such Noteholder in full and final discharge of the Issuer's obligations to such Noteholder under the Notes. To the extent the Selling Agent is unable to sell such Charged Assets, the sale proceeds will be deemed to be nil, upon which the Issuer shall have no further obligations to the relevant Noteholder in respect of the relevant Notes.

#### **Exercise of the Issuer's rights and discretions in respect of the Charged Assets**

In order for Noteholders to instruct the Issuer to exercise certain rights or discretions in respect of the Charged Assets it will require the agreement of at least seventy five per cent. of Noteholders and delivery by each such Noteholder of a duly completed Instruction Notice containing identical instructions and each effective as at the date the Issuer is instructed by such Noteholders to act in accordance therewith. This may result in the Issuer not exercising a right or discretion under the terms of the Charged Assets or may result in a delay in the Issuer exercising such discretion.

#### **Investor Suitability**

Investment in the Notes may only be suitable for investors who:

- (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes and rights attaching to the Notes;
- (ii) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (iii) are acquiring the Notes for their own account for investment, and not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (iv) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.



## **Issuer's Note Obligations**

The ability of the Issuer to meet its obligations under the Notes will be dependent upon the Principal Paying Agent and the Custodian making the relevant payments when received and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder. Accordingly, Noteholders are exposed, *inter alia*, to the creditworthiness of the Principal Paying Agent, the other Paying Agents and the Custodian.

## **No Due Diligence**

Investors should appreciate that in connection with the issue of the Notes, none of the Issuer, UniCredit Bank AG, UniCredit Bulbank AD, UniCredit S.p.A., the holding company of the UniCredit banking group nor any of their direct or indirect subsidiaries or affiliates nor the Trustee has made or is making any representations whatsoever as to the obligor of the Charged Assets, Chimimport AD or any of their subsidiaries or affiliates (the "**Chimimport Group**") or any information contained in any document filed by the obligor of the Charged Assets or any member of the Chimimport Group with any exchange or with any regulatory authority or governmental entity.

None of the Issuer, the Trustee, the Calculation Agent, UniCredit Bank AG, UniCredit Bulbank AD, UniCredit S.p.A., the holding company of the UniCredit banking group nor any of their direct or indirect subsidiaries or affiliates has investigated or verified or is making any representation whatsoever as to any of the information set out in the section headed "*Information Regarding the issuer of the Charged Assets, the Shares and the Chimimport Group*".

None of the Issuer, the Trustee nor the Calculation Agent is obliged to monitor compliance by the obligor of the Charged Assets or any other member of the Chimimport Group with the terms and conditions of the Charged Assets or any other documentation in respect thereof.

None of the Issuer, the Trustee nor the Calculation Agent is obliged to, or intends to, monitor compliance by Chimimport Group with any covenants or undertakings given in relation to or in connection with the Charged Assets and/or the Notes, including, amongst others, those set out in Condition 35 (*Undertakings*) of the Charged Assets.

## **Modifications to the Conditions of the Notes**

Prospective investors' attention is drawn to Condition 19 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and, in particular, the provision that the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Noteholders) requested by the Dealer in respect of the Notes if, and to the extent that, such modification is to correct an error in the Issue Terms arising from a discrepancy between the Issue Terms and the final termsheet, as certified by the Dealer and the Issuer in form and content satisfactory to the Trustee.

## **Independent review and advice**

Each prospective purchaser of the Notes must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness) of the Issuer, the obligor of the Charged Assets and the Chimimport Group (including, without

limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, whether an investment in the Notes is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and conditions, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. None of the Issuer, the Trustee, the Dealer or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Notes.

Neither the Base Prospectus nor this Supplemental Information Memorandum is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or constituting an invitation or offer that any recipient of the Base Prospectus or this Supplemental Information Memorandum should purchase any Notes. The Trustee and the Dealer expressly do not undertake to review the financial condition or affairs of the Issuer, the obligor of the Charged Assets or any other member of the Chimimport Group.

#### **Limited recourse**

Claims against the Issuer by the Noteholders of this Series and by the Trustee and the Agents will be limited to the Secured Property relating to this Series. The proceeds of realisation of such Secured Property may be less than the sums due to the Noteholders, the Trustee and the Agents. Any shortfall will be borne by the Noteholders, the Trustee and the Agents in accordance with the Security Ranking Basis specified in the Issue Terms. Each Noteholder, by subscribing for or purchasing the Notes, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall, (i) the Issuer shall be under no obligation to pay, and the other assets (if any) of the Issuer including, in particular, assets securing other Series of Notes or Alternative Investments will not be available for payment of, such shortfall, (ii) all claims in respect of such shortfall shall be extinguished and (iii) the Noteholders, the Trustee and the Agents shall have no further claim against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Issuer as a consequence of such shortfall.

The Notes are direct, limited recourse obligations of the Issuer alone and not in anyway the obligations of the officers, members, directors, employees or administrator of the Issuer, the Trustee, the Agents or the obligor of the Charged Assets or their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, the Dealer.

#### **No secondary market**

No secondary market is expected to develop in respect of the Notes and in the unlikely event that a secondary market does develop, there can be no assurance that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. Accordingly, the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with

an investment in the Notes. Investors must be prepared to hold the Notes for an indefinite period of time or until final redemption or maturity of the Notes.

### **Business relationships**

Each of the Issuer, the Dealer, the Trustee, the Agents or any of their affiliates may have existing or future business relationships with the obligor of the Charged Assets or other companies within the Chimimport Group (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder. Furthermore, the Dealer, the Trustee, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in the obligor of the Charged Assets or companies within the Chimimport Group.

### **Taxation**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Issuer will not be obliged to pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agents or suffered by the Issuer in respect of its payments under the Charged Agreement (including the deduction of tax from such payments) or any tax, assessment or charge suffered by the Issuer except as provided for in the Issue Terms.

### **Provision of information**

None of the Issuer, the Trustee, the Agents, the Dealer or any of their respective affiliates makes any representation as to the credit quality of the obligor of the Charged Assets or any member of the Chimimport Group. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the obligor of the Charged Assets or companies within the Chimimport Group, including, without limitation, information received by the Issuer in its capacity as holder of the Charged Assets. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any of the obligor of the Charged Assets or conduct any investigation or due diligence into the obligor of the Charged Assets or companies within the Chimimport Group.

### **Legal opinions**

Legal opinions relating to the Notes will be obtained on issue with respect to the laws of England and of Ireland but no such opinions will be obtained with respect to any other applicable laws and no investigations will be made into the validity or enforceability of the laws of any other jurisdiction in respect of the obligations under the Notes. Any such legal opinions will not be addressed to, and may not be relied on by, Noteholders.

## **Legality of purchase**

None of the Issuer, the Dealer or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

## **Preferred creditors under Irish law and floating charges**

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts (see "*Examination*" below).

The holder of a fixed security over the book debts of an Irish tax resident company (which would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company. Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

Furthermore, when applying the proceeds of assets subject to floating security which may have been realised in the course of a liquidation or receivership, the claims of a wider category of preferential creditors will take priority over the claims of creditors holding floating security and over unsecured creditors. In this case, preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrears of VAT, together with accrued interest thereon and claims of employees.

It is of the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such

assets or expending or appropriating the monies or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, a charge constituted by the Trust Instrument may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Floating charges have certain weaknesses, including the following:

- (i) they have weak priority against purchasers and chargees of the assets concerned (who are not on notice of any negative pledge contained in the floating charge) and against lien holders, execution creditors and creditors with rights of set-off;
- (ii) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (iii) they rank after certain insolvency remuneration expenses and liabilities;
- (iv) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (v) they rank after fixed charges.

### **Examination**

Examination is a court procedure available under the Irish Companies (Amendment) Act, 1990, as amended (the "**1990 Act**"), to facilitate the survival of Irish companies in financial difficulties.

The company, the directors of the company, a contingent, prospective or actual creditor of the company, or shareholders of the company holding, at the date of presentation of the petition, not less than 1/10th of the voting share capital of the company are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern.

A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement. In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the

Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the Noteholders if an examiner were to be appointed to the Issuer are as follows:

- (vi) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders as secured by the relevant Trust Instrument;
- (vii) the potential for the examiner to seek to set aside any negative pledge in the terms of the Notes prohibiting the creation of security or the incurrence of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (viii) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over any amounts owed to the Noteholders under the terms of the Notes.

### **Trustee Indemnity**

The Trustee shall not be obliged to take any action if not indemnified and / or secured and / or prefunded to its satisfaction (either before or after an Event of Default) as to any loss or costs associated with taking such action.

### **Risk factors relating to the Charged Assets**

The Charged Assets are complex instruments. It is important that investors read and understand the terms and conditions of the Charged Assets (which are attached to this Supplemental Information Memorandum) and certain detailed information regarding, *inter alia*, the equity exchange option.

#### ***There is no active trading market for the Charged Assets***

There is currently no active trading market for the Charged Assets and there is no assurance that an active trading market will develop in the future. Accordingly, the Charged Assets may not be very liquid and the Issuer, the Selling Agent on the Issuer's behalf or Noteholders that have exercised their Physical Delivery Option (as defined below), as applicable, may not be able to sell Charged Assets at all or sell them at prices that will provide a yield comparable to similar investments that have a liquid secondary market. Illiquidity may have a severely adverse effect on the market value of the Charged Assets.

#### ***Since the Charged Assets are exchangeable into the Shares, the market price of the Charged Assets will be influenced by the price of the Shares***

An investor in the Charged Assets will receive ordinary dematerialized shares of Chimimport AD upon exchange of the Charged Assets (unless Chimimport Invest AD decides to exercise its

Cash Settlement Option (as defined in the terms and conditions of the Charged Assets)). Prospective investors should be aware that the market price of the Charged Assets will be influenced by the price of the underlying Shares.

In addition, the market price of the Charged Assets will, *inter alia*, be influenced by the volatility of the Shares. A decline or anticipated decline in the price of the Shares may result in a decline in the market price of the Charged Assets and the holders of the Notes could consequently lose all or part of the value of their investment in the Notes.

***Interest rate risks and reinvestment risks***

Investment in the Charged Assets involves the risk that subsequent changes in market interest rates may adversely affect the value of the Charged Assets.

The issuer of the Charged Assets may be expected to redeem the Charged Assets prior to maturity when its cost of borrowing is lower than the interest rate on the Charged Assets. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Charged Assets being redeemed and may only be able to reinvest the redemption proceeds at a significantly lower rate. Potential investors should consider the reinvestment risk in light of other investments available at that time.

***Since the Charged Assets are held by or on behalf of Euroclear and Clearstream, holders of the Charged Assets (including the Issuer) will have to rely on their procedures for transfer, payment and communication with the issuer of the Charged Assets***

The Charged Assets are represented by global bonds except in certain limited circumstances described in the permanent global bond. The Charged Assets are deposited with a common depositary acting for both Euroclear and Clearstream. Except in certain limited circumstances described in the permanent global bond, a holder of the Charged Assets (including the Issuer) will not be entitled to receive definitive bonds. Euroclear and Clearstream will maintain records of the beneficial interests in the Charged Assets.

The issuer of the Charged Assets will discharge its payment obligations under the Charged Assets by making payments to the common depositary for Euroclear and Clearstream for further distribution to their account holders. A holder of a beneficial interest in the Charged Assets (including the Issuer) must rely on the procedures of Euroclear and Clearstream to receive payments under the Charged Assets. The issuer of the Charged Assets has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Charged Assets.

Holders of beneficial interests in the Charged Assets will not have a direct right to vote in respect of the Charged Assets. Instead, such holders will be permitted to act only to the extent that they are duly authorised to do so by a paying and exchange agent in respect of the Charged Assets.

***Legal risks directly related to the Charged Assets***

The Charged Assets, the Chimimport Trust Deed, the Chimimport Agency Agreement, the Deposit Agreement and the Security Assignment (each as defined in "*General Information* –

*Material Contracts*" in this Supplemental Information Memorandum) are governed by English law and each of the issuer of the Charged Assets, Chimimport AD and Chimimport Invest AD has agreed that disputes arising under the documents to which it is a party will be subject to the jurisdiction of the English courts.

Recognition of foreign judgments in Bulgaria is provided for under the new Civil Procedure Code of Bulgaria (the "CPC") which was introduced on 1 March 2008 to implement the European Union Council Regulation (EC) 44/2001 of 22 December 2000 on Jurisdiction and on the Recognition and Enforcement of Judgments in Civil and Commercial Matters.

In addition, the security interests under the Share Pledge (as defined in "*General Information – Material Contracts*" in this Supplemental Information Memorandum) have been created under the Agreements on Financial Collateral Act of Bulgaria (the "AFCA"). The AFCA was promulgated in August 2006 to implement one of the European Union Directives on financial collateral with the intention of permitting the use of financial collateral and close-out netting in the event of insolvency of a Bulgarian counterparty. The CPC and the AFCA are relatively new laws and Bulgarian courts may have very little or no experience in applying these laws.

The possible failure of the Bulgarian legal system to keep pace with the rapidly developing commercial practices may create uncertainties in some respects. Flaws in Bulgaria's legal infrastructure may result in doubt arising in relation to corporate actions, compliance and other matters, the performance of which may be taken for granted in other jurisdictions.

### ***Risks relating to the Shares***

#### ***The market price of the Shares could be highly volatile***

The market price of the Shares may be highly volatile as a result of many factors, including changes in the forecasts and the expectations of investors with regard to the financial and economical condition of Chimimport AD and its operational performance, acquisitions and reorganisation, legislative changes, etc.

#### ***Substantial future sales of Shares could affect their market price***

If a substantial number of the Shares are offered for sale, the trading price of the Shares may be depressed. Sales of substantial amounts of Shares, or the perception that such sales could occur, could adversely affect the prevailing market price of the Shares. Such sales may also make it difficult for Chimimport AD to issue equity securities in the future at a time and at a price that Chimimport AD deems appropriate.

#### ***Any additional equity financing may be dilutive to Chimimport AD's shareholders***

Chimimport AD may issue additional ordinary shares in subsequent increases of capital in the future. Chimimport AD is required under Bulgarian law to offer any such ordinary shares to existing shareholders on a pre-emptive basis. Nevertheless, existing shareholders may choose not to participate in such future issues of ordinary shares, which would dilute their existing interest in Chimimport AD. Similarly, existing shareholders' holdings in Chimimport AD may be diluted in circumstances where such shareholders do not exercise their right to subscribe proportionally for any convertible bonds, warrants and/or other similar instruments issued from time to time which are convertible into or exchangeable for shares in Chimimport AD. In the



event that the remaining holders of such instruments exercise their conversion or exchange right (as applicable), they may be entitled to acquire new shares in the share capital of Chimimport AD, with a resulting dilution of the shareholding of those shareholders who did not subscribe for such instruments.

*There is no guarantee that cash dividends will be distributed to the holders of Shares issued by Chimimport AD*

To date, Chimimport AD has not declared, recommended, paid or made any dividends or other distributions in respect of its share capital, but has chosen to use retained profits, generated during the years, to finance its growth. Any future payment of dividends on the ordinary shares issued by Chimimport AD will depend on the level of Chimimport AD's earnings and cash flow, as well as Chimimport AD's expenditure and investment plans, and the intentions of the principal shareholders.

*Chimimport AD is controlled by Chimimport Invest AD, its majority shareholder. In the event that Chimimport Invest AD undertakes any actions which are not in the best interests of the remaining shareholders, the value of the Shares may decrease*

Chimimport AD is controlled by Chimimport Invest AD, its majority shareholder. In the event that Chimimport Invest AD undertakes any actions which are not in the best interests of the remaining shareholders, the value of the Shares may decrease. In particular, by virtue of its majority shareholding, Chimimport Invest AD may exercise decisive influence upon questions that are required to be resolved by the general meeting of shareholders of Chimimport AD, including the appointment and dismissal of members of the supervisory board of Chimimport AD, the payment of dividends and the conclusion of significant transactions (in which Chimimport Invest AD is not an interested party).

#### ***Risks relating to the Bulgarian securities market***

*There may be less information available in the Bulgarian securities market than is available on companies in other securities markets*

Although, in the process of Bulgaria's accession to the EU most of Bulgaria's securities laws have been harmonised with EU legislation, there is still a difference in the regulation (and, in particular, its enforcement) and the monitoring of the Bulgarian securities markets, and the activities of investors, brokers and other participants, compared with markets in Western Europe and the United States. The Bulgarian Financial Supervision Commission monitors for the disclosure and the compliance with the other regulatory standards for the Bulgarian securities markets, for the compliance with laws, and issues regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Bulgarian companies than is regularly made available to the investors by public companies in other securities markets, which could affect the price of the Shares.

*The Bulgarian Stock Exchange ("BSE") is substantially smaller and less liquid than securities markets in certain other countries*

The BSE is substantially smaller and less liquid than securities markets in certain other countries, such as those in the United States and Western Europe.

As of 31 December 2009, equity securities representing 401 companies were registered for trading at the BSE. 23 of these are listed on the Official Market, 312 on the Unofficial Market, and 66 on the Special Investment Purpose Companies Market (*source: the Bulgarian Stock Exchange*).

As at 31 December 2009, the market capitalisation of the companies traded on the BSE amounted to BGN 3,640.52 million for those traded on the Official Market, BGN 6,546.03 million for those traded on the Unofficial Market and BGN 1,608.99 million for those traded on the Special Investment Purpose Companies Market. As at 31 December 2008, the market capitalisation of the BSE-traded companies amounted to BGN 3,459.25 million for the companies traded on the Official Market and BGN 7,375.04 million for the companies traded on the Unofficial Market (*source: the Bulgarian Stock Exchange*).

At the same time, a very small number of companies represent a large portion of the market capitalisation and a significant part of the trading volumes of the BSE. Therefore, notwithstanding that the Shares are one of the most frequently traded stocks on the BSE, they are still relatively illiquid according to the standards of more developed markets. Low liquidity also leads to other complications, such as excessive volatility, with the market arguably also vulnerable to speculative activity because liquidity is occasionally so low that prices can be manipulated by relatively small trades. There is no guarantee that the Shares will be actively traded, and if they are not, this is likely to increase price volatility.

#### **Risks related to the operations and structure of the Chimimport Group**

***Chimimport AD is a holding company and any decline in the operating results, financial position or prospects for the operations of its subsidiary companies may have a significant adverse effect on the results of the operations and financial position of the issuer of the Charged Assets, including its ability to pay dividends***

Since Chimimport AD conducts business through its subsidiary companies exclusively, its financial position, operating results and prospects are in a direct relation to the position, results and prospects for its subsidiary companies, especially its principal subsidiaries. The stock exchange price of the Shares reflects the business potential and assets of the Chimimport Group as a whole. The ability of Chimimport AD to continue investing its own funds in the growth of the Chimimport Group and to pay dividends to its preferred shareholders and to the holders of ordinary shares, should a decision to this effect be made by Chimimport AD's general meeting of shareholders, will depend on a number of factors related to its subsidiary companies, including the amount of profit and cash flows from the subsidiary companies and the growth in the stock exchange price of the shares in its subsidiary companies which are public companies and traded on the BSE.

***The Chimimport Group operates in various branches of the Bulgarian economy and is subject to many risks that are specific to these branches***

Even though the activities of the Chimimport Group have been significantly diversified by branches (banking, insurance, air, river and maritime transport, production of chemical products, vegetable oils, processing of and trading in grain foods, real estate, etc.), the unfavourable development of one or more of the key economic sectors where the companies of the Chimimport Group operate could have a material adverse effect on the activities of the

Chimimport Group, its operating results and financial position. The business of the Chimimport Group as a whole and its individual areas are subject to various risks, including a deterioration of the financial-economic conditions in Bulgaria, in the region and in the world (for example, a decrease in the number of passengers and loads carried by the transport companies of the Chimimport Group, a drop in the prices of main raw materials, such as oil, grain, etc., unfavourable changes in the credit policies of the banks, decreases in solvent demand, problems in the tourist sector), transport and production accidents and failures, unfavourable changes in the legislation and regulatory framework applicable to any of the businesses in the Chimimport Group, ecological problems, natural disasters such as droughts, floods, earthquakes, unexpected geological conditions and labour disputes.

***If the Chimimport Group fails to carry out or integrate successfully future acquisitions or implement reorganizations, the results of the operations of the Chimimport Group and its financial position may be damaged***

To date, the Chimimport Group has developed its operations in Bulgaria primarily through acquisitions of companies and assets. The Chimimport Group intends to pursue a strategy of identifying and acquiring businesses, companies and assets with a view to expanding its activities. There is no certainty, however, whether the Chimimport Group will succeed in the future to identify appropriate objects for acquisition and investment opportunities or whether the companies and assets acquired in the future will be as profitable as the operations so far. In addition, acquisitions and investments are subject to a number of risks, including possible adverse effects on the results of the operations of the Chimimport Group, unexpected events as well as obligations and problems related to the integration of the operations.

Chimimport AD is making, and will have to make, a number of reorganizations, including restructuring of its aviation business and pension funds companies. Chimimport AD expects that these reorganizations will result in economies of funds and a more effective management of the businesses. There is no certainty, however, that Chimimport AD will manage to implement the planned reorganisations on a timely basis, or completely nor that they will generate the expected benefits, including economies of expenses.

***The quick growth of Chimimport AD and the restructuring in the Chimimport Group may present a challenge to its systems of operational, administrative and financial control***

It is expected that the level of growth and expansion of the activities of Chimimport AD and the restructuring in the Chimimport Group will continue, and that there will be a respective increase in the need to ensure greater management and operational resources. Chimimport AD is trying to optimize its operational structure, its control and financial systems and to recruit and train qualified staff. There is no certainty that the systems of operational and financial control of Chimimport AD are appropriate to support and manage its future growth effectively.

***Chimimport AD may choose an inappropriate market strategy***

The future profits and economic value of Chimimport AD depend on the strategy chosen by the management team of Chimimport AD and its subsidiary companies. Opting for an inappropriate market strategy may lead to losses or earnings foregone. Chimimport AD strives to manage the strategic risk by constantly monitoring the implementation of its strategy and results in order to be able to react as quickly as possible if changes in the strategy are needed.

Any inappropriate or delayed changes in the strategy of the Chimimport Group might have a material adverse effect on its activities, operating results and financial position.

***Most of the activities of the Chimimport Group are carried out in a highly competitive environment***

With its accession to the EU on 1 January 2007, Bulgaria has become significantly more attractive to foreign investment and the operation of foreign and mostly European companies has been greatly facilitated. This holds true especially for the sector of financial services which is strategic for the Chimimport Group due to the possibility for loan, insurance and other financial institutions licensed in other EU Member States to transact business directly in Bulgaria in the conditions of free offering of services.

Fierce competition is especially typical of the financial services market where some of the Chimimport Group's principal subsidiaries operate. There have been significant restructurings in these sectors after the privatization of the state shares in the Bulgarian banks and insurance companies. Foreign strategic investors have acquired shares in most large Bulgarian banks and insurance companies pursuing aggressive growth strategies and introducing modern systems, technologies and practices. Some Bulgarian banks have found themselves in wider international processes of consolidation and this has greatly strengthened their position on the internal market. Certain banks owned by foreign financial conglomerates may continue to have priority access to fresh financial resources at a competitive cost, even during the ongoing financial crisis. The intense competition in the financial sector may lead to an outflow of clients of Central Cooperative Bank AD ("CCB") and Insurance Company Armeec AD ("Armeec"), both of which are part of the Chimimport Group, and a decrease in their market share. These and other factors may affect unfavourably the financial position and the results of the financial institutions in the Chimimport Group.

The mass entry of the so called low-cost air carriers in the Bulgarian aviation market may lead to a decrease in the revenue of the air companies of the Chimimport Group, such as Hemus Air EAD and Bulgaria Air AD. The entry into force of the open skies agreement pursuant to which all air companies complying with the European flight security norms have an equal access to the Bulgarian aviation market may lead to a decrease in the revenue of the aviation carriers in the Chimimport Group.

The growing competition may also have an adverse effect on other businesses of the Chimimport Group, such as the production of and trading in fertilizers and chemicals.

In brief, the overall business of the Chimimport Group faces strong competition from both large multinational companies and larger and smaller local companies. Many of the international competitors of the Chimimport Group are larger and have financial, technical and marketing resources that are significantly greater than those of the Chimimport Group. The factors which determine whether consumers choose the products and services of the Chimimport Group include price, quality of products and service, reputation and customer relations. Chimimport AD expects a growth in competition in the sectors and markets where its subsidiary companies operate and there is no guarantee that the Chimimport Group will maintain its strong competitive position in the future.

***Force majeure events such as unfavourable climate changes, accidents and terrorist attacks may have a significant impact on the business of the Chimimport Group***

Abrupt climate changes and natural disasters may have a negative impact on the yield of grains which will have an adverse effect on the grain business of the Chimimport Group and make it difficult to obtain payments on the loans to agricultural producers given by CCB. A decline in the yield of agricultural activities related to unfavourable climate conditions, pests or other reasons may lead to overdue receivables related to the sale of fertilizers with deferred payments and, as a result, to a decrease in the revenue of the Chimimport Group from the production of and trading in chemical products. The coming into being of large-scale insurance events may lead to difficulties for Armeec with the compensation payments. Terrorist attacks on sites of the air, river and maritime transport in the region may bring about a reduction in the flow of travellers and traffic and to losses for the companies of the transport branch of the Chimimport Group, such as Hemus Air EAD and Bulgaria Air AD, and Bulgaria River Shipping AD. The activities of the latter may suffer the negative impact of changes in the navigability of the Danube. Both extremes – critically low and critically high river levels - are exceedingly problematic for shipping, because the impeded or completely interrupted navigation results in an increase in expenses and a drop in income for the company.

***The rights of the Chimimport Group to certain sites of national importance may be terminated in the event of non-fulfilment of the obligations under the respective concession agreements***

The Bulgarian state has granted the company Oil and Gas Exploration and Production AD, a subsidiary company of Chimimport AD, concessions to extract crude oil from over 10 fields. The Chimimport Group is also a party to a concession agreement concerning Lesport Port Terminal which is part of Varna Port, a public transport port of national importance. The Chimimport Group also owns a 40 per cent. share in the concessioner of the airports Varna and Bourgas: Fraport Twin Star Airport Management AD consortium. The concessions held by the Chimimport Group have different periods (between 7 and 35 years) but, in the event of failure of the Chimimport Group to fulfil its obligations under the respective agreements (for example, if the use of the objects is suspended for a period, or if there is a significant failure to realize the investment program of the concession-holder, failure to reach certain agreed parameters, on the basis of a judicial decision, etc.), the Bulgarian state may terminate the concessions in advance. There could also be further challenging of the concession agreements in the court by third parties on the grounds of their being unlawful. The loss of concession rights of the Chimimport Group may have a significant negative impact on its activities and on its financial position.

***Compliance with the legislation concerning the protection of the environment requires constant expenses and commitments on the part of the Chimimport Group and any non-compliance with the regulatory obligations may lead to significant sanctions and termination of activities***

The ecological legislation in the Republic of Bulgaria requires companies to take a number of measures concerning the prevention, control and reduction of the various types of environmental pollution. The policy of the Chimimport Group is to comply strictly with all regulatory obligations and restrictions related to the protection of the environment which is related to constant expenses, including expenses for planning, monitoring and reporting,

ensuring and maintaining compliance of the equipment with the required standards and norms, re-cultivation of locations, etc. Regardless of the action taken, if the Chimimport Group is found guilty of causing ecological damage, it will have to pay compensation and fines in a significant amount and some of its activities may be terminated which could affect greatly its financial position and operating results.

***The Chimimport Group may fail to fund its planned capital expenses and investments***

The businesses of the Chimimport Group require significant capital expenses, including such for production, exploitation, marketing, environment protection, etc. Chimimport AD expects a great part of these expenses to be funded from the Chimimport Group's own funds. In the event of unfavourable economic situation or the coming into being of other unfavourable events, it may be necessary to fund these expenses primarily from external sources. There is no certainty as to whether external funding will be found under acceptable conditions. It may be necessary for Chimimport AD to reduce its planned capital expenses and investment, which would have an adverse effect on the operating results and the financial position of the Chimimport Group.

***The financial results of the Chimimport Group depend on the prices of crude oil, petroleum products and grain***

The financial position and operating results of the Chimimport Group depend on, amongst other things, the market prices of crude oil, process mixtures and petroleum products which are subject to international demand and supply and various other factors outside the control of Chimimport AD. In the past years, these prices have varied widely. A prolonged decline in prices of petroleum products may lead to a reduction in the revenue of Oil and Gas Exploration and Production AD, a subsidiary company of Chimimport AD. In addition, a move in consumer demand for other energy sources as a result of a global crisis on the market of petroleum products could have a material adverse effect on the income of Oil and Gas Exploration and Production AD and, consequently, of the Chimimport Group.

***The Chimimport Group's operations are subject to risks related to the conditions in Bulgaria and the region***

The Chimimport Group carries out activities exclusively in Bulgaria which is now an EU Member State but has so far been classified as a newly-emerging market by international investors. The newly-emerging markets are associated with higher risks in comparison to the more developed markets, including, in some cases, material legal, economic and political risks (refer to "Risks Related to Bulgaria" below). A delay in the growth of Bulgaria's economy as a result of political or economic factors will lead to a decrease in the demand for products and services of the Chimimport Group.

In particular, the development of negative macroeconomic processes and the heightening of competition in the economic life of the country may lead to a decline in the solvency of some of the clients of CCB and to an increase in the share of problem loans in its portfolio. In addition, a significant decline in the prices of real estate may be a reason to devalue some of the collateral accepted by CCB. A number of factors, including regulatory changes, may force CCB to allocate more funds for provisions which would lead to a drop in its profit.

In addition, the unfavourable political or economic events in other Central or East European countries may have a large negative impact on, along with other things, Bulgaria's gross domestic product, foreign trade and the economy as a whole. Investors also need to take into account that the newly-emerging markets change quickly and the information contained in this Supplemental Information Memorandum may be outdated soon.

***The success of the Chimimport Group depends on its key personnel. If the Chimimport Group fails to attract and keep experienced and qualified people, its business may suffer***

The business of the Chimimport Group depends on the contribution of a number of people taking part in the management and supervisory bodies and the top management of Chimimport AD and its principal subsidiaries and, to the greatest extent, on the executive directors of Chimimport AD. There is no certainty that the services of these "key" staff will continue to be available to the Chimimport Group in the future. The competition for quality staff among employers in the financial and other sectors in Bulgaria is very strong. The success of the Chimimport Group will depend partly on its ability to retain and motivate these people. The inability of the Chimimport Group to maintain sufficiently experienced and qualified staff in managerial, operational and technical positions could have a significant adverse effect on the activities of Chimimport AD, its operating results and financial position. At present, the Chimimport Group does not have "key staff" insurance.

***The insurance coverage of the activities and assets of the Chimimport Group may prove to be insufficient***

Chimimport AD strives to maintain adequate and economically effective insurance protection in respect of the assets and activities of the Chimimport Group. There is no certainty, however, that the insurance coverage will be enough to cover any possible losses to a satisfactory degree if insurance events come into being, for example production accidents, suspension of activities, natural disasters and ecological damages, the occurrence of which may therefore adversely impact the activities and financial position of the Chimimport Group.

***The Chimimport Group operates in a highly regulated environment and any changes in the applicable legislation, the interpretation or practice of the application of the legislation, or the failure of any member of the Chimimport Group to comply with this legislation, may have a significant adverse effect on it***

The introduction of any regulatory restrictions by the Bulgarian National Bank may limit the growth possibilities of the CCB. The unfavourable changes in the legislation (for example, reduction or elimination of tax reliefs for people paying insurance and social insurance) could lead to an outflow of funds from the pension and social insurance system which will have a negative impact on the pension companies in the Chimimport Group.

A change in government policy concerning the awarded concessions on oil and gas extraction could have a negative impact on the activities of Oil and Gas Exploration and Production AD, a subsidiary of Chimimport AD conducting crude oil extraction in Bulgaria.

***The legislation application system of Chimimport could prove not sufficiently effective***

The ability of the Chimimport Group to comply with the requirements of all applicable laws and rules depends, to a large extent, on the creation and maintenance of systems and procedures for

compliance with the laws, such as accounting, control, audit and reporting systems (provision of information), as well as of Chimimport AD's ability to retain qualified staff with respect to the application of the regulatory requirements and risk management. There is no guarantee that these systems and procedures are completely effective. Chimimport AD is subject to intense supervision by regulatory bodies, including regular inspections. In the event of a real or suspected incompliance with the rules, Chimimport AD may be subject to investigation under administrative and judicial proceedings which may result in the imposition of significant sanctions or the filing of judicial cases with a significant interest, including by clients of Chimimport AD, for compensation. Any of these circumstances could have a significant adverse impact on the activities of Chimimport AD, the company image, its operating results and financial position.

## ***General Risks***

### ***Emerging Markets***

Investors in emerging markets such as Bulgaria should be aware that these markets are subject to greater risks than those inherent to more developed markets, including in some cases significant legal, economic and political risks. In addition, adverse political or economic developments in other countries could have a significant negative impact on, among other things, Bulgaria's GDP, foreign trade and economy in general. Prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, an investment in the Notes linked to the Charged Assets or the Shares is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors should also note that a feature of emerging markets is that they are subject to rapid change and the information contained in this Supplementary Information Memorandum may become outdated relatively quickly.

### ***Risks relating to Bulgaria***

#### ***Political Risks***

Since 1989, Bulgaria has pursued a programme of political and economic structural reform designed to establish a free market economy through the privatisation of state enterprises and deregulation of the economy. Bulgaria has been a member of the North Atlantic Treaty Organisation since 29 March 2004 and a member of the European Union (the "EU") since 1 January 2007

However, the European Commission continues to keep a watchful eye on how Bulgaria carries out its commitments with regard to implementing reforms, notably putting into practice an enhanced monitoring system to oversee whether Bulgaria complies with the terms of its accession treaty. If supervision shows that Bulgaria does not meet the requirements of the EU concerning the transparency of the spending of public resources, fighting corruption, the efficiency and independence of the judicial system, as well as food safety, there is a significant risk that protective clauses in the sphere of the internal market, internal affairs and the judicial system might be activated later on, and some of the subsidies and transfers from the Eurofunds may be reduced or stopped.



The government's ability to implement economic growth encouragement policies is conditional both on the extent to which the members of the government can continue to co-operate in promoting the reforms undertaken, and the effectiveness and the fast application of anti-crisis measures, adopted by the government. No assurance can be given that a change of administration will not result in a significant and rapid change in the political and economic conditions of Bulgaria, which may have a materially adverse effect on Chimimport AD's business, results of operations and financial condition.

The current Bulgarian government was inaugurated in the Bulgarian Parliament on 27 July 2009. The government was formed by the new political party GERB, which won 116 of the 240 seats in Parliament at the last election held on 5 July 2009. The current prime minister is Boyko Borisov, leader of GERB and former mayor of Sofia, the capital city of Bulgaria. Since the prime minister does not rely on coalition support for the formation and election of government, the current Bulgarian government is based on a parliamentary minority. Therefore, given the potential for future governmental instability, it will be of critical importance for the government to ensure that it has the support of the smaller political parties represented in the current Bulgarian Parliament, in order to secure the approval of a parliamentary majority.

The current Bulgarian political system is vulnerable to economic hardship, widespread dissatisfaction with reform and EU membership due to unrealistic expectations, as well as social instability and changes in government policies, organized crime and corruption, any of which could have a materially adverse effect on Chimimport AD's business, results of operations and financial condition.

### ***Economic Risks***

Until 1989, the Bulgarian economy had been administered by the central authorities. Since the end of Communist rule in 1989, successive governments have implemented policies of economic reforms and stabilisation. These policies have involved liberalising prices, reducing defence expenditure and the granting of subsidies to state-owned enterprises, privatising state-owned enterprises, reforming the tax and bankruptcy systems, introducing legal structures designed to facilitate private, market-based activities, stabilising the currency and encouraging foreign trade and investment. Regardless of the fact that Bulgaria joined the EU in 2007, economic reforms are still in progress. Certain measures intended to improve the country's economic condition have been and are expected to remain unpopular. Accordingly, levels of popular and political support for the Bulgarian government are expected to vary.

Like other transitional countries, Bulgaria runs huge trade and current account deficits. Bulgaria has an open-market economy and its development is directly influenced by international market conditions, including the global financial crisis commencing in the second half of 2007, which has had a detrimental effect on the business conjuncture in Bulgaria, primarily because of the decrease of exports and the reduction in the flow of foreign capital, which has had a negative impact on investment activity, unemployment levels, internal consumption and a recession in the latter half of 2009.

The business of the issuer of the Charged Assets, the results of its operations and its financial condition largely depend on the condition of the Bulgarian economy, which in turn affects loan growth, interest costs and customers' ability to meet their obligations on time. Any negative change in one or more macroeconomic factors, such as interest rates, which are influenced by

Eurozone interest rates (by virtue of Bulgaria's Currency Board arrangements – see "*Exchange Rates and the Currency Board*" below), inflation, wage levels, unemployment, foreign investment and international trade, could have a materially adverse effect on the business, results of operations and financial condition of the issuer of the Charged Assets.

Businesses in Bulgaria have a limited operating history in free market conditions. Accordingly, when compared to companies functioning in countries with a developed market economy, such businesses are characterised by a lack of management experienced in responding to the market, limited capital resources with which to develop their operations, and low labour efficiency. In addition, Bulgaria has a limited capacity to support the stability of the market system.

### ***Legal risks and enforcement of judgments***

Bulgaria's legal system is in the process of transformation, matching that of the developing market economy of Bulgaria. The practice of the judiciary and administration remains problematic and parties seeking to rely on the Bulgarian courts for effective redress in respect of a breach of law or contracts, or in an ownership dispute, may find that it is difficult to obtain. The majority of Bulgarian law has been brought into line with that of the EU, although Bulgarian law does continue to evolve, occasionally in ways that do not always coincide with the development and application of the EU's legislation, as well as with market developments. As a result, ambiguities and inconsistencies continue to exist, together with investment risks that would not be a consideration when investing in a company located in a jurisdiction with a more developed legal system. The continuing introduction of new legislation in areas such as corporate and securities laws, as well as amendments in current legislation aimed at achieving full compliance of Bulgarian laws with EU regulations following Bulgaria's accession to the EU as of 1 January 2007, are prerequisites for the attainment of more consistent development of civil and commercial legislation in Bulgaria.

### ***Exchange Rates and the Currency Board***

Since 1997, a Currency Board arrangement has been in place under which the Bulgarian currency, the Lev, has been pegged, initially to the Deutsche mark and subsequently, on creation of the Eurozone, to the Euro. Maintenance of the Currency Board arrangement is considered to be a critical element of economic reform in Bulgaria and requires continuous political support. The rigidity of the Currency Board, which rules out both devaluation (depreciation) of the currency and independent monetary policy may not be responsive in the best possible way to the future needs of the Bulgarian economy, but guarantee the stability of the national currency. It is widely expected that the Currency Board arrangement will be kept until Bulgaria joins the Eurozone.

Any significant devaluation of the Lev could have a materially adverse effect on suppliers and customers of the Chimimport Group, as well as on the business, results, operations and financial condition of the Chimimport Group.

### ***Taxation***

Taxes payable by Bulgarian companies include local (municipal) taxes and fees, corporate profit tax, value-added tax, excise duties, export and import duties and property taxes. Capital gains from investments in shares of listed companies are tax exempt if the sale of such shares is

concluded on a regulated market. Subject to certain exceptions, there is also a 5 per cent. withholding tax on dividends received on shares of listed companies. However, the taxation system in Bulgaria is still developing, which may result in inconsistent tax practice at both state and municipal levels.

Investors should also be aware that the value of an investment in the Shares may be adversely affected by changes in the current tax legislation.

*The Risk Factors set out above are not, and are not intended to be, a comprehensive list of all risk factors relevant to a decision to purchase or hold any Notes. The prospective purchaser acknowledges and agrees that there may be, and are, other risk factors associated with the investment in the Notes.*

**Terms of the EUR 30,000,000 Pass Through Notes due August 2015 (the "New Notes") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V. are set out below.**

**The New Notes are fungible and form a single series with (a) the EUR 5,000,000 Pass Through Notes due August 2015 Series 2010-1 issued on 23 April 2010 (the "Initial Notes") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V. and (b) any other further notes issued that are fungible and form a single series with the Initial Notes**

## **ISSUE TERMS**

The New Notes have the terms as set out in these Issue Terms, which will complete and modify the Bearer Notes Base Conditions Module, April 2010 Edition and the General Definitions Module, April 2010 Edition which are incorporated by reference into these Issue Terms (together, the **Conditions**).

1. Issuer: TransAlp 1 Securities plc
2. Description of the New Notes: EUR 30,000,000 Pass Through Notes due August 2015 linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V. (the "**New Notes**") which are fungible and form a single series with (a) the EUR 5,000,000 Pass Through Notes due August 2015 Series 2010-1 issued on 23 April 2010 (the "**Initial Notes**") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V. and (b) any further notes issued that are fungible and form a single Series with the Initial Notes.
3. (a) Issue Date of New Notes: 12 October 2010
- (b) Issue Price of New Notes: 90 per cent of the aggregate principal amount

## **PROVISIONS RELATING TO INTEREST**

4. Interest:
  - (a) Interest Rate Basis: As set out below
  - (b) Interest Payment Dates: Each day that is one Business Days following receipt by the Issuer of an interest payment in respect of the Charged Assets.
  - (c) Interest Commencement Date: The Issue Date

of New Notes:

- (d) Interest Amount: Notwithstanding the provisions of Condition 7 (*Types of Notes*), on each Interest Payment Date the Issuer shall pay to Noteholders as apportioned *pro rata* amongst all the relevant Notes in aggregate an amount equal to (i) the interest amount actually received by the Issuer on the relevant interest payment date of the Charged Assets *less* (ii) all amounts (if any) notified to the Principal Paying Agent by the Calculation Agent that are due but unpaid as of the relevant Interest Payment Date to each party that appears ahead of the Noteholders in the priority of payments set out under the Security Ranking Basis.

For the avoidance of doubt, if for any reason an interest amount is not received by the Issuer in respect of the Charged Assets the Issuer shall have no obligation to pay any related Interest Amount to Noteholders and such non-payment shall not constitute an Event of Default for the purposes of Condition 11 (*Events of Default*).

- (e) Business Day Convention: Following Business Day Convention

- (f) Additional Business Centres: Sofia

## PROVISIONS RELATING TO REDEMPTION

5. Maturity Date: 31 August 2015, subject to the provisions of Condition 8 (*Redemption*).

In the event of an early redemption of the Notes in accordance with Condition 8 (*Redemption*) or a purchase of the Notes in accordance with Condition 9 (*Purchases*), all or a portion of the Notes shall be redeemed or purchased, as the case may be.

6. Final Redemption Amount: An amount equal to:

- (i) the redemption proceeds (if any) actually received by the Issuer on the redemption date of the Charged Assets *less* all amounts (if any) due but unpaid as of the Maturity Date to each party that appears ahead of the Noteholders in the priority of payments set out under the Security Ranking Basis as notified to the Principal Paying Agent by the Calculation Agent; *divided by*

(ii) the number of Notes,

as determined and notified to the Issuer and the Principal Paying Agent by the Calculation Agent.

If, for any reason, the redemption proceeds of the Charged Assets received by the Issuer in connection with redemption of the Notes pursuant to Condition 8(a) (*Final Redemption*) or the redemption of any Note pursuant to Condition 8(c) (*Early Redemption*) are less than the relevant redemption amount due pursuant to the terms and conditions of the Charged Assets as determined by the Calculation Agent in its sole and absolute discretion (a "**Principal Amount Shortfall**") then, notwithstanding any other Condition:

- (a) such redemption proceeds shall be applied as specified in Condition 5 (*Application of Proceeds*) to the relevant Noteholder(s); and
- (b) all the Notes shall be redeemed in accordance with Condition 8(f) (*Redemption following Charged Assets Event of Default*).

For the avoidance of doubt, such Principal Amount Shortfall will be borne by the relevant Noteholder(s) in accordance with the Security Ranking Basis and the Noteholders shall have no further recourse to the Issuer in respect of the Notes.

7. Credit Linked Provisions: Not Applicable

## PROVISIONS RELATING TO SECURITY

8. Charged Assets EUR 30,000,000 in principal amount of the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V., ISIN: XS0382670437 (the "**Chimimport Secured Exchangeable Bonds**") and the Chimimport Secured Exchangeable Bonds purchased by the Issuer in connection with the issuance of the Initial Notes and any Chimimport Secured Exchangeable Bonds purchased by the Issuer in connection with the issuance of any notes that are fungible and form a single Series with the Initial Notes.

The terms and conditions of the Charged Assets are appended at Schedule 2 (*Charged Assets Schedule*) hereto.

9. Substitution of Charged Assets under Condition 4(b)(I): Not Applicable
10. Substitution of Charged Assets under Condition 4(b)(I) following early redemption: Not Applicable
11. Charged Agreements: None
12. Security:
  - (a) Security Ranking Basis: The Realisation Amount and any other amount specified in the Conditions or the Issue Terms as being applied in accordance with Condition 5 (*Application of proceeds*) and any other net proceeds of sale of the Charged Assets or realisation of, or enforcement with respect to, the security constituted by the Trust Instrument shall be applied:
    - (i) first, in payment or satisfaction of all amounts due and unpaid under clause 16 (*Remuneration and Indemnification of Trustee*) and/or clause 17(K) (*Supplement to the Trustee Acts 1925 and 2000*) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
    - (ii) secondly, to pay when due on a *pari passu* and *pro-rata* basis any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and all amounts due and unpaid to any of the Agents under the Agency Agreement;
    - (iii) thirdly, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis; and
    - (iv) fourthly, in payment of the balance (if any) to the Issuer.

(b) Instructing Creditor: The Noteholders

(c) Additional Charging Document: None

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

13. Transfer Restrictions: Not Applicable

14. Form of Notes: Notes in bearer form to be represented on issue by a Temporary Bearer Global Note.

The Temporary Bearer Global Note is exchangeable for a Permanent Bearer Global Note, which is exchangeable for Bearer Notes in definitive form only upon an Exchange Event.

15. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D applicable

16. Currency of Issue: Euro ("EUR")

17. Specified Denomination: EUR 100,000

18. Whether the Issuer is able to purchase any of the Notes pursuant to Condition 9 (*Purchases*): Yes. The Issuer shall be entitled to purchase all or a portion of the Notes in accordance with Condition 9 (*Purchases*).

19. Rating: The Notes will not be rated.

20. Listing: The prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank of Ireland only approves the prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the official list and trading on its regulated market. No assurance can be given as to whether or not or when such application for listing and admission to trading will be approved

21. Security Codes:

(a) ISIN: Initially XS0547750249 and then, on exchange of the Temporary Global Note for the Permanent Global Note, XS0483980149

(b) Common Code: Initially 054775024 and then, on exchange of the



Temporary Global Note for the Permanent Global Note,  
048398014

22. Payments: As per Condition 10 (*Payments*)

23. Additional Agreement: None.

#### **AGENTS AND OTHER PARTIES**

24. Parties and specified offices:

- (a) Trustee: Deutsche Trustee Company Limited, Winchester House,  
1 Great Winchester Street, London EC2N 2DB
- (b) Principal Paying Agent: Deutsche Bank AG, London Branch, Winchester House,  
1 Great Winchester Street, London EC2N 2DB
- (c) Registrar and Transfer Agent: Not Applicable
- (d) Dealer: UniCredit Bulbank AD, 7 Sveta Nedelya Square, 1000  
Sofia, Bulgaria.
- (e) Calculation Agent: UniCredit Bank AG, London Branch, Moor House, 120  
London Wall, London, EC2Y 5ET.
- (f) Selling Agent: UniCredit Bank AG, London Branch, Moor House, 120  
London Wall, London, EC2Y 5ET.
- (g) Vendor: UniCredit Bank AG, London Branch, Moor House, 120  
London Wall, London, EC2Y 5ET.
- (h) Custodian: Deutsche Bank AG, London Branch, Winchester House,  
1 Great Winchester Street, London EC2N 2DB
- (i) Issuer's process agent: UniCredit Bank AG, London Branch, Moor House, 120  
London Wall, London, EC2Y 5ET.

#### **ACCOUNTS**

25. Cash Deposit Account: Transalp 1 Secirities PLC  
A/C 91934123  
CCY EUR  
SC 90-12-40  
SWIFT BOFIE2D  
IBAN EI42BOFI90124791934123

26. Custodian Account: Euroclear 10327  
REF# D1ZA

**SCHEDULE 1**  
**SPECIAL CONDITIONS**

*The following special conditions shall be deemed to be added to the Conditions of the Notes. To the extent that the Conditions of the Notes are inconsistent with the special conditions, such Conditions shall not apply.*

**(A) APPLICATION OF PROCEEDS**

Condition 5 (*Application of proceeds*) shall be amended by deleting each reference to "Realisation Amount" and replacing it with a reference to "Realisation Amount and any other amount specified in these Conditions or the Issue Terms as being applied in accordance with Condition 5 (*Application of proceeds*)".

**(B) PAYMENTS**

Condition 10 (*Payments*) shall be amended by addition of the following paragraph (h):

"(h) On each date on which an amount of interest, any amount payable in connection with an Other Distribution Amount or any Final Redemption Amount is due to be paid to Noteholders, the Principal Paying Agent shall, to the extent practicable and subject to being in receipt of sufficient funds, arrange for payment of all amounts due and unpaid to each party that appears ahead of the Noteholders in the priority of payments set out under the Security Ranking Basis, as determined and instructed in writing to the Principal Paying Agent by the Calculation Agent at least 2 Business Days prior to the date on which such payment is to be made."

**(C) REDEMPTION**

Condition 8 (*Redemption*) shall be deleted in its entirety and replaced with the following:

**"8 REDEMPTION**

**(a) Final Redemption**

Subject to there being no Principal Amount Shortfall in respect of the redemption of the Notes in accordance with this Condition 8(a), each Note will be redeemed by the Issuer on the Maturity Date at its Final Redemption Amount, unless such Note has been redeemed, purchased or cancelled prior to such date. If a Principal Amount Shortfall occurs in respect of the Maturity Date, the Notes shall be redeemed in accordance with Condition 8(f) (*Redemption following Charged Assets Event of Default*).

**(b) Redemption for taxation reasons**

**(i) If:**

**(A)** the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets (including the deductions of tax from such payments) so that it would be

unable to make payment of the full amount payable on the Notes without recourse to further sources of funding, or

- (B) the Issuer would be required to account for any tax or suffer tax in respect of its income in respect of the Charged Assets as a result of the then accounting treatment of the Issuer, as certified by the Issuer's auditors,

then the Issuer shall so inform the Trustee, the Principal Paying Agent and the Calculation Agent in writing in a certificate signed by two Directors of the Issuer and shall notify the Noteholders in accordance with Condition 15 (*Notices*).

From and including the date that is 60 Business Days after the date of delivery of such notice to Noteholders (a "**Tax Event**"), unless the Notes have been redeemed, purchased or cancelled prior to such date (including but not limited to in accordance with Condition 8(e) (*Physical Delivery of Charged Assets Option*)), if such Tax Event is continuing, the Issuer shall use all reasonable endeavours to arrange the substitution as the principal debtor of the Notes of another company, approved by the Trustee (in the case of Notes that are rated subject to Rating Agency Confirmation) incorporated in another jurisdiction wherein such withholding would not be applicable, or such tax would not be accountable or suffered and, in any such case, the company concerned would not be in any worse position following the substitution than the Issuer was in before the event occurred which resulted in the Issuer being obliged to use all reasonable endeavours to substitute a new principal debtor in accordance with this provision. For such purposes the Issuer shall be entitled to seek such legal, tax or other advice as it deems necessary or desirable and shall also be entitled to deduct all costs and expenses of any kind associated with it acting in accordance with this Condition 8(b) from any payments it is due to make in respect of the Notes.

- (ii) If the Issuer is unable to arrange such substitution, the Notes shall be redeemed as follows. The Selling Agent shall arrange for, and administer the sale of, the Charged Assets in accordance with the Agency Agreement. Upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) of the date on which the Notes will be redeemed at the Early Redemption Amount and the Issuer shall have no further obligations in respect of the Notes. If for any reason the Selling Agent is unable to arrange for the sale of such Charged Assets within 30 Business Days, it shall give notice on behalf of the Issuer to the Noteholders, the Trustee and the Principal Paying Agent and thereupon any Noteholder shall be entitled to exercise its Physical Delivery Option (as defined below) for a period of 15 calendar days following the date of delivery of such notice. Thereafter, in respect of any Charged Assets not the subject of the Physical Delivery Option, the Realisation Amount shall be deemed to be zero and the Noteholders shall have no further recourse to the Issuer in respect of the Notes.

(iii) Notwithstanding the foregoing, if the requirement to withhold or account for any of the taxes referred to in this Condition arises:

- (A) owing to any connection of any Noteholder with the taxing jurisdiction to which the Issuer is subject to otherwise than by reason only of the holding of any Note or receiving principal, premium or interest in respect thereof; or
- (B) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
- (C) where such withholding or deduction is imposed on payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (D) (if applicable) which could have been avoided if the relevant Noteholder presented the relevant Note to another Paying Agent in a Member State of the European Union,

then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and the provisions of the preceding paragraphs shall not apply. Any such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*).

(c) **Early Redemption**

(i) ***Following early redemption of the Charged Assets***

- (A) In the event of an early unscheduled redemption of the Initial Charged Assets prior to their stated date of maturity (other than by reason of a payment default) prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the amount of cash held in the Cash Deposit Account at such time, the Selling Agent, on behalf of the Issuer, shall pay any such difference to the Vendor as soon as reasonably practicable thereafter. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are greater than the amount of cash held in the Cash Deposit Account at such time, the Vendor shall pay any such difference to the Issuer as soon as reasonably practicable thereafter. Each Note will thereafter be redeemed *pro rata* on the basis of the aggregate amount allocated to the Noteholders.
- (B) Where any one or more of the Charged Assets are redeemed prior to their stated date of maturity pursuant to:

- (1) Condition 8(b) (*Redemption at the option of the Issuer*) of the Charged Assets in respect of a redemption of the Charged Assets in whole; or
- (2) Condition 8(c) (*Redemption at the option of the Bondholder*) or Condition 8(d) (*Redemption for Change of Control*) of the Charged Assets following any Noteholder instructing the Issuer in accordance with Condition 27 (*Charged Assets Instructions*) and 28 (*Instruction Requirements*) to exercise the Issuer's rights under such conditions of the Charged Assets to call for early redemption of the Charged Assets; or
- (3) any other early unscheduled redemption of the Charged Assets in whole prior to their stated maturity (other than as a result of a Charged Assets Event of Default),

the Issuer shall give notice as soon as reasonably practicable to the Trustee, the relevant Noteholder(s), the Calculation Agent and Principal Paying Agent (which notice shall be irrevocable) of the date on which the net redemption proceeds of such Charged Assets shall be applied to the relevant Noteholder(s) as specified in Condition 5 (*Application of Proceeds*) and / or, if the Charged Assets are redeemed by delivery of any assets other than cash ("**Non Cash Assets**"), the date on which such Non Cash Assets shall be delivered to the relevant Noteholder(s) in accordance with Condition 8(h) (*Physical Delivery Provisions for Shares, Charged Assets and / or Non Cash Assets*) (such date being the "**Non Cash Assets Delivery Date**") *provided that*, in order to receive such Non Cash Assets, a Noteholder must deliver to the Issuer a duly completed Transfer Notice.

(ii) **General**

Once the net proceeds of redemption of the Charged Assets have been applied in accordance with this Condition and the Security Ranking Basis specified in the Issue Terms, failure to make any further payment due in respect of a redemption of the principal amount of the Notes or interest thereon shall not constitute an Event of Default and the Noteholders shall have no further recourse to the Issuer in respect of the Notes.

(d) **Redemption at the option of the Issuer**

If at any time on or prior to the 60<sup>th</sup> calendar day prior the Maturity Date, the outstanding principal amount of the Notes falls below EUR 3,000,000, the Issuer shall, upon the instructions of the Calculation Agent, redeem the Notes in accordance with this Condition 8(d). Following receipt of such instructions the Issuer shall give irrevocable notice to the Noteholders, the Selling Agent, the Trustee and the Principal Paying Agent. Thereupon:

- (i) Each Noteholder shall be entitled to exercise its Physical Delivery Option for a period of 30 calendar days following the date of delivery of such notice.
- (ii) From but excluding the 30<sup>th</sup> calendar day following the date of delivery of such notice, the Selling Agent shall arrange for, and administer the sale of, all of the Charged Assets not subject of the Physical Delivery Option. Upon the sale of such Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Noteholders, the Principal Paying Agent and the Trustee (which notice shall be irrevocable) of the Realisation Amount and of the date on which the relevant Notes will be redeemed at the Early Redemption Amount. If for any reason the Selling Agent is unable to arrange for the sale of such Charged Assets within 30 Business Days, it shall give notice to the Noteholders, the Trustee and the Principal Paying Agent and thereupon any Noteholder shall be entitled to exercise its Physical Delivery Option for a further period of 15 calendar days following the date of delivery of such notice. Thereafter, in respect of any Charged Assets not the subject of the Physical Delivery Option, the sale proceeds shall be deemed to be zero.
- (iii) Once the net proceeds of sale of the relevant Charged Assets have been applied in accordance with this Condition 8(d) and the Security Ranking Basis specified in the Issue Terms or have been deemed to be zero in accordance with this Condition 8(d), failure to make any further payment due in respect of a redemption of the principal amount of the Notes or interest thereon shall not constitute an Event of Default. To the extent that the net proceeds of sale of the Charged Assets, together with any other sums recovered by or on behalf of the Issuer in respect of the Charged Assets, are less than the amount which the Noteholders may have expected to receive, such shortfall will be borne by such Noteholders in accordance with the Security Ranking Basis specified in the Issue Terms and the Noteholders shall have no further recourse to the Issuer in respect of the Notes.

(e) **Physical Delivery of Charged Assets Option**

Subject to this Condition 8(e), the Issuer shall, at the option of any Noteholder (the "**Physical Delivery Option**"), redeem all the Notes held by such Noteholder in accordance with Condition 8(h) (*Physical Delivery Provisions for Shares, Charged Assets and / or Non Cash Assets*).

Subject to the requirements of Condition 28 (*Instruction Requirements*) being satisfied the Physical Delivery Option may be exercised on any day up to 15 Business Days prior to the Maturity Date or, in the event that a Charged Assets Event of Default has occurred, as otherwise specified in these Conditions, by (A) if the relevant Notes are in definitive form, the relevant Noteholder depositing such Notes together with unmatured related Coupons (if any) and unexchanged Talons (if any) appertaining thereto at the specified office of a Paying Agent

together with a duly completed and signed Transfer Notice; or (B) if the relevant Notes are represented by a Global Note, the relevant Noteholder delivering a duly completed Transfer Notice in accordance with the standard procedures of the Clearing Systems (which may include notice being given on his instruction by the Clearing Systems or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time, and copied to the Principal Paying Agent, and, at the same time, presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly. For the avoidance of doubt, the Issuer shall only be required to act pursuant to this Condition if it receives a duly completed Transfer Notice from the relevant Noteholder and, in respect thereof, the requirements of Condition 28 (*Instruction Requirements*) are satisfied.

On the day that is the 5<sup>th</sup> Business Day following the exercise of the Physical Delivery Option by any Noteholder the Issuer shall redeem all the Notes of such Noteholder by delivery (the date of such delivery being the "**Charged Assets Physical Delivery Date**") of Charged Assets to that Noteholder(s) in the manner set out in Condition 8(h) (*Physical Delivery Provisions for Shares, Charged Assets and / or Non Cash Assets*).

(f) **Redemption following Charged Assets Event of Default**

Following the occurrence of a Charged Assets Events of Default (as defined below):

- (i) The Issuer or the Calculation Agent on the Issuer's behalf shall give notice in English as soon as reasonably practicable to the Trustee, the Noteholders and the Principal Paying Agent (which notice shall be irrevocable) giving reasonable details of which event specified in the definition of Charged Assets Event of Default has occurred (a "**Charged Assets Event of Default Notice**").
- (ii) Each Noteholder shall be entitled to exercise its Physical Delivery Option in accordance with Condition 8(e) (*Physical Delivery of Charged Assets Option*) for a period of 30 calendar days following the date of delivery of a Charged Assets Event of Default Notice.
- (iii) From but excluding the 30<sup>th</sup> calendar day following the delivery of a Charged Assets Event of Default Notice by the Calculation Agent, the Selling Agent shall arrange for, and administer the sale of, all of the Charged Assets not the subject of the exercise by a Noteholder of its Physical Delivery Option in accordance with Condition 8(f)(ii) above ("**Non Physical Delivery Charged Assets**"). Upon the sale of the Non Physical Delivery Charged Assets and receipt of the Realisation Amount in respect thereof, the Issuer shall give notice as soon as reasonably practicable to the relevant Noteholders, the Principal Paying Agent and the Trustee (which notice shall be irrevocable) of such Realisation Amount and of the date on which the relevant Notes will be redeemed at the Early Redemption Amount. If for any reason the Selling Agent is

unable to arrange for the sale of such Charged Assets within 30 Business Days, it shall give notice to the Noteholders, the Trustee and the Principal Paying Agent and thereupon any Noteholder shall be entitled to exercise its Physical Delivery Option for a further period of 15 calendar days following the date of delivery of such notice. Thereafter, in respect of any Charged Assets not the subject of the Physical Delivery Option, the sale proceeds shall be deemed to be zero.

- (iv) Once the net proceeds of sale of any Non Physical Delivery Charged Assets have been applied in accordance with this Condition and the Security Ranking Basis specified in the Issue Terms or have been deemed to be zero in accordance with Condition 8(f)(iii), failure to make any further payment due in respect of a redemption of the principal amount of the relevant Notes or interest thereon shall not constitute an Event of Default. To the extent that the net proceeds of sale of the Non Physical Delivery Charged Assets, together with any other sums recovered by or on behalf of the Issuer in respect of the Non Physical Delivery Charged Assets, are less than the amount which the relevant Noteholders may have expected to receive, such shortfall will be borne by such Noteholders in accordance with the Security Ranking Basis specified in the Issue Terms and such Noteholders shall have no further recourse to the Issuer in respect of the Notes.

For the purposes of this Condition:

**"Charged Assets Event of Default"** means the occurrence of one or more of the following events: (a) a Principal Amount Shortfall; (b) the Issuer receives notice from the trustee in respect of the Charged Assets stating that the trustee in respect of the Charged Assets has determined that an event of default has occurred under Condition 11 (*Events of Default*) of the Charged Assets; or (c) the Calculation Agent delivers notice to the Issuer stating that an event of default has occurred under Condition 11(a) (*Non-payment*), 11(i) (*Insolvency*), 11(j) (*Winding up*) or 11(k) (*Analogous Event*) of the Charged Assets together with evidence satisfactory to the Calculation Agent that such event of default has occurred (for the avoidance of doubt, the Issuer shall have no obligation to enquire as to the accuracy or validity of such evidence provided by the Calculation Agent).

(g) **Exercise of Charged Assets Equity Option and Redemption following exercise of Charged Assets Equity Option**

- (A) Any Noteholder may, in accordance with Condition 8(g)(B) below and subject to the requirements of Condition 28 (*Instruction Requirements*) being satisfied, instruct the Issuer (by issuing an Instruction Notice pursuant to Condition 27 (*Charged Assets Instructions*)) to exercise the Exchange Right (as defined below) (such Instruction, an **"Exchange Instruction"**) in respect of a proportion of the Charged Assets equal to the proportion that the aggregate Outstanding Principal Amount of Notes issued by the Issuer in respect of which such Noteholder is the holder



and which are specified in the relevant Exchange Instruction delivered by such Noteholder bears to the aggregate Outstanding Principal Amount of all Notes issued by the Issuer (the "**Exchange Option**").

- (B) Subject to the requirements of sub-condition 8(g)(A) being met, the Exchange Option may be exercised by (A) if the relevant Notes are in definitive form, the relevant Noteholder depositing such Notes together with unmatured related Coupons (if any) and unexchanged Talons (if any) appertaining thereto at the specified office of a Paying Agent together with a duly completed and signed Exchange Instruction; or (B) if the relevant Notes are represented by a Global Note, the relevant Noteholder delivering a duly completed and signed Exchange Instruction in accordance with the standard procedures of the Clearing Systems (which may include notice being given on his instruction by the Clearing Systems or any common depository for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time, and copied to the Principal Paying Agent, and, at the same time, presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.
- (C) Any Noteholder exercising its Exchange Option shall be required to pay to the Issuer, as a condition precedent to the Issuer exercising the Exchange Right in accordance with such Noteholder's Exchange Instruction, any and all present and future costs and expenses (including any applicable taxes) of any kind that may be incurred in respect of such exercise of the Exchange Right and also any fees, costs, expenses and indemnity amounts due or that may become due to the trustee of or any other party acting in respect of the Charged Assets, or which the Issuer may be required to pay to the Trustee or any of the Agents (as applicable) in respect thereof, each as notified to such Noteholder by the Calculation Agent.
- (D) Following such exercise of the Exchange Option and subject to the relevant Noteholder complying with the condition precedent described in paragraph (B) above, the Issuer shall redeem all the Notes of such Noteholder that are specified in its Exchange Instruction by exercising the Issuer's Exchange Right in favour of such Noteholder in respect of the relevant portion of the Charged Assets and delivering an exchange notice in respect of such Charged Assets pursuant to Condition 13(a) of the Charged Assets which specifies the name and address of such Noteholder and the securities account and cash account details referred to in such Noteholder's Exchange Instruction.
- (E) From and including the date of exercise of the Exchange Right by the Issuer in accordance with any Exchange Instruction, the Issuer shall have no further obligations in respect of the Notes specified in such Exchange Instruction and failure to make any further payment in respect

of a redemption of the principal amount of such Notes or interest thereon shall not constitute an Event of Default. To the extent that the amount of any cash payment payable to such Noteholder in connection with the exercise by the Issuer of its Exchange Right, when taken together with the value of any shares delivered, is less than the amount which the Noteholder may have expected to receive in respect of redemption of the relevant Notes, such shortfall will be borne by such Noteholder and such Noteholder shall have no further recourse to the Issuer in respect of the Notes.

- (F) Subject to the Issuer being indemnified and / or prefunded against all costs, charges, expenses and losses (including any applicable taxes) that it (or any of its Agents) might, in the sole opinion of the Issuer, incur in connection with acting in accordance with this Condition, including, without limitation, against all amounts that the Issuer may be required to pay pursuant to any indemnity given by it to any party in respect of such party agreeing to act in respect of the Charged Assets, the Issuer shall, in good faith and using commercially reasonable efforts, for a period of 30 calendar days following the exercise of its Exchange Right in favour of any Noteholder and at the cost of such Noteholder, carry out such commercially reasonable actions requested by such Noteholder to assist such Noteholder to effect the transfer of shares or cash, as applicable, to such Noteholder in connection with the Exchange Option.
- (G) The Issuer and the Calculation Agent shall not be liable to any Noteholder for any loss suffered in connection with the carrying out by them of any duties in relation to the exercise of the Exchange Option (other than any loss suffered as a result of such parties gross negligence or wilful default).

(h) **Physical Delivery Provisions for Charged Assets and / or Non Cash Assets**

- (A) For the avoidance of doubt, references to "physical settlement" or to the physical delivery of assets in this Supplemental Information Memorandum shall be taken to refer to settlement for a cash amount, which is then satisfied by way of transfer of the relevant underlying assets. On the Physical Delivery Date (as defined below), the Calculation Agent acting on behalf of the Issuer shall arrange for the Physical Delivery Assets (as defined below) to be transferred to any relevant Noteholder (or its nominee) (a "**Physical Delivery Noteholder**") to the account or accounts specified in any relevant Transfer Notice or Instruction Notice, as applicable, whereafter no further amounts shall be payable by the Issuer to such Physical Delivery Noteholder in respect of the relevant Notes. Each Physical Delivery Noteholder shall execute or procure the execution of, any specific arrangement or document and take any other action that may be customary or necessary to perfect the transfer of the Physical Delivery Assets (or part thereof) to such Physical Delivery Noteholder (or its

nominee), as determined by the Calculation Agent in its sole and absolute discretion.

- (B) Other than in respect of delivery of Non Cash Assets in accordance with Condition 8(c) (*Early Redemption*) in respect of which such Non Cash Assets shall be delivered *pro rata* to the relevant Physical Delivery Noteholders, the proportion of the Physical Delivery Assets to be delivered to or for the account of each Physical Delivery Noteholder shall be a portion equal to the proportion that the aggregate Outstanding Principal Amount of Notes issued by the Issuer in respect of which such Physical Delivery Noteholder is the holder bears to the aggregate Outstanding Principal Amount of Notes issued by the Issuer.
- (C) Each Physical Delivery Noteholder shall be required as a condition of its entitlement to delivery of the Physical Delivery Assets (or part thereof) in respect of any Notes to pay any and all transfer costs and expenses (including any applicable taxes) of any kind that may be incurred in respect of such delivery and also its pro-rated share of any fees, costs, expenses and indemnity amounts due or that may become due to the Trustee, the Issuer or any of the Agents (as applicable) in respect thereof, each such *pro rata* share as determined by the Calculation Agent in its sole discretion.
- (D) If for any reason (including, but not limited to, the failure of any Physical Delivery Noteholder to indemnify any relevant party to such party's reasonable satisfaction or pay any transfer costs and expenses (or any applicable taxes) in accordance with paragraph (C) above or the inability of the Calculation Agent to divide such Physical Delivery Assets on a *pro rata* basis) it is not possible, in the sole opinion of the Calculation Agent, to transfer the Physical Delivery Assets (or any part thereof) to any Physical Delivery Noteholder or its nominee (as designated by the Physical Delivery Noteholder) on the Physical Delivery Date as contemplated in paragraph (A) above, the Calculation Agent on behalf of the Issuer will continue to attempt to transfer such Physical Delivery Assets (or such part thereof) to the relevant Noteholder or an alternative nominee, specified by such Physical Delivery Noteholder, for a further 10 (ten) Business Days, after which the Selling Agent shall use reasonable endeavours to arrange sale of the Physical Delivery Assets (or relevant part thereof) and pay the Realisation Proceeds thereof (net of any costs incurred either in attempting to arrange the transfer of such Physical Delivery Assets or in effecting such sale) to the relevant Physical Delivery Noteholder as soon as reasonably practicable and such sale proceeds shall constitute full discharge of the Issuer's obligations to such Physical Delivery Noteholder in respect of the relevant Notes. If for any reason the Selling Agent is unable to arrange for the sale of the Physical Delivery Assets within 30 Business Days, the sale proceeds shall be deemed to be zero

and the Issuer shall be fully discharged from its obligations to such Physical Delivery Noteholder in respect of the relevant Notes.

- (E) The Calculation Agent, Selling Agent and the Issuer shall not be liable to the Noteholders or the Issuer for any loss suffered (other than any loss suffered as a result of such party's gross negligence or wilful default) in connection with carrying out its duties in relation to the sale of such Physical Delivery Assets (including, but not limited to, any losses suffered as a result of the sale price received for such Physical Delivery Assets).

For the purposes of this Condition:

**"Physical Delivery Assets"** means, as applicable, either (a) the Charged Assets or (b) Non Cash Assets; and

**"Physical Delivery Date"** means, as applicable, either (a) a Charged Assets Physical Delivery Date or (b) a Non Cash Assets Delivery Date.

(i) **Cancellation**

All Notes redeemed early or purchased by the Issuer pursuant to the Issue Terms (together with the relative Coupons and Talons) shall be cancelled and may not be reissued or resold.

(j) **Redemption in excess of Outstanding Principal Amount**

In relation to any early redemption of the Notes, the amounts to be delivered and/or paid in redemption of such Notes which are in excess of the Outstanding Principal Amount shall be paid net of any relevant taxes.

(k) **Other Distribution Amounts**

If the Issuer, in its capacity as holder of the Charges Assets, receives an amount in cash (an **"Other Distribution Amount"**) in connection with the Charged Assets other than in respect of a scheduled amount of interest or principal then the Issuer (or the Calculation Agent on the Issuer's behalf) shall notify the Principal Paying Agent, the Trustee and the Noteholders (distinguishing in such notice between amounts received in respect of principal (if any) and any other amounts) and shall pay an amount to Noteholders, as determined and notified to the Principal Paying Agent by the Calculation Agent, equal to (i) the Other Distribution Amount actually received by the Issuer *less* (ii) all amounts (if any) notified to the Principal Paying Agent by the Calculation Agent that are due but unpaid as of the date of payment to Noteholders to each party that appears ahead of the Noteholders in the priority of payments set out under the Security Ranking Basis, as apportioned *pro rata* amongst all the Notes, on the 5<sup>th</sup> Business Day following the date of receipt of such Other Distribution Amount and, where such amount received is in respect of principal, the Outstanding Principal Amount of each Note shall be reduced accordingly, *provided that* if any Other Distribution Amount is received by the Issuer after the

Notes have been redeemed no amount shall be due and payable to the Noteholders pursuant to this Condition 8(k) ."

(D) **CHARGED ASSETS INSTRUCTIONS**

The following new Condition 27 (*Charged Assets Instructions*) shall be deemed to be added to the Conditions of the Notes:

"27 *Charged Assets Instructions*

Subject to the requirements of Condition 28 (*Instruction Requirements*) being satisfied, for so long as any Note remains outstanding, any Noteholder may instruct the Issuer to exercise any of its Charged Assets Rights or the Exchange Right by (A) if the Notes are in definitive form, such Noteholder depositing its Notes (or, in respect of the Exchange Right, the relevant Notes specified in the Instruction Notice (as defined below)) together with unmatured related Coupons (if any) and unexchanged Talons (if any) appertaining thereto at the specified office of a Paying Agent together with a duly completed and signed notice substantially in the form set out in Schedule 4 (*Form of Instruction Notice*) (an "**Instruction Notice**"); or (B) if the Notes are represented by a Global Note, such Noteholder delivering a duly completed Instruction Notice to the Issuer in accordance with the standard procedures of the Clearing Systems (which may include notice being given on his instruction by the Clearing Systems or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time, and copied to the Principal Paying Agent.

For the purposes of this Condition:

"**Charged Assets Rights**" means any right, other than (i) the Exchange Right (as defined below) or (ii) any right to call for physical delivery of the Charged Assets, that the Issuer has as holder of the Charged Assets, including, for the avoidance of doubt, any rights under Condition 8(c) (*Redemption at the Option of the Bondholder*) or 8(d) (*Redemption for Change of Control*) of the Charged Assets; and

"**Exchange Right**" means the right under Condition 12 (*Exchange*) of the Charged Assets to exchange any of the Charged Assets for shares in Chimimport AD and / or a cash payment."

(B) **Instruction Requirements**

The following new Condition 28 (*Instruction Requirements*) shall be deemed to be added to the Conditions of the Notes:

"28 *Instruction Requirements*

The Issuer or Calculation Agent, as applicable, shall not be obliged to act in accordance with an instruction or notice from any Noteholder (an "**Instruction**") unless the following requirements are met:

- (i) in respect of an Instruction that relates to any Charged Assets Rights other than any rights under Condition 8(c) (*Redemption at the Option of the Bondholder*) or 8(d) (*Redemption for Change of Control*) of the Charged Assets, each of the Issuer and Calculation Agent has received duly completed and identical Instructions from 75 per cent of Noteholders each effective as at the date the Issuer is to act in accordance therewith;
- (ii) in respect of any Instruction not referred to in paragraph (i) above, each of the Issuer and Calculation Agent has received a duly completed Instruction from the relevant Noteholder;
- (iii) the form and content of each such Instruction is acceptable to the Issuer and the Calculation Agent in its sole discretion;
- (iv) each such Instruction is provided so as to allow the Issuer sufficient time to act in accordance with such Instruction as determined by the Issuer in its sole discretion; and
- (v) the Issuer, Trustee, Calculation Agent, Selling Agent, Principal Paying Agent and any other agent of the Issuer have been indemnified and / or pre-funded to each of their satisfaction against all costs, charges, expenses and losses (including any applicable taxes) that might be incurred by them in connection with acting in accordance with such Instruction including, without limitation, against all amounts that the Issuer may be required to pay pursuant to any indemnity given by it to any party in respect of such party agreeing to act in respect of the Charged Assets."

(E) **CHARGED ASSETS RIGHTS**

The following new Condition 29 (*Charged Assets Rights*) shall be deemed to be added to the Conditions of the Notes:

"29 *Charged Assets Rights*

Prior to the enforcement by the Trustee of the Security Interests, the Issuer, or any agent thereof acting on behalf of the Issuer, shall exercise all rights in respect of the Charged Assets and shall do so only in accordance with Instructions delivered in accordance with these Conditions. At any time after all the Security Interests in respect of the Notes become enforceable the Trustee shall be entitled to exercise any rights in respect of the Charged Assets in accordance with the Trust Instrument."

(F) **NOTEHOLDER NOTICES**

The following new Condition 30 (*Noteholder Notices*) shall be deemed to be added to the Conditions of the Notes:

"30 *Noteholder Notices*

The Principal Paying Agent shall promptly on the Business Day following receipt of a Transfer Notice or Instruction Notice (each a "**Noteholder Notice**") send a

copy thereof to the Issuer and Calculation Agent or such person as the Issuer may previously have specified, provided that, the Principal Paying Agent shall have no liability to the Noteholders or any other party for any delay or failure by the Principal Paying Agent to send such Noteholder Notice to any person and shall not be responsible for checking the contents of such Noteholder Notice.

A Noteholder Notice, once delivered to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Noteholder Notice following delivery of such Noteholder Notice to Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system for so long as such Noteholder Notice is effective. A Noteholder Notice shall only be valid to the extent that Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Notes which are the subject of the Noteholder Notice.

Failure properly to complete and deliver a Noteholder Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Issuer or the Calculation Agent on its behalf and shall be conclusive and binding on the Issuer and the Noteholder."

(G) **SERIES SPECIFIC DEFINITIONS**

The following new Condition 31 (*Series specific definitions*) shall be deemed to be added to the Conditions of the Notes:

"31 *Series specific definitions*

For the purposes of the Conditions of the Series 2010-1 Notes only:

**"Early Redemption Amount"** means, the Realisation Amount available for distribution to the relevant Noteholders in accordance with the relevant Security Ranking Basis, as apportioned *pro rata* amongst all the relevant Notes.

**"Realisation Amount"** means the net proceeds of (i) sale of the Charged Assets or (ii) realisation of, or enforcement with respect to the Security Interests over, the Secured Property (or any relevant part thereof), in each case following payment of all amounts due to the Trustee, the Selling Agent, the Calculation Agent, the Custodian and/or the Issuer, including (but not limited to) any costs, expenses and taxes incurred in connection with such sale, realisation or enforcement."

**SCHEDULE 2**  
**CHARGED ASSETS SCHEDULE**

***TERMS AND CONDITIONS OF THE CHARGED ASSETS***

*For so long as the Bonds are represented by one or more global bonds, these Terms and Conditions of the Bonds will be subject to the provisions of the global bonds. This paragraph, and any other paragraphs appearing in italics in these terms and conditions, do not form part of these terms and conditions.*

***INTRODUCTION AND DEFINITIONS***

**1. Introduction**

- (a) *The Bonds:* The €65,000,000 7 per cent. Secured Exchangeable Bonds due 2015 (the "**Bonds**", which expression shall, unless otherwise indicated, include any Further Bonds as defined in Condition 44 (*Further Issues*)) of Chimimport Holland B.V., a company incorporated in the Netherlands (the "**Issuer**") are issued in bearer form and are exchangeable (subject as provided in these Conditions) for ordinary shares of Chimimport AD, a joint stock company incorporated in the Republic of Bulgaria (the "**Company**").
- (b) *Trust Deed:* The Bonds are subject to, and have the benefit of, a trust deed dated 22 August 2008 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer, BNY Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and the Local Agent (as defined below).
- (c) *Agency Agreement:* The Bonds are also the subject of an agency agreement dated 22 August 2008 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Chimimport Invest (as defined below), The Bank of New York Mellon, London Branch as principal paying and exchange agent (the "**Principal Paying and Exchange Agent**", which expression includes any successor principal paying and exchange agent appointed from time to time in connection with the Bonds), the paying and exchange agents appointed thereunder from time to time (together with the Principal Paying and Exchange Agent, the "**Paying and Exchange Agents**", which expression includes any successor or additional paying and exchange agents appointed from time to time in connection with the Bonds) and the Trustee.
- (d) *Deposit Agreement:* The Issuer has deposited the net proceeds of the Bonds (the "**Deposit**") with the Company pursuant to a deposit agreement dated 22 August 2008 (the "**Deposit Agreement**") between the Issuer and the Company. Under the Deposit Agreement, the Company has (i) undertaken to pay to the Issuer interest, principal and other amounts in respect of the Deposit in line with the terms set out in these Conditions and (ii) given the Keepwell Undertakings (as defined below) to the Issuer.
- (e) *Option Agreement:* Under an option agreement between Chimimport Invest, the Issuer and the Local Agent (the "**Option Agreement**"), Chimimport Invest will, at the option (the "**Option**") of the Local Agent (in accordance with instructions given by exchanging



Bondholders in the relevant Exchange Notices (as defined below)), deliver or procure delivery to exchanging Bondholders (as defined below) of (a) a sufficient number of Shares to enable their Bonds to be exchanged fully for Shares at the then Exchange Price (as defined below) or (b) a Cash Settlement Amount (as defined below) against receipt from the Issuer of an amount equal to the proportionate repayment of the Deposit.

- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Transaction Documents (as defined below) and are subject to their detailed provisions. The holders of the Bonds (the "**Bondholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them. Copies of the Transaction Documents are available for inspection by Bondholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL and at the Specified Offices of each of the Paying and Exchange Agents, the initial Specified Offices of which are set out below.

## 2. **Interpretation**

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

**"Accreted Principal Amount"** has the meaning given in Condition 7 (*Accreted Principal Amount*);

**"Additional Shares"** has the meaning given in Condition 44 (*Further Issues*);

**"Aggregate Consideration"** has the meaning given in Condition 29 (*Aggregate Consideration and Consideration per Share*);

**"Alternative Stock Exchange"** means at any time, in the case of the Shares, if they are not at that time listed and traded on the BSE, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

**"Assigned Property"** means all of the Issuer's rights, title and interest in and to the Deposit Agreement (as assigned by the Issuer to the Trustee by way of security under the Security Assignment);

**"Auditors"** means the auditors of the Company's IFRS financial statements (consolidated if the same are then prepared) or, if they are unable or unwilling to carry out any action requested of them under these Conditions, such other internationally recognised firm of accountants as may be nominated by the Company;

**"Bonus Issue"** means, in respect of any Shares or other Relevant Securities, any issue of such Shares or such Relevant Securities credited as fully paid to the Shareholders or the holders of such Relevant Securities (as the case may be) by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than a Dividend in Shares;

**"BSE"** means Bulgarian Stock Exchange - Sofia AD;

**"Bulgaria"** means the Republic of Bulgaria;

**"Bulgarian leva", "leva" or "BGN"** means the lawful currency of Bulgaria;

**"business day"** means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place;

**"Cash Settlement Amount"** has the meaning given in Condition 15(d) (*Settlement - Cash Settlement Option*);

**"Cash Settlement Option"** has the meaning given in Condition 15(d) (*Settlement - Cash Settlement Option*);

**"Cash Settlement Option Notice"** has the meaning given in Condition 15(d) (*Settlement - Cash Settlement Option*);

**"Cash Settlement Option Notice Date"** has the meaning given in Condition 15(d) (*Settlement - Cash Settlement Option*);

**"CDAD"** has the meaning given in Condition 28(c) (*Adjustments for Exchange near a Record Date - Shares in uncertificated form*);

**"Change of Control"** has the meaning given in Condition 8(d) (*Redemption and Purchase - Redemption for Change of Control*);

**"Change of Control Notice"** has the meaning given in Condition 16 (*Change of Control*);

**"Change of Control Put Date"** has the meaning given in Condition 8(d) (*Redemption and Purchase - Redemption for Change of Control*);

**"Chimimport Group"** means the Company and its Subsidiaries taken as a whole at any given time;

**"Chimimport Invest"** means Chimimport Invest AD, a joint stock company incorporated in Bulgaria, Unified Identity Code (EIC) 831541734;

**"Chimimport Invest Documents"** means the Share Pledge and the Option Documents;

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme, Luxembourg;

**"Closed Periods"** has the meaning given in Condition 36 (*Closed Periods*);

**"Conditions"** means:

- (i) in relation to the Initial Bonds, the terms and conditions to be endorsed on the Initial Bonds in, or substantially in, the form set out in Schedule 4 of the Trust Deed; and
- (ii) in relation to any Further Bonds, the terms and conditions to be endorsed on the Further Bonds, in accordance with the supplemental trust deed relating thereto,

as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed in relation to the Initial Bonds accordingly and any reference to a particular numbered Condition in relation to any Further Bonds shall be construed as a reference to the provision (if any) in the Conditions of such Further Bonds which corresponds to the particular numbered Condition of the Initial Bonds;

**"Consideration per Share"** has the meaning given in Condition 29 (*Aggregate Consideration and Consideration per Share*);

**"control"** has the meaning given in Condition 8(d) (*Redemption and Purchase - Redemption for Change of Control*);

**"Confirmation"** means the equity option transaction confirmation dated 21 August 2008 and entered into between Chimimport Invest and the Local Agent;

**"Current Market Price"** means, in respect of a Share at a particular date, the arithmetic average of the Officially Published closing prices per Share for the five consecutive Trading Days ending on the Trading Day immediately preceding such date (the **"Relevant Period"**), *provided that*:

- (i) if at any time during the Relevant Period the Shares shall have been quoted ex-Dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-Dividend (or cum-any other entitlement), then:
  - (A) if the Shares to be delivered do not rank for the Dividend (or entitlement) in question, the quotations on the dates on which the Share shall have been quoted cum-Dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend (or entitlement) per Share (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of Bulgaria); or
  - (B) if the Shares to be delivered do rank for the Dividend (or entitlement) in question, the quotations on the dates on which the Shares shall have been quoted ex-Dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to have been the amount thereof increased by such similar amount; and
- (ii) if on each of the five Trading Days during the Relevant Period the Shares have been quoted cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or entitlement) which has been declared or announced but the Shares to be delivered do not rank for that Dividend (or entitlement) the quotations on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend (or entitlement) per Share (excluding any associated tax credit and

less the tax (if any) falling to be deducted on payment thereof to a resident of Bulgaria); and

- (iii) if such closing prices are not available on each of the five Trading Days during the Relevant Period, then the arithmetic average of such closing prices which are available in the Relevant Period shall be used (subject to a minimum of two such closing prices); and
- (iv) if only one or no such closing prices is available in the Relevant Period, then the Current Market Price shall be Determined by an Expert.

In respect of any Relevant Security other than Shares, each reference in the above definition of "Current Market Price" to "Shares" shall be construed as a reference to such other Relevant Security;

**"Day Count Fraction"** means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the product of (i) number of days in the Regular Period in which the relevant period falls and (ii) two;

**"Deposit Event of Default"** has the meaning given in the Deposit Agreement;

**"Deposit Security"** means the Security Interest created under the Security Assignment;

**"Determined by an Expert"** means determined in good faith by an Expert acting as an expert;

**"Dividend"** means, in respect of any Shares or other Relevant Securities, any dividend or distribution of any kind on the class of capital represented by such Shares or such Relevant Securities, whether in cash or otherwise and however described:

- (i) including, without limitation, a Dividend in Shares;
- (ii) excluding a Bonus Issue; and
- (iii) including, without limitation, any other issue of shares or other securities credited as fully or partly paid by way of capitalisation of profits or reserves;

**"Dividend in Shares"** means, in respect of any Shares or other Relevant Securities, other than a bonus issue, any issue of such Shares or such Relevant Securities credited as fully paid to the Shareholders or the holders of such Relevant Securities (as the case may be) by way of capitalisation of profits or reserves which is to be, or may at the election of the Shareholders or the holders of such Relevant Securities (as the case may be) be, issued instead of the whole or any part of a cash Dividend which the Shareholders concerned or the holders of such Relevant Securities (as the case may be) would or could otherwise have received;

**"Effective Date"** has:

- (i) for the purposes of Condition 17 (*Dividends*), the meaning given in Condition 17(b) (*Dividends - Effective Date*);

- (ii) for the purposes of Condition 18 (*Bonus Issues*), the meaning given in Condition 18(b) (*Bonus Issues - Effective Date*);
- (iii) for the purposes of Condition 19 (*Alteration to Nominal Value*), the meaning given in Condition 19(b) (*Alteration to Nominal Value - Effective Date*);
- (iv) for the purposes of Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*), the meaning given in Condition 20(b) (*Shares, Rights and Share-Related Securities issued to Shareholders - Effective Date*);
- (v) for the purposes of Condition 21 (*Issue of other Securities to Shareholders*), the meaning given in Condition 21(b) (*Issue of other Securities to Shareholders - Effective Date*);
- (vi) for the purposes of Condition 22 (*Issue of Shares at Below Current Market Price*), the meaning given in Condition 22(b) (*Issue of Shares at Below Current Market Price - Effective Date*);
- (vii) for the purposes of Condition 23 (*Share-Related Securities Issued Other than to Shareholders*), the meaning given in Condition 23(b) (*Share-Related Securities Issued Other than to Shareholders - Effective Date*);
- (viii) for the purposes of Condition 24 (*Amendment of Terms of Rights or Share-Related Securities*), the meaning given in Condition 24(b) (*Amendment of Terms of Rights or Share-Related Securities - Effective Date*);
- (ix) for the purposes of Condition 25 (*Spin-off or Demerger*), the meaning given in Condition 25(b) (*Spin-off or Demerger - Effective Date*); and
- (x) for the purposes of Condition 34 (*General Offer*), the meaning given in Condition 34(d) (*General Offer - Effective Date*);

"**Euro**", "**euro**" or "**€**" means the lawful currency of the Member States of the European Union that adopted the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Community, as amended by the Treaty on the European Union;

"**Euroclear**" means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

"**Event of Default**" has the meaning given in Condition 11 (*Events of Default*);

"**Exchange Date**" has the meaning given in Condition 13(d) (*Procedure for Exchange - Exchange Date*);

"**Exchange Expenses**" has the meaning given in Condition 13(b) (*Procedure for Exchange - Exchange Expenses*);

"**Exchange Notice**" means a notice of exchange in the form (for the time being current) obtainable from the Specified Office of any Paying and Exchange Agent;

"**Exchange Period**" has the meaning given in Condition 12(b) (*Exchange - Exchange Period*);

**"Exchange Price"** has the meaning given to such term in Condition 12(e) (*Exchange - Exchange Price*);

**"Exchange Property"** has the meaning given in Condition 12(c) (*Exchange - Exchange Property*);

**"Exchange Right"** means, in respect of any Bond, the right of the Bondholder to exchange the Bond for Shares or other Exchange Property in accordance with these Conditions;

**"Expert"** means, in relation to any matter to be Determined by an Expert, an independent investment bank and/or a firm of accountants which is, in either case, of international repute, appointed to act as an expert for the purposes of such matter in accordance with these Conditions and the Trust Deed;

**"Extraordinary Resolution"** has the meaning given in the Trust Deed;

**"Fair Market Value"** means:

- (i) with respect to a cash Dividend or other cash amount the amount of such cash; and
- (ii) with respect to any other property on any date, the fair market value of that property as Determined by an Expert,

*provided, however, that* in any such case:

- (A) where options, warrants or other rights are publicly traded in a market which is Determined by an Expert to have adequate liquidity, the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five consecutive trading days on the relevant market commencing on such date (or, if later, the first such trading day such options, warrants or other rights are publicly traded) or such shorter period as such options, warrants or other rights are publicly traded;
- (B) any cash Dividend declared or paid in a currency other than euros shall be converted into euros at the Screen Rate on the date of declaration or payment (as the case may be); and
- (C) any other amount or value in a currency other than euros shall be converted into euros at the Screen Rate on the date of declaration or payment (as the case may be);

**"Fallback Settlement Date"** has the meaning given in Condition 15(b) (*Settlement - Fallback Settlement Date*);

**"Final Date for Acceptance"** means, in respect of any Offer, the final date for acceptance of such Offer, which, if such Offer is extended prior to such final date, shall be the final date for acceptance of such extended Offer;

**"Fiscal Period"** means any fiscal period for which the Company or the Chimimport Group (if consolidated accounts are prepared) has produced financial statements in accordance with IFRS which have either been audited or reviewed by the Auditors;

**"Fixed Rate"** means €1.00 = BGN1.95583;

**"Further Bonds"** has the meaning given in Condition 44 (*Further Issues*);

**"Group"** means, collectively, Chimimport Invest, the Company and their respective Subsidiaries;

**"Guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness;

**"IFRS"** means International Financial Reporting Standards as adopted by the European Union (as amended, supplemented or re-issued from time to time);

**"Indebtedness"** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of:

- (i) moneys borrowed;
- (ii) any amount drawn on and accepted under any acceptance credit facility;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with IFRS;
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account);
- (viii) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any securitisation transaction; and
- (ix) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

**"Initial Bonds"** means the €65,000,000 7 per cent. Secured Exchangeable Bonds due 2015 issued by the Issuer on the Issue Date;

**"Interest Payment Date"** means 22 February and 22 August in each year, the first Interest Payment Date being 22 February 2009;

**"Issue Date"** means 22 August 2008;

**"Keepwell Undertakings"** has the meaning given in Condition 35 (*Undertakings*);

**"Local Agent"** has the meaning given in Condition 5(b) (*Negative Pledge and Security - Security*);

**"Local Master Agreement"** means the master agreement (including the Confirmation, Annex X Equity Options and Annex X/A Risk Statement thereto) dated 31 January 2007 and entered into by Chimimport Invest and the Local Agent;

**"Maturity Date"** means 22 August 2015;

**"Material Subsidiary"** means, at any given time, a Subsidiary of the Company, which has total assets representing 5 per cent. or more of the consolidated total assets of the Chimimport Group calculated on a consolidated basis in accordance with IFRS, as consistently applied;

Compliance with the condition set out above shall be determined by reference to the latest audited or unaudited consolidated annual or, as the case may be, audited or unaudited consolidated interim financial statements of that Subsidiary and the latest audited consolidated annual or, as the case may be, audited or unaudited consolidated interim financial statements of the Chimimport Group, but if a Subsidiary has been acquired since the date as at which the latest audited consolidated financial statements of the Chimimport Group were prepared, the financial statements shall be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by the Chimimport Group's auditors as representing an accurate reflection of the revised consolidated total assets of the Chimimport Group), *provided however, that* if there is a dispute, unresolved for a period of at least 30 days, as to whether or not a member of the Chimimport Group is a Material Subsidiary, a certificate of the Auditors as to whether a Subsidiary is or is not a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

**"Offer"** means, in respect of any Relevant Securities, an offer to acquire such Relevant Securities, whether expressed as a legal offer, an invitation to treat, a scheme with regard to such acquisition or in any other way, in circumstances where such offer is available to all holders of such Relevant Securities or all holders of such Relevant Securities other than any such holder who is the person making such offer (or any associate of such person) or who is excluded from the offer by reason of being connected with one or more specific jurisdictions;

**"Offer Consideration"** has the meaning given in Condition 34(c) (*General Offers - Adjustment of the Exchange Property*);

**"Officially Published"** means, in relation to the Shares or any other Relevant Securities, published by or at the direction of the Relevant Exchange;



**"Option Documents"** means the Option Agreement and the Local Master Agreement;

**"Payment Business Day"** means, in respect of any place of presentation of any Bond or Coupon, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a euro account as referred to in Condition 9 (*Payments*), on which the TARGET System is open;

**"Permitted Holders"** has the meaning given in Condition 8(d) (*Redemption and Purchase - Redemption for Change of Control*);

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Pledged Shares"** has the meaning given in Condition 5(b) (*Negative Pledge and Security - Security*);

**"Potential Event of Default"** means an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 11 (*Events of Default*) become an Event of Default;

**"pro rata share"** means, for any Bond at any time, a fractional share of the Exchange Property the numerator of which shall be the principal amount of the relevant Bond and the denominator of which shall be the aggregate principal amount outstanding of the Bonds (including the Bond to which the *pro rata* share relates) which are outstanding at such time (excluding for this purpose the principal amount of the Bonds in respect of which Exchange Rights have been exercised by a Bondholder but the Exchange Property has not yet been delivered and excluding from the Exchange Property such undelivered Exchange Property);

**"Put Exercise Notice"** has the meaning given in Condition 8(d) (*Redemption and Purchase - Redemption for Change of Control*);

**"Put Option Date"** has the meaning given in Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Bondholders*);

**"Put Option Notice"** has the meaning given in Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Bondholders*);

**"Rate of Interest"** means 7 per cent. per annum;

**"Realisation Proceeds"** means the proceeds of sale (after the deduction of costs and expenses of such sale) of the relevant Exchange Property (in the case of Condition 15(c) (*Settlement - Illegality*)) or the relevant dividends or other income or distributions or rights (in the case of Condition 14 (*Rights Arising on Exchange*)) carried out by a broker or investment bank selected by the Issuer and approved by the Trustee, on an arm's length basis (converted if necessary into euros at the Screen Rate on the date of receipt of such proceeds);

**"Record Date"** means, in respect of any entitlement to receive any dividend or other distribution declared, paid or made, or any rights granted, the record date or other due date for the establishment of the relevant entitlement;

**"Regular Period"** means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date;

**"Regulation S"** means Regulation S under the United States Securities Act of 1933;

**"Relevant Date"** means, in relation to any payment in respect of a Bond, whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying and Exchange Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders;

**"Relevant Exchange"** means:

- (i) in respect of the Issue Date, the BSE; and
- (ii) in respect of any subsequent date, if the Exchange Property includes any Relevant Securities which are not then admitted to trading and/or quotation by the BSE, in respect of each class or series of such Relevant Securities, the stock exchange and/or quotation system which is Determined by an Expert to be the principal stock exchange and/or quotation system by which such Relevant Securities are then admitted to trading and/or quotation;

**"Relevant Indebtedness"** means:

- (i) any Indebtedness which is in the form of or represented by any note, bond, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), whether issued by way of private placement or otherwise (collectively, **"Securities Indebtedness"**); or
- (ii) any other Indebtedness that is funded or financed by Securities Indebtedness or which is intended to be the principal source of payment for any principal or interest payable in respect of any Securities Indebtedness;

**"Relevant Securities"** means any securities (including Shares) included in the Exchange Property from time to time, which shall mean any securities of the same class or series and any other property which is included in the Exchange Property;

**"Reserved Matter"** means, in the context of any meeting of Bondholders, any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Bonds or the Deposit, to reduce the amount of principal or interest payable on any date in respect of the Bonds or the Deposit or to alter the method of calculating the amount of any payment in respect of the Bonds or the Deposit on redemption or maturity or the date for any such payment;

- (ii) to effect the conversion, exchange or substitution of the Bonds for, or the exchange of the Bonds into, shares, bonds or other obligations or securities of the Company or any other person or body corporate formed or to be formed (other than as permitted under the Trust Deed);
- (iii) to change the currency in which amounts due in respect of the Bonds or the Deposit are payable;
- (iv) to change any aspect of the Exchange Right;
- (v) to change any aspect of the Option Agreement;
- (vi) to change any aspect of the Keepwell Undertakings;
- (vii) to vary or modify the Secured Property (other than (A) pursuant to these Conditions, the Share Pledge and/or the Security Assignment or (B) releasing the Secured Property pursuant to these Conditions and/or terms of the Share Pledge or the Security Assignment (as the case may be));
- (viii) to change the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution;
- (ix) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of Conditions 5 (*Negative Pledge and Security*), 11 (*Events of Default*) or 35 (*Undertakings*); or
- (x) to amend this definition of Reserved Matter;

**"Rights"** means, in respect of any securities or assets, any options, warrants or other rights (other than Share-Related Securities) which by their terms of issue carry a right to subscribe for, purchase or otherwise acquire such securities or assets;

**"Screen Rate"** means, on any day, and, in respect of the translation of one currency into another currency, the rate of exchange between such currencies appearing on relevant Reuters page at or about 11 a.m. (London time) on that day, or, if that page is not available or that rate of exchange does not appear on that page on that day, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Issuer shall determine, with the prior written approval of the Trustee, *provided that* in respect of the translation of Bulgarian leva into euros or vice versa, the Screen Rate on any date means:

- (A) for so long as Bulgarian leva is pegged to euro, the official fixed rate of exchange between Bulgarian leva and euro as published by Bulgaria National Bank from time to time, being as at the Issue Date, the Fixed Rate; or
- (B) if Bulgarian leva is not pegged to euro, the rate of exchange between Bulgarian leva and euro appearing on Reuters page BGNX1 at or about 11 a.m. (London time) on that day, or, if that page is not available or that rate of exchange does not appear on that page on that day, the rate of exchange between Bulgarian leva and euro appearing on such other screen or information service, or

determined in such other manner, as the Issuer shall determine, with the prior written approval of the Trustee;

**"Secured Property"** means the assets, shares, rights, interests and benefits subject to the Security;

**"Security"** means the Security Interest created under the Security Documents;

**"Security Assignment"** means the security assignment dated the Issue Date and entered into by the Issuer and the Trustee;

**"Security Documents"** means the Security Assignment and the Share Pledge;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**"Share"** means an ordinary voting non-physical share, currently of BGN 1 par value, in the share capital of the Company;

**"Shareholder"** means the person in whose name a Share is for the time being registered in the register of the Shares maintained by CDAD or by or on behalf of the Company;

**"Share Pledge"** means the share pledge dated on or about the Issue Date and entered into by Chimimport Invest in favour of the Trustee;

**"Share-Related Securities"** means any securities which by their terms of issue:

- (i) carry a right to subscribe for, purchase or otherwise acquire Shares or any securities which by their terms of issue might be redesignated as Shares; or
- (ii) might be redesignated as Shares or be redesignated so as to carry a right to subscribe for, purchase or otherwise acquire Shares;

**"Share Security"** means the Security Interest created under the Share Pledge;

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

**"Tangible Net Worth"** means, as at any date, the sum of the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Issuer, the aggregate amount of the reserves of the Issuer and any balance standing to the credit of the profit and loss account of the Issuer, *less* any debit balance on the profit and loss

account of the Issuer, any amount shown in respect of goodwill or other intangible assets of the Issuer, any amount set aside for taxation, deferred taxation or bad debts and any amount in respect of any dividend or distribution declared, recommended or made by the Issuer to the extent payable to a person who is not a member of the Chimimport Group and to such extent such distribution is not provided for in the most recent financial statements, all amounts determined in accordance with IFRS;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**"TARGET System"** means the TARGET2 system;

**"Top-up Shares"** has the meaning given in Condition 5(b) (*Negative Pledge and Security - Security*);

**"Trading Day"** means any day that is a trading day on each Relevant Exchange other than a day on which any Relevant Exchange is scheduled to close prior to its regular weekday closing time;

**"Transaction Documents"** means, collectively, the Trust Deed, the Agency Agreement, the Deposit Agreement, the Security Assignment and the Chimimport Invest Documents;

**"Unconditional Date"** means, in relation to any Offer, the date on which such Offer becomes or is declared unconditional in all respects;

**"Volume Weighted Average Price"** means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg by keying in "AQR" on such Trading Day, *provided that* if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined; and

**"Voting Rights"** has the meaning given in Condition 8(d) (*Redemption and Purchase - Redemption for Change of Control*).

- (b) *Construction of certain references:* In these Conditions, unless otherwise specified or unless the context requires otherwise:
- (i) a reference to a business day in any place shall be construed as a reference to a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that place;
  - (ii) references to Bonds being **"outstanding"** shall be construed in accordance with the Trust Deed;
  - (iii) references to any issue or offer or grant to Shareholders **"as a class"** or **"by way of rights"** shall be construed so as to include an issue or offer or grant to all or substantially all Shareholders other than Shareholders to whom, by reason of the laws of any jurisdiction or requirements of any recognised regulatory body or

any stock exchange in any jurisdiction or in connection with fractional entitlements, it is determined not to make such issue or offer or grant (and references to any issue or offer or grant to holders of any other Relevant Securities shall be similarly construed);

- (iv) "*equity share capital*" means, in relation to a company, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution;
- (v) in respect of any Relevant Security other than Shares, each reference in Condition 16 (*Change of Control*) to Condition 25 (*Spin-off or Demerger*) to "**Shares**" shall be construed as a reference to such other Relevant Security;
- (vi) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions;
- (vii) save where the contrary is indicated, any reference to any agreement or document referred to herein shall be construed as a reference to that agreement or document as the same may have been, or may from time to time be amended, varied, novated or supplemented in accordance with its terms; and
- (viii) the principles of interpretation set out in Clause 1.2 of the Trust Deed shall apply hereto.

#### *THE DEBT SECURITY*

### 3. **Form, Denomination and Title**

The Bonds are serially numbered and in bearer form in the denomination of €100,000 with Coupons attached at the time of issue. Title to the Bonds and the Coupons will pass by delivery. The holder of any Bond or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

No person shall have any right to enforce any term or condition of the Bonds or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

### 4. **Status**

The Bonds constitute direct and unconditional obligations of the Issuer which are secured as described in Condition 5(b) (*Negative Pledge and Security - Security*) and which will at all times rank *pari passu* among themselves.

### 5. **Negative Pledge and Security**

- (a) *Negative Pledge*: So long as any Bond remains outstanding, each of the Issuer and the Company shall not, and the Company shall procure that none of its Subsidiaries shall, create or permit to subsist any Security Interest upon the whole or any part of its present

or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness (other than the Bonds) or to secure any Guarantee of or indemnity in respect of Relevant Indebtedness (other than the Bonds) without (i) at the same time or prior thereto securing the Bonds and the Trust Deed equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution of Bondholders. The foregoing restrictions will not apply to (A) any Security Interest granted on any interests in real estate (present or future) held by CCB Real Estate Fund ADSIC or (B) any Security Interest created by the Issuer or any other Subsidiary of the Company to secure Securities Indebtedness, *provided that* (x) any such Securities Indebtedness is incurred for the sole purpose of financing a loan to or deposit with the Company; (y) the business activities of such Subsidiary are contractually limited to incurring Indebtedness for the sole purpose of financing on-lending to or deposits with the Company (and matters incidental thereto); and (z) such Security Interest is created only over the relevant Subsidiary's benefit of the related on-lending or deposit arrangements and any bank accounts established specifically for the purposes of that incurrence of Securities Indebtedness or the related on-loan or deposit.

(b) *Security:*

- (i) The obligations of the Issuer under the Bonds and the Trust Deed are secured by an assignment by way of security of all of the Issuer's rights, title and interest (present and future) in and under the Deposit Agreement to the Trustee for the benefit of itself and the Bondholders pursuant to the Security Assignment.
- (ii) The obligations of Chimimport Invest under the Option Agreement are secured by a first priority pledge over 11,574,550 Shares (as increased by the Additional Shares in the event of an issue of Further Bonds and the Top-up Shares, the "**Pledged Shares**") granted by Chimimport Invest in favour of the Local Agent for the benefit of the Trustee and the Bondholders. The Pledged Shares shall be blocked from any dealings except for delivery to exchanging Bondholders as permitted under these Conditions. Chimimport Invest shall not allow any other or additional Security Interest to be created in respect of the Pledged Shares in favour of any person other than the Local Agent for the benefit of Trustee and the Bondholders.

If the Exchange Price shall be adjusted at any time then, subject to the Trust Deed, Chimimport Invest shall, as soon as possible and in any event within 10 days, deliver to the Local Agent additional Shares (the "**Top-up Shares**") as would be required to allow the aggregate principal amount of the outstanding Bonds to be exchanged fully for Shares at the adjusted Exchange Price, on terms that such Top-up Shares will be subject to the Share Security.

**"Local Agent"** means an agent appointed by the Trustee pursuant to the Trust Deed for the purposes of exercising in its own name but for the benefit of the Trustee and the Bondholders the Local Agent's rights under the Option Agreement and enforcing the Share Pledge, being at the Issue Date, Unicredit Bulbank AD.

- (c) *Release of Security:* The Security Assignment provides that the Trustee shall release the Assigned Property from the Deposit Security if all of the Bonds have been redeemed or exchanged in full. The Share Pledge provides that the Local Agent shall release Pledged Shares from the Share Security if either (i) all of the Bonds have been redeemed or exchanged in full (in which case, all the remaining Pledged Shares (if any) shall be released) or (ii) the Local Agent exercises the Option in accordance with instructions given by exchanging Bondholders in the relevant duly exercised Exchange Notices (in which case, the aggregate number of Shares in relation to such Exchange Notices shall be released) or (iii) where the Offer Consideration will be delivered to the Local Agent in exchange for the Pledged Shares pursuant to Condition 34 (*General Offer*).
- (d) *General Offer:* In the event that any Offer is made to the Shareholders to acquire the whole or any part of the issued ordinary share capital of the Company or if any person proposes a scheme with regard to such acquisition, and Chimimport Invest accepts such Offer or scheme (or if the Shares are compulsorily required as described in Condition 34 (*General Offer*), the Pledged Shares will be subject to replacement as described in that Condition.

## 6. **Interest**

- (a) *Interest commencement and rate:* The Bonds bear interest from the Issue Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject to Condition 9 (*Payments*).
- (b) *Cessation of interest accrual:* Each Bond will cease to bear interest from the due date for redemption, subject as provided in Condition 6(c) (*Interest - Accreted Principal Amount not paid before Maturity Date*), Condition 7(c) (*Accreted Principal Amount - Accreted Principal Amount not paid by Maturity Date*), Condition 14(e) (*Rights Arising on Exchange - Interest*) and Condition 14(f) (*Rights Arising on Exchange - Interest upon exchange due to early redemption*).
- (c) *Accreted Principal Amount not paid before Maturity Date:* If, upon due presentation of any Bond before the Maturity Date, payment of Accreted Principal Amount is improperly withheld or refused, such Bond will continue to bear interest on the principal amount outstanding at the Rate of Interest (both before and after judgment) until the Relevant Date, subject as provided in Condition 7(b) (*Accreted Principal Amount - Accreted Principal Amount not paid before Maturity Date*).
- (d) *Coupon amounts:* The amount of interest payable on each Interest Payment Date shall be €3,500 in respect of each Bond of €100,000 denomination. If interest is required to be paid in respect of a Bond on any date falling before the Maturity Date, it shall be calculated by applying the Rate of Interest to the principal amount outstanding of such Bond, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be paid in respect of a Bond on any date falling after the Maturity Date, it shall be calculated in accordance with Condition 7(c) (*Accreted Principal Amount - Accreted Principal Amount not paid by Maturity Date*).



7. **Accreted Principal Amount**

- (a) *Determination of Accreted Principal Amount:* In these Conditions, the "**Accreted Principal Amount**" payable on any date fixed for redemption or the date on which the Bond becomes due and payable (the "**Determination Date**") means, in respect of each €100,000 principal amount of Bonds, the product of (A) the principal amount of such Bond and (B) the Applicable Rate (as defined below) and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

"**Applicable Rate**" means with respect to the principal amount of any Bond, on the Determination Date, the sum of (A) 100% and (B) an amount equal to the product of (i) 18.9% multiplied by (ii) a fraction, the numerator of which is the number of days from and including the Issue Date to but excluding the Determination Date, using a 360-day year of twelve 30-day months, and the denominator of which is 2,520.

- (b) *Accreted Principal Amount not paid before Maturity Date:* If the Accreted Principal Amount payable in respect of any Bond upon its redemption pursuant to Condition 8(b) (*Redemption and Purchase - Redemption at the option of the Issuer*), Condition 8(c) (*Redemption and Purchase - Redemption at the option of the Bondholders*), Condition 8(d) (*Redemption and Purchase - Redemption for Change of Control*) or upon it becoming due and payable as provided in Condition 11 (*Events of Default*) is not paid when due, the Accreted Principal Amount due and payable in respect of such Bond shall be the Accreted Principal Amount of such Bond as described in Condition 7(a) (*Accreted Principal Amount - Determination of Accreted Principal Amount*), except that such Condition shall have effect as though the reference therein to the date fixed for redemption or, as the case may be, the date on which the Bond becomes due and payable, had been replaced by a reference to the Relevant Date, and interest shall accrue on the principal amount outstanding of such Bond to the Relevant Date.
- (c) *Accreted Principal Amount not paid by Maturity Date:* If in any case described in Condition 7(b) (*Accreted Principal Amount - Accreted Principal Amount not paid before Maturity Date*), the Relevant Date falls on or after the Maturity Date or if the Accreted Principal Amount payable in respect of any Bond upon its redemption pursuant to Condition 8(a) (*Redemption and Purchase - Scheduled redemption*) is not paid when due, the Accreted Principal Amount due and payable in respect of such Bond shall be the Accreted Principal Amount of such Bond as described in Condition 7(a) (*Accreted Principal Amount - Determination of Accreted Principal Amount*), except that such Condition shall have effect as though the following Applicable Rate had been used:

"**Applicable Rate**" means with respect to the principal amount of any Bond, on the Determination Date, the sum of (A) 100% and (B) an amount equal to the product of (i) 18.9% multiplied by (ii) a fraction, the numerator of which is the number of days from and including the Issue Date to but excluding the Relevant Date, using a 360-day year of twelve 30-day months, and the denominator of which is equal to the aggregate of (x) 2,520 and (y) the number of days in the period from and including the Maturity Date to but excluding the Relevant Date.

Interest shall be calculated by applying the rate of 9 per cent. per annum to the principal amount outstanding of such Bond from and including the Maturity Date to but excluding

the Relevant Date multiplying the product by a fraction, (i) the numerator of which is the number of days from and including the Maturity Date to but excluding the Relevant Date, and (ii) the denominator of which is 360.

8. **Redemption and Purchase**

(a) *Scheduled redemption:* Unless previously redeemed, exchanged, or purchased and cancelled, the Bonds will be redeemed at their Accreted Principal Amount together with accrued interest on the Maturity Date, subject as provided in Condition 9 (*Payments*).

(b) *Redemption at the option of the Issuer:*

(i) The Bonds may be redeemed at the option of the Issuer by giving notice of redemption to the Bondholders, in whole or in part, at their Accreted Principal Amount as at the date fixed for redemption by the Issuer together with accrued interest to such date, at any time on or after 22 August 2011, *provided that* the Officially Published closing price per Share on each of not less than 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than the seventh day prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have exceeded 130 per cent. of the Exchange Price in effect on each such Trading Day; or

(ii) The Bonds may be redeemed at the option of the Issuer by giving notice of redemption to the Bondholders in whole, but not in part, at their Accreted Principal Amount as at the date fixed for redemption together by the Issuer with accrued interest to such date at any time if, prior to the date on which the relevant notice of redemption is given by the Issuer, less than 10 per cent. in principal amount of the Bonds originally issued (including any further Bonds consolidated and forming a single series with the Bonds at such date) remain outstanding.

In order to exercise either such option the Issuer shall give not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders in accordance with Condition 43 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Bonds on the date for redemption specified in such notice). Such notice shall specify (i) the date when the relevant redemption will take place and (ii) the last day on which Exchange Rights may be exercised by a Bondholder.

(c) *Redemption at the option of the Bondholders:* The Issuer shall, at the option of any Bondholder, redeem, in whole or in part, the Bonds of that Bondholder on 22 August 2010 and 22 August 2012 (each a "**Put Option Date**"), at their Accreted Principal Amount as at the Put Option Date together with accrued interest to such date. In order to exercise such option, the holder of the relevant Bond must complete, sign and deposit at the Specified Office of any Paying and Exchange Agent a duly completed and signed notice (a "**Put Option Notice**") together with the Bonds to be redeemed not earlier than 90 days and not later than 60 days prior to the relevant Put Option Date.

A Put Option Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds the subject of a Put Option Notice delivered as aforesaid on the relevant Put Option Date.

- (d) *Redemption for Change of Control:* Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date, at its Accreted Principal Amount as at the Change of Control Put Date together with interest accrued to such Change of Control Put Date. To exercise such right, the holder of the relevant Bond must present such Bond at the Specified Office of any Paying and Exchange Agent, together with a duly completed and signed notice of exercise in the form for the time being current, obtainable from the Specified Office of any Paying and Exchange Agent (a "**Put Exercise Notice**") not later than 60 days after a Change of Control Notice shall have been given pursuant to Condition 16 (*Change of Control*). Payment in respect of any such Bond shall be made by transfer to a euro account with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the Put Exercise Notice.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

For the purposes of these Conditions:

A "**Change of Control**" occurs when any person or persons (other than the Permitted Holders), acting together, acquire(s) control of the Company or Chimimport Invest;

"**Change of Control Put Date**" means the fourteenth London business day after the expiry of the period of 60 days referred to above;

"**control**" means the acquisition or control of more than 50 per cent. of the Voting Rights in the case of the Company or Chimimport Invest (as the case may be), whether obtained directly or through a Subsidiary, and whether obtained by ownership of share capital, the holding of Voting Rights or pursuant to the terms of a shareholders' agreement and "**controlled**" shall be construed accordingly. For the purpose of this definition of "**control**" only, "**Subsidiary**" means any company in which the entity in question holds, directly or through another Subsidiary, more than 50 per cent. of the share capital or Voting Rights;

"**Permitted Holders**" means the persons certified to the Trustee by Chimimport Invest on the Issue Date to be the persons who, as at the Issue Date, together have control of both the Company and Chimimport Invest;

"**Voting Rights**" means the right to vote at a general meeting of the shareholders of the Company or Chimimport Invest (as the case may be).

- (e) *No other redemption by the Issuer:* The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in these Conditions.
- (f) *Purchase:* Neither the Issuer nor any member of the Group may purchase any Bonds in the period of 15 days before any date fixed for redemption of the Bonds. Subject thereto,

the Issuer or any member of the Group may at any time purchase Bonds in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

- (a) *Cancellation:* All Bonds so redeemed or purchased by the Issuer or any member of the Group, and all Bonds which are exchanged, and any unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold.

## 9. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Bonds at the Specified Office of any Paying and Exchange Agent outside the United States by euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) *Interest:* Payments of interest shall, subject to Condition 9(f) (*Payments - Payments other than in respect of matured Coupons*), be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying and Exchange Agent outside the United States in the manner described in Condition 9(a) (*Payments - Principal*).
- (c) *Payments subject to fiscal laws:* All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (d) *Deduction for unmatured Coupons:* If a Bond is presented without all unmatured Coupons relating thereto, a sum equal to the aggregate amount of the missing unmatured Coupons will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount due for payment in respect of such Bond, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount due for payment in respect of such Bond. Each sum of principal so deducted shall be paid in the manner provided in Condition 9(a) (*Payments - Principal*) against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.
- (e) *Payments on business days:* If the due date for payment of any amount in respect of any Bond or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (f) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bonds at the Specified Office of any Paying and Exchange Agent outside the United States.

- (g) *Partial payments:* If a Paying and Exchange Agent makes a partial payment in respect of any Bond or Coupon presented to it for payment, such Paying and Exchange Agent will endorse thereon a statement indicating the amount and date of such payment.

10. **Taxation**

All payments in respect of the Bonds and the Coupons by or on behalf of the Issuer and Chimimport Invest shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Bulgaria, the Netherlands or any political subdivision or authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer and Chimimport Invest shall pay such additional amounts as will result in receipt by Bondholders and Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of its having some connection with Bulgaria or the Netherlands (as applicable) other than the mere holding of the Bond or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying and Exchange Agent in a member state of the European Union; or
- (d) more than 30 days after the Relevant Date except to the extent that such Bondholder or Couponholder would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days.

Any reference in these Conditions to principal, Accreted Principal Amount or interest shall be deemed to include any additional amounts in respect of principal, Accreted Principal Amount or (as the case may be) interest which may be payable under this Condition 10 or any undertaking given in addition to or in substitution of this Condition 10 pursuant to the Trust Deed.

If the Issuer or Chimimport Invest becomes subject at any time to any taxing jurisdiction other than Bulgaria or the Netherlands respectively, references in these Conditions to Bulgaria or the Netherlands shall be construed as references to Bulgaria or (as the case may be) the Netherlands and/or such other jurisdiction.

## 11. **Events of Default**

If any of the following events (each an "**Event of Default**") occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified or provided with security to its satisfaction) give written notice to the Issuer (a "**Default Notice**") declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their Accreted Principal Amount together with accrued interest without further action or formality:

- (a) *Non-payment*: the Issuer fails to pay all or any part of the Accreted Principal Amount in respect of the Bonds on the due date for payment thereof or fails to pay any amount of interest in respect of the Bonds on the due date for payment thereof; or
- (b) *Non-delivery*: Chimimport Invest fails to deliver, or procure delivery of, any Shares, Exchange Property or Cash Settlement Amount as and when such Shares, Exchange Property or (as the case may be) Cash Settlement Amount are/is required to be delivered or paid upon exchange of any Bond and such default is not cured by the enforcement of the Share Pledge by the Local Agent; or
- (c) *Breach of Security Documents*: Chimimport Invest or the Issuer defaults in the performance or observance of any of its obligations under the Security Documents to which it is a party; or
- (d) *Breach of other obligations*: (i) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or any of the Transaction Documents to which it is a party, or (ii) Chimimport Invest defaults in the performance or observance of any of its other obligations under or in respect of any of the Chimimport Invest Documents, and such default (A) is, in the opinion of the Trustee, incapable of remedy or (B) being a default which is capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer or Chimimport Invest, as applicable; or
- (e) *Termination of Security*: the Security (or any part thereof) is terminated or is or becomes void, illegal, invalid or unenforceable or any person is entitled to terminate, rescind or avoid all or any material provision of the Security Documents, or (other than as provided herein or in the Trust Deed or the Security Documents) the Secured Property ceases to be subject to the provisions of the Security therein contained or such Security is not of the priority contemplated by such agreements; or

(f) *Cross-default of Issuer or Subsidiary:*

- (i) any Indebtedness of the Issuer, the Company, Chimimport Invest or any other member of the Group is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Company, Chimimport Invest or (as the case may be) the relevant member of the Group or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
- (iii) the Issuer, the Company, Chimimport Invest or any other member of the Group fails to pay when due any amount payable by it under any Guarantee;

*provided that* the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €5,000,000 (or its equivalent in any other currency or currencies); or

- (g) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of any amount in excess of €5,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer, the Company, Chimimport Invest or any other member of the Group and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer, the Company, Chimimport Invest or any Material Subsidiary; or

- (h) *Insolvency, etc.:* (i) the Issuer, the Company, Chimimport Invest or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Company, Chimimport Invest or any Material Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer, the Company, Chimimport Invest or any Material Subsidiary is appointed (or application for any such appointment is made), (iii) the Issuer, the Company, Chimimport Invest or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee given by it or (iv) the Issuer, the Company, Chimimport Invest or any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of

a Material Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

- (i) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Company, Chimimport Invest or any Material Subsidiary (otherwise than, in the case of the Company or any Material Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (j) *Analogous event*: (i) in relation to the Issuer, any event occurs which under the laws of the Netherlands; or (ii) in relation to any member of the Group, the laws of jurisdiction of its incorporation, has an analogous effect to any of the events referred to in paragraphs (g) (*Unsatisfied judgment*) to (j) (*Winding up, etc.*) above; or
- (k) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable each of the Issuer, the Company and Chimimport Invest lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds or any of the Transaction Documents, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Bonds, the Coupons and the Transaction Documents admissible in evidence in the courts of the Netherlands and Bulgaria (as the case may be) is not taken, fulfilled or done; or
- (l) *Unlawfulness*: it is or will become unlawful (i) for the Issuer, the Company or Chimimport Invest to perform or comply with any of its obligations under or in respect of the Bonds or any of the Transaction Documents; or
- (m) *Deposit Event of Default*: a Deposit Event of Default occurs.

#### *THE EQUITY OPTION*

## 12. **Exchange**

- (a) *Exchange right*: The holder of each Bond has the right to exchange such Bond for Shares (calculated pursuant to Condition 12(d) (*Exchange - Initial Exchange Ratio*)), subject to the right of Chimimport Invest to exercise the Cash Settlement Option under Condition 15(d) (*Settlement - Cash Settlement Option*), or other Relevant Securities comprising a *pro rata* share of the Exchange Property at any time during the Exchange Period. Pursuant to the Option Agreement, Chimimport Invest will, at the option of the Local Agent (in accordance with instructions given by exchanging Bondholders in the relevant Exchange Notices), deliver or procure delivery to exchanging Bondholders of (a) a sufficient number of Shares to enable their Bonds to be exchanged fully for Shares at the then Exchange Price or (b) a Cash Settlement Amount against receipt from the Issuer of an amount equal to the proportionate repayment of the Deposit. However, in the event of an Offer in respect of the Shares or any other Relevant Securities, the Exchange Rights may be suspended as described in Condition 34(b) (*General Offer - Suspension of Exchange Rights*).



(b) *Exchange Period:* The "**Exchange Period**" in respect of any Bond shall be the period beginning on and including 2 October 2008 and ending on and including the earlier to occur of:

- (i) the close of business (in the place where the Exchange Notice in respect of the Bond is deposited) on 14 August 2015; and
- (ii) if such Bond shall have been called for redemption of the Bonds or such Bonds have been declared to be due and payable before the Maturity Date, the close of business (in the place where the Exchange Notice in respect of the Bond is deposited) on the day which is ten days before the date fixed for redemption thereof or on the day a Default Notice is given to the Issuer,

*provided, however, that:*

- (A) if the Issuer shall default in making payment in full in respect of such Bond on the date fixed for redemption thereof, the relevant Exchange Period shall continue up to and including the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Trustee or the Principal Paying and Exchange Agent and notice of such receipt has been given to the Bondholders in accordance with Condition 43 (*Notices*) or, if earlier, up to and including 14 August 2015; and
- (B) in any such case, if the last day of the Exchange Period would otherwise be a day which is not a business day in the place where the Exchange Notice in respect of the Bond is deposited, the last day of the Exchange Period shall be the immediately preceding business day in such place.

In any event, the Exchange Period shall end on the date of any notice from the Trustee declaring the Bonds to be immediately due and payable pursuant to Condition 11 (*Events of Default*).

- (c) *Exchange Property:* The "**Exchange Property**" shall initially comprise the Pledged Shares and shall include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to these Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property. Except in the circumstances provided in Condition 14 (*Rights Arising on Exchange*) and Condition 16 (*Change of Control*) to Condition 26 (*Other Events; Contemporaneous Events*) inclusive, dividends and other income and other benefits and rights derived from the Exchange Property shall not comprise part of the Exchange Property.
- (d) *Initial exchange ratio:* The number of Shares to be delivered upon exercise of the Exchange Right attaching to any Bond shall be determined by dividing the principal amount of the Bond (converted into Bulgarian leva at the Fixed Rate) by the Exchange Price in effect on the relevant Exchange Date. As at the Issue Date, Bondholders will initially be entitled to receive 17,807 Shares for each €100,000 principal amount of Bonds (subject to adjustment pursuant to these Conditions).

- (e) *Exchange Price*: The Exchange Price in effect on the Issue Date is BGN 10.984. The Exchange Price in effect on any subsequent date shall be the Exchange Price in effect on the Issue Date subject to any subsequent adjustment in accordance with these Conditions and the expression "**Exchange Price**" shall be construed accordingly.
- (f) *Fractions of a Share*: Fractions of:
  - (i) a Share;
  - (ii) any other Relevant Security; or
  - (iii) any other property which is included in the Exchange Property and which is not divisible,

will not be delivered on exchange. However, if more than one Bond is to be exchanged at any one time by the same Bondholder such that the Exchange Property to be delivered upon exchange therefor is to be registered in the same name or delivered to the same account, the Exchange Property to be delivered upon exchange therefor shall be calculated on the basis of the aggregate principal amount of the Bonds so to be exchanged. If a fraction of a Share or any other Relevant Security would otherwise fall to be delivered upon exchange, Chimimport Invest shall make or procure that there is made, on or before the seventh London business day after the relevant Exchange Date, a cash payment equal to such fraction of the Current Market Price per Share or other Relevant Security as at the relevant Exchange Date by euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET system in accordance with instructions given in the relevant Exchange Notice.

### 13. **Procedure for Exchange**

- (a) *Deposit of Bond*: To exercise the Exchange Right attaching to any Bond, the Bondholder must:
  - (i) complete, execute and deposit at the Bondholder's own expense during normal business hours on any business day during the Exchange Period at the Specified Office of any Paying and Exchange Agent an Exchange Notice (in duplicate);
  - (ii) at the same time deposit the relevant Bond at the Specified Office of the same Paying and Exchange Agent; and
  - (iii) provide the Principal Paying and Exchange Agent with a confirmation of the payment to the relevant authorities of any applicable Exchange Expenses (as provided in the Exchange Notice).

An Exchange Notice once deposited shall not be withdrawn without the consent in writing of the Issuer.

- (b) *Exchange Expenses*: Chimimport Invest will pay:
  - (i) all stamp, issue, registration or other similar taxes and duties (if any) arising on the transfer or delivery of Exchange Property on exchange of the Bonds to or to

the order of the exchanging Bondholder which are payable or imposed in Bulgaria and in the jurisdiction in which the relevant Exchange Property is located (and for this purpose any Relevant Securities in registered form shall be deemed to be located in the jurisdiction in which is located the register (or in the case of more than one register, the principal register) by which ownership of the securities is determined); and

- (ii) all charges of the Paying and Exchange Agents in connection therewith as provided in the Agency Agreement.

Subject thereto, as conditions precedent to exchange, the Bondholder must pay directly to the relevant authorities all stamp, issue, registration or other similar taxes and duties (if any) ("**Exchange Expenses**") arising on exchange which may be payable or imposed:

- (iii) in the country in which the Specified Office of the relevant Paying and Exchange Agent is located; and
- (iv) in any other jurisdiction,

as a result of the transfer or delivery of Exchange Property on exchange of the Bonds to or to the order of the exchanging Bondholder.

- (c) *U.S. certification:* Upon exercising the Exchange Right attaching to any Bond, the Bondholder shall be required to represent and agree in the Exchange Notice that at the time of execution and deposit of such Exchange Notice it or the person who has the beneficial interest in that Bond is not in the United States (within the meaning of Regulation S) and it, or such person, purchased such Bond, or the beneficial interest therein, in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S. No Exchange Property will be delivered to a Bondholder unless the Bondholder satisfies the foregoing conditions.
- (d) *Exchange Date:* The exchange date in respect of a Bond (the "**Exchange Date**") shall be the seventh Sofia business day following the satisfaction of the conditions specified in Condition 13(a) (*Procedure for Exchange - Deposit of Bond*).
- (e) *Specified account:* Upon the exercise of its Exchange Rights, a Bondholder shall in the relevant Exchange Notice specify (i) a euro account with a bank in a city in which banks have access to the TARGET System to which any cash amount payable on or in respect of the exercise of Exchange Rights by that Bondholder shall be credited and Chimimport Invest shall pay, or procure payment of, such sum to the relevant Bondholder in accordance with any such directions and (ii) a securities account held with an investment intermediary in Bulgaria into which the Shares shall be deposited.

#### 14. **Rights Arising on Exchange**

- (a) *Rights in respect of Exchange Property delivered upon exchange:* Exchange Property delivered upon the exercise of Exchange Rights will be transferred with full legal and beneficial title, and will be fully paid, free from any liens, charges, encumbrances, preemptive rights or other third-party rights. The relevant Bondholder (or the person designated in the relevant Exchange Notice) will be the owner of the Exchange Property

delivered upon the exercise of Exchange Rights with effect from and including the Exchange Date and, subject as provided in Conditions 14(b) (*Rights Arising on Exchange - Pre-Exchange Date dividends*), (c) (*Rights Arising on Exchange - Post Exchange Date dividends*) and (d) (*Rights Arising on Exchange - Voting rights*), will be entitled to all rights, distributions or payments in respect of such Exchange Property with effect from and including the Exchange Date.

- (b) *Pre-Exchange Date dividends*: The exchanging Bondholder will not be entitled to receive any dividend or other distribution declared, paid or made, or any rights granted, on any Exchange Property for which the Record Date falls before the Exchange Date.
- (c) *Post-Exchange Date dividends*: The exchanging Bondholder will be entitled to receive any dividend or other distribution declared, paid or made, or any rights granted, on any Exchange Property for which the Record Date falls on or after the Exchange Date. If the Record Date for the payment of any dividend or other distribution or rights on or in respect of any Exchange Property falls after the Exchange Date but before the date from which the relevant Bondholder (or its nominee) is treated by applicable law as entitled to such Exchange Property with the effect that the relevant Bondholder (or its nominee) is not entitled to such dividend or other distribution or rights, Chimimport Invest will (unless it is able to confer on or deliver to the relevant Bondholder (or its nominee), an entitlement to receive such dividend, interest or other income, or distribution or rights):
  - (i) (in the case of dividends, other distributions or rights to be paid in cash) pay, or procure the payment to, the exchanging Bondholder in lieu of such dividend or other distribution or rights, an amount equal thereto, converted if necessary into euros at the Screen Rate on the date of receipt thereof by Chimimport Invest; and
  - (ii) (in the case of dividends, other distributions or rights satisfied or made otherwise than in cash) deliver, or procure the delivery of, the same to the relevant Bondholder not later than 14 Sofia business days after the receipt by Chimimport Invest of such dividend or other distribution or rights. If, at any time when the delivery of any such dividend or distribution or rights is required, delivery would, as certified to the Trustee by two directors of Chimimport Invest on which the Trustee may rely without further investigation, be unlawful under the laws of any applicable jurisdiction or contrary to any official declaration, order, directive or regulation in any applicable jurisdiction, Chimimport Invest will make a cash payment equal to the aggregate Realisation Proceeds of such dividend or other distribution or rights.

Chimimport Invest will pay any amount payable by it pursuant to this Condition 14(c) to the relevant Bondholder by not later than 14 Sofia business days after receipt by Chimimport Invest of the relevant dividend or other distribution or rights.

- (d) *Voting rights*: The exchanging Bondholder will not be entitled to any voting rights accruing to Shareholders or holders of other Relevant Securities in relation to any matter for which the Record Date precedes the Exchange Date.
- (e) *Interest*: Save as provided in Condition 14(f) (*Rights Arising on Exchange - Interest upon exchange due to early redemption*), upon exchange of any Bond:

- (i) if the Exchange Date falls on an Interest Payment Date, the Bondholder shall not be entitled to receive the payment of interest otherwise due on such Interest Payment Date; and
- (ii) in any other case, the Bondholder shall cease to be entitled to any interest accrued on the relevant Bond since the Interest Payment Date immediately preceding such Exchange Date (or, if such Exchange Date falls on or before the first Interest Payment Date, since the Issue Date),

and, in either case, no payment or adjustment shall be made on exchange for any such interest accrued since the Interest Payment Date immediately preceding such Exchange Date (or, if such Exchange Date falls on or before the first Interest Payment Date, since the Issue Date). Upon the Exchange Date of any Bond, all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof (for this purpose treating any Coupon expressed to be payable on or after the relevant Exchange Date as an unmatured Coupon).

(f) *Interest upon exchange due to early redemption:* If:

- (i) any notice requiring the redemption of any Bonds is given pursuant to Condition 8(b) (*Redemption and Purchase - Redemption at the option of the Issuer*) on or after (or within 14 days before) the Record Date (the "**Relevant Record Date**") in respect of any dividend payable in respect of the Shares (or other Relevant Securities comprising on such date more than 25 per cent. by value of the Exchange Property based on the Fair Market Value thereof);
- (ii) such notice specifies a date for redemption falling on or before (or within 14 days after) the Interest Payment Date next following the Relevant Record Date; and
- (iii) where the Bondholder of the Bond the subject of any such notice (a "**Relevant Bond**") has delivered an Exchange Notice in relation to the relevant Bond and the Exchange Date in relation thereto falls after the Relevant Record Date and on or before the Interest Payment Date next following the Relevant Record Date,

then interest shall accrue on each Relevant Bond from and including the preceding Interest Payment Date (or, if the relevant Exchange Date falls on or before the first Interest Payment Date, from and including the Issue Date) to but excluding the Relevant Record Date. Any such interest shall be paid not later than 14 days after the relevant Exchange Date by euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET System, in accordance with instructions given by the relevant Bondholder.

## 15. Settlement

- (a) *Delivery of Exchange Property:* As soon as practicable and in any event not later than the Fallback Settlement Date, Chimimport Invest shall procure:
  - (i) that Shares (in the number as calculated pursuant to Condition 12(d) (*Exchange - Initial Exchange Ratio*)) or other Relevant Securities comprising the relevant *pro rata* share of the Exchange Property to be delivered on exercise of Exchange

Rights are (x) released from the Security (if applicable) and (y) transferred into such name as the Bondholder shall direct in the relevant Exchange Notice;

- (ii) that forms of transfer and certificates (if certificates for Shares or Relevant Securities are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of such Shares or Relevant Securities will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto) to such address, subject to applicable securities laws, as the as the Bondholder shall direct in the relevant Exchange Notice;
  - (iii) that such documents of title and evidence of ownership of any other Exchange Property to be delivered on exercise of Exchange Rights shall be despatched in accordance with directions given by the relevant Bondholder in the relevant Exchange Notice; and
  - (iv) the payment of any part of the Exchange Property comprising cash to be delivered on exercise of Exchange Rights (converted, if necessary, into euros at the Screen Rate on the relevant Exchange Date) in accordance with directions given by the relevant Bondholder in the relevant Exchange Notice.
- (b) *Fallback Settlement Date*: In these Conditions, the "**Fallback Settlement Date**" means:
- (i) the day falling 20 Trading Days after the Exchange Date; or
  - (ii) if the Exchange Property has changed in whole or in part as a result of an Offer or as a result of the compulsory acquisition of any Relevant Securities, the later of:
    - (A) the day falling 20 Trading Days after the Exchange Date; and
    - (B) the day falling 20 Trading Days after the date on which the consideration is received by Chimimport Invest under the terms of the Offer or, as the case may be, the day falling 20 Trading Days after the date on which the consideration pursuant to such compulsory acquisition is received by Chimimport Invest.
- (c) *Illegality*: If, at any time when the transfer or delivery of any Exchange Property (other than cash) is required, such transfer or delivery would, as certified to the Trustee by two directors of Chimimport Invest on which the Trustee may rely without further investigation, be unlawful under the laws of any applicable jurisdiction or contrary to any official declaration, order, directive or regulation in any applicable jurisdiction, Chimimport Invest will make a cash payment equal to the aggregate of the Realisation Proceeds of the relevant Exchange Property. Chimimport Invest will pay any such amount to the relevant Bondholder not later than 14 Sofia business days after the relevant Fallback Settlement Date.
- (d) *Cash Settlement Option*: Notwithstanding the Exchange Right of each Bondholder in respect of each Bond, at any time when the delivery of Shares deliverable upon exchange of the Bonds is required to satisfy the Exchange Right in respect of an Exchange Notice, Chimimport Invest shall have the option to pay to the relevant Bondholder an amount in

euros equal to the Cash Settlement Amount (as defined below) in order to satisfy such Exchange Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares) (the "**Cash Settlement Option**"). In order to exercise the Cash Settlement Option, Chimimport Invest shall give notice of the exercise of the Cash Settlement Option (the "**Cash Settlement Option Notice**") to the relevant Bondholder with a copy to the Issuer, the Company, the Local Agent and the Principal Paying and Exchange Agent as soon as practicable but no later than the fifth Trading Day following the Exchange Date (the "**Cash Settlement Option Notice Date**"). The Cash Settlement Option Notice must specify the number of Shares in respect of which Chimimport Invest will make a cash payment in the manner described in Condition 15(c) (*Settlement - Illegality*). Chimimport Invest shall pay the Cash Settlement Amount on a business day not less than five Trading Days but no more than 13 Trading Days following the Cash Settlement Option Notice Date. If Chimimport Invest exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be exchanged on the same Exchange Date, Chimimport Invest shall make the same proportion of cash and Shares available to all such Bondholders.

A "**Cash Settlement Amount**" means an amount in euros equal to the product of (A) the number of Shares otherwise deliverable upon exercise of the Exchange Right and (B) the average of the Volume Weighted Average Price of one Share for each day of the 10 Trading Days immediately after the Cash Settlement Notice Date, converted into euros by applying the Screen Rate on the fifth Trading Day immediately after such Cash Settlement Notice Date.

#### *ADJUSTMENTS TO THE EXCHANGE PRICE*

#### 16. **Change of Control**

- (a) *Adjustment to the Exchange Price:* If and whenever a Change of Control shall occur, the Issuer or Chimimport Invest shall forthwith give notice in accordance with Condition 43 (*Notices*) to the Bondholders (a "**Change of Control Notice**"), with a copy to the Trustee, of such event and, in relation to each Bond for which the Exchange Date occurs after the date of such Change of Control Notice but on or prior to the 60th day following the date of such Change of Control Notice, the Exchange Price shall be equal to the product of (i) the Exchange Price that would otherwise apply on such Exchange Date in the absence of the Change of Control and (ii) the percentage determined in accordance with the following table:

<u><b>Exchange Date</b></u>	<u><b>Percentage (%)</b></u>
On or before 22 August 2009	80.2
Thereafter, but on or before 22 August 2010	83.5
Thereafter, but on or before 22 August 2011	86.8
Thereafter, but on or before 22 August 2012	90.1
Thereafter, but on or before 22 August 2013	93.4

Thereafter, but on or before 22 August 2014 96.7

Thereafter, and until the end of the Exchange Period 100.0

- (b) *Change of Control Notice:* Any Change of Control Notice shall inform Bondholders of their entitlement to exercise the Exchange Right in accordance with these Conditions and shall specify:
- (i) all information material to Bondholders concerning the Change of Control;
  - (ii) the Exchange Price in relation to each Bond for which the Exchange Date occurs on the date of such notice to the Bondholders; and
  - (iii) the Exchange Price in relation to each Bond for which the Exchange Date occurs after the date of such notice to the Bondholders but on or prior to the 60th day following the date of such notice to the Bondholders.

17. **Dividends**

- (a) *Adjustment Event:* If and whenever the Company shall distribute any Dividends to the Shareholders, the Exchange Price shall be subject to adjustment in accordance with this Condition 17.
- (b) *Effective Date:* For the purposes of this Condition 17, the "**Effective Date**" means the date on which the relevant Dividends is actually distributed.
- (c) *Adjustment to the Exchange Price:* If and whenever the Company shall distribute any Dividends to the Shareholders, in relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the Trading Day immediately preceding the date of the first public announcement of the terms of such Dividend; and

B is the Fair Market Value on the date of such announcement of the portion of the Dividends attributable to one Share.

- (d) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 17 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.



18. **Bonus Issues**

- (a) *Adjustment event:* If and whenever the Company shall make any Bonus Issue, the Exchange Price shall be subject to adjustment in accordance with this Condition 18.
- (b) *Effective Date:* For the purposes of this Condition 18, the "**Effective Date**" means the date of issue of the relevant Shares pursuant to the Bonus Issue.
- (c) *Adjustment to the Exchange Price:* In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A}{B}$$

where:

A = the number of Shares in issue immediately before the issue of such Shares;  
and

B = the number of Shares in issue immediately after the issue of such Shares.

- (d) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 18 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

19. **Alteration to Nominal Value**

- (a) *Adjustment event:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Exchange Price shall be subject to adjustment in accordance with this Condition 19.
- (b) *Effective Date:* For the purposes of this Condition 19, the "**Effective Date**" means the date on which such subdivision or consolidation becomes effective.
- (c) *Adjustment to the Exchange Price:* In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A}{B}$$

where:

A = the number of Shares in issue immediately before such alteration; and

B = the number of Shares in issue immediately after such alteration.

- (d) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 19 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

20. **Shares, Rights and Share-Related Securities Issued to Shareholders**

- (a) *Adjustment event:* If and whenever the Company shall issue, grant or offer Shares, Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities to all or substantially all of the Shareholders as a class by way of rights as a result of which, in each case, Shareholders have the right to acquire Shares at a Consideration per Share which is less than 95 per cent. of the Current Market Price of the Shares on the Trading Day immediately preceding the date of the first public announcement of such issue, grant or offer, the Exchange Price shall be subject to adjustment in accordance with this Condition 20.
- (b) *Effective Date:* For the purposes of this Condition 20, the "**Effective Date**" means the first date on which the Shares are traded ex-rights, ex-warrants or ex-options on the Relevant Exchange.
- (c) *Adjustment to the Exchange Price:* In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A = the number of Shares in issue on the Trading Day immediately preceding the date of such announcement;

B = the number of Shares which the Aggregate Consideration would purchase at such Current Market Price; and

C = (1) in the case of an issue, grant or offer of Shares, the number of Shares comprised in the issue, grant or offer; or

(2) in the case of an issue, grant or offer of Share-Related Securities or Rights, the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities or Rights at the initial price or rate as specified in such Share-Related Securities or Rights.

- (d) *Formula:* If on the date (the "**Specified Date**") of issue, grant or offer of the relevant Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the

terms of such Share Related Securities or Rights is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 20, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

- (e) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 20 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

## 21. **Issue of Other Securities to Shareholders**

- (a) *Adjustment event:* If and whenever the Company shall issue any securities (other than Shares, Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities) to all or substantially all of the Shareholders as a class by way of rights or the Company shall issue or grant any Rights in respect of any securities (other than Shares, Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities) or in respect of assets to all or substantially all of the Shareholders as a class, the Exchange Price shall be subject to adjustment in accordance with this Condition 21.
- (b) *Effective Date:* For the purposes of this Condition 21, "**Effective Date**" means the first date on which the Shares are traded ex-rights, ex-warrants or ex-options on the Relevant Exchange.
- (c) *Adjustment to the Exchange Price:* In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the Current Market Price of one Share on the Trading Day immediately preceding the date of the first public announcement of the terms of such issue or grant; and

B = the Fair Market Value on the date of such announcement of the portion of the Rights attributable to one Share.

- (d) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 21 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

## 22. Issues of Shares at Below Current Market Price

- (a) *Adjustment event:* If and whenever the Company shall issue, wholly for cash, any Shares or Share-Related Securities or the Company shall issue or grant, wholly for cash or for no consideration, Rights in respect of Shares or Rights in respect of Share-Related Securities as a result of which, in each case, persons to whom the Shares or Share-Related Securities or Rights are issued or granted have the right to acquire Shares at a Consideration per Share which is less than 95 per cent. of the Current Market Price of the Shares on the Trading Day immediately preceding the date of the first public announcement of such issue or grant, the Exchange Price shall be subject to adjustment in accordance with this Condition 22. However, if any such issue or grant also falls within the terms of Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*) or constitutes an issue of Shares consequent upon the exercise of Exchange Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares, the Exchange Price shall not be subject to adjustment in accordance with this Condition 22.
- (b) *Effective Date:* For the purposes of this Condition 22, the "**Effective Date**" means the date of issue of such Shares, such Share-Related Securities or, as the case may be, the issue or grant of such Rights.
- (c) *Adjustment to the Exchange Price:* In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A = the number of Shares in issue on the Trading Day immediately preceding the date of the first public announcement of the terms of such issue or grant;
- B = the number of Shares which the Aggregate Consideration would purchase at such Current Market Price; and
- C = (1) in the case of an issue of Shares, the number of Shares issued; or  
(2) in the case of an issue or grant of Rights, the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares and, if applicable, Share-Related Securities pursuant to the terms of such Rights and, if applicable, Share-Related Securities at the initial price or rate as specified in such Share-Related Securities or Rights.

- (d) *Formula:* If on the date (the "**Specified Date**") of issue or grant of the relevant Rights in respect of Shares or Rights in respect of Share-Related Securities the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares and, if applicable, Share-Related Securities

pursuant to the terms of such Rights and, if applicable, Share-Related Securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 22, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

- (e) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 22 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

## 23. **Share-Related Securities Issued other than to Shareholders**

- (a) *Adjustment event:* If and whenever the Company or any of its Subsidiaries or (pursuant to arrangements with the Company or any of its Subsidiaries) any other person or entity shall issue, wholly for cash or for no consideration, any Share-Related Securities or shall grant to any existing securities so issued such Rights as to make such securities Share-Related Securities as a result of which, in each case, persons to whom the Share-Related Securities are issued or such Rights are granted have the right to acquire Shares at a Consideration per Share which is less than 95 per cent. of the Current Market Price of the Shares on the Trading Day immediately preceding the date of the first public announcement of the terms of issue of such Share-Related Securities or the terms of the grant of such Rights, the Exchange Price shall be subject to adjustment in accordance with this Condition 23. However, if any such issue or grant also falls within the terms of Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*), Condition 21 (*Issue of Other Securities to Shareholders*) or Condition 22 (*Issues of Shares at Below Current Market Price*), the Exchange Price shall not be subject to adjustment in accordance with this Condition 23.
- (b) *Effective Date:* For the purposes of this Condition 23, the "**Effective Date**" means the date of issue of the Share-Related Securities or the grant of the relevant Rights.
- (c) *Adjustment to the Exchange Price:* In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A = the number of Shares in issue on the Trading Day immediately preceding the date of the first public announcement of the terms of such issue or grant;
- B = the number of Shares which the Aggregate Consideration would purchase at such Current Market Price; and

C = the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate as specified in such Share-Related Securities.

- (d) *Formula:* If on the date (the "**Specified Date**") of issue of the relevant Share-Related Securities or date of grant of such rights the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 23, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.
- (e) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 23 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

24. **Amendment of Terms of Rights or Share-Related Securities**

- (a) *Adjustment event:* If and whenever the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of any Rights or Share-Related Securities are amended (other than in accordance with their terms of issue (including terms as to adjustment of such rights)) so that following such amendment the Consideration per Share is (1) reduced and (2) less than 95 per cent. of the Current Market Price of the Shares on the Trading Day immediately preceding the date of the first public announcement of the proposals for such amendment, the Exchange Price shall be subject to adjustment in accordance with this Condition 24.
- (b) *Effective Date:* For the purposes of this Condition 24, "**Effective Date**" means the date of amendment of such rights.
- (c) *Adjustment to the Exchange Price:* In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue on the Trading Day immediately preceding the date of the first public announcement of the terms of such amendment;
- B is the number of Shares which the Aggregate Consideration (calculated taking account of the amended rights) would purchase at such Current Market Price; and

- C the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights or Share-Related Securities at the amended subscription, purchase or acquisition price or rate (but giving credit in such manner as shall be Determined by an Expert to be appropriate for any previous adjustment under Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*), Condition 23 (*Share-Related Securities Issued Other than to Shareholders*) or this Condition 24).
- (d) *Formula*: If on the date (the "**Specified Date**") of such amendment the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights or Share-Related Securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 24, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.
- (e) *Effect of adjustment*: The Exchange Price as adjusted pursuant to this Condition 24 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

## 25. **Spin-off or Demerger**

- (a) *Adjustment event*: If and whenever the Company or any of its Subsidiaries or (pursuant to arrangements with the Company or any of its Subsidiaries) any other person or entity shall offer any securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them, the Exchange Price shall be subject to adjustment in accordance with this Condition 25. However, if any such offer also causes the Exchange Price to be adjusted within the terms of Condition 20 (*Shares, Rights and Share-Related Securities Issued to Shareholders*) or Condition 21 (*Issue of Other Securities to Shareholders*) (or would cause the Exchange Price to be so adjusted if the relevant Consideration per Share was less than 95 per cent. of the Current Market Price per Share on the relevant Trading Day), the Exchange Price shall not be subject to adjustment in accordance with this Condition 25.
- (b) *Effective Date*: For the purposes of this Condition 25, the "**Effective Date**" means the first date on which the Shares are traded ex-rights on the Relevant Exchange.
- (c) *Adjustment to the Exchange Price*: In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, the Exchange Price shall be adjusted by multiplying the Exchange Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the Current Market Price of one Share on the Trading Day immediately preceding the date of the first public announcement of such offer; and

B = the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Share.

- (d) *Effect of adjustment:* The Exchange Price as adjusted pursuant to this Condition 25 shall apply, with effect from and including the Effective Date, to each Bond for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

## 26. **Other Events; Contemporaneous Events**

- (a) *Adjustment event:* If the Issuer (after consultation with the Trustee) determines that:

- (i) an adjustment should be made to the Exchange Price as a result of one or more events or circumstances not referred to in Condition 17 (*Dividends*) to Condition 25 (*Spin-off or Demerger*) (even if the relevant event or circumstance is specifically excluded from the operation of Condition 17 (*Dividends*) to Condition 25 (*Spin-off or Demerger*)); or
- (ii) more than one event which gives rise or may give rise to an adjustment to the Exchange Price has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result,
- (iii) one event which gives rise or may give rise to more than one adjustment to the Exchange Price has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

the Issuer shall, at its own expense, use all reasonable endeavours to procure that such adjustment (if any) to the Exchange Price as is fair and reasonable to take account thereof and the date on which such adjustment should take effect shall be Determined by an Expert, *provided that* the Exchange Price may not be increased pursuant to this Condition 26.

- (b) *Effective Date:* Upon such determination, the Issuer and the Trustee shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination, *provided, however*, that an adjustment shall only be made pursuant to this Condition 26 if the relevant Expert is requested to make such a determination not more than 21 days after the date on which the relevant event occurs or circumstances exist.
- (c) *Certificate of Expert:* If any doubt shall arise as to any appropriate adjustment to the Exchange Price, the Issuer shall use all reasonable endeavours to procure that the appropriate adjustment shall be Determined by an Expert and a certificate from the relevant Expert as to the appropriate adjustment to the Exchange Price shall, in the absence of manifest error, be conclusive and binding on all concerned.



27. **Minor Adjustments and No Adjustments**

- (a) *Rounding and adjustments of less than one per cent:* On any adjustment of the Exchange Price, the resultant Exchange Price, if not an integral multiple of one cent, shall be rounded down to the nearest whole cent. No adjustment shall be made to the Exchange Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Exchange Price then in effect. Any adjustment not required to be made, and any amount by which the Exchange Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment but such calculation of any subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.
- (b) *Employee share schemes:* No adjustment shall be made to the Exchange Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of the Company or any of its Subsidiaries or any associated company of the Company pursuant to any employees' share scheme or plan (including a dividend reinvestment plan).
- (c) *Adjustments not permitted by law:* The Exchange Price may not be adjusted so that exercise of the Exchange Right would require Shares to be issued in circumstances not permitted by applicable law.

28. **Adjustments for Exchange near a Record Date**

- (a) *Adjustment Event:* If and whenever the Exchange Price is to be adjusted pursuant to any of Condition 17 (*Dividends*) to Condition 25 (*Spin-off or Demerger*) and the Exchange Date in relation to any Bond is either:
  - (i) after the Record Date for any such issue, distribution, grant or offer as is mentioned in the relevant Condition but before the relevant adjustment becomes effective under the relevant Condition; or
  - (ii) before the Record Date for any such issue, distribution, grant or offer as is mentioned in the relevant Condition but in circumstances where the relevant Bondholder is unable, by the relevant Record Date, to become duly entitled to the Shares for the purpose of receiving the issue, distribution, grant or offer as is mentioned in the relevant Condition,

the Exchange Right attaching to the relevant Bond shall be subject to adjustment in accordance with this Condition 28.

- (b) *Adjustment to the Exchange Right:* Upon the relevant adjustment becoming effective under the relevant Condition Chimimport Invest shall procure either that:
  - (i) there shall be delivered to the exchanging Bondholder or in accordance with the instructions contained in the relevant Exchange Notice (subject to any applicable exchange control or other laws or other regulations) such additional number of Shares as, together with the Shares to be delivered on exchange of the relevant

Bond, is equal to the number of Shares which would have been required to be delivered on the exchange of such Bond if the relevant adjustment to the Exchange Price had in fact been made and become effective immediately before the relevant Exchange Date; or

- (ii) if Chimimport Invest exercises the Cash Settlement Option in respect of any relevant Bond, there shall be paid to the relevant Bondholder an additional amount (the "**Additional Cash Amount**") equal to the product of (1) the additional number of Shares (including for this purpose any fractions) that would have been delivered to the relevant Bondholder pursuant to (i) above in the absence of a Cash Settlement Option and (2) the Officially Published closing price per Share on the date on which the relevant adjustment becomes effective under the relevant Condition (or if that is not a Trading Day, on the next Trading Day).
- (c) *Shares in uncertificated form:* If Chimimport Invest does not exercise the Cash Settlement Option, such additional Shares will be delivered in uncertificated form through Central Depository AD of Bulgaria ("**CDAD**"), unless the relevant Bondholder elects to receive the Shares in certificated registered form or, at the time of issue, the Shares are not capable of delivery through CDAD. Where Shares are to be delivered through CDAD, they will be delivered to the securities account maintained by a depositor with CDAD as specified by the relevant Bondholder in the relevant Exchange Notice by not later than seven Sofia business days following the relevant Exchange Date or the date of issue of the relevant Shares, if adjustment results from the issue of Shares, whichever is the later. Such Shares will not be delivered to the Bondholder outside of the book-entry (scripless) settlement system of CDAD.
- (d) *Payment of Additional Cash Amount:* If Chimimport Invest does exercise the Cash Settlement Option in respect of the Bonds being exchanged, the relevant Additional Cash Amount will be paid not later than seven days following the date on which the relevant adjustment becomes effective under the relevant Condition by euro cheque drawn on, or by transfer to an euro account maintained by the payee with, a bank in Sofia, in accordance with instructions contained in the relevant Exchange Notice.

29. **Aggregate Consideration and Consideration per Share**

- (a) *Applicability of this Condition:* For the purpose of calculating any adjustment to the Exchange Price pursuant to these Conditions, in the case of any:
  - (i) issue, grant or offer of Shares, Share-Related Securities, Rights in respect of Shares or Rights in respect of Share-Related Securities; or
  - (ii) grant to any existing securities issued such rights as to make such securities Share-Related Securities; or
  - (iii) amendment of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of any Rights or Share-Related Securities (other than in accordance with their terms of issue (including terms as to adjustments of such rights)),

the "**Aggregate Consideration**" and the "**Number of Shares**" shall be calculated or determined (if necessary) in accordance with the following provisions of this Condition 29 and the "**Consideration per Share**" shall, in each case, be the relevant Aggregate Consideration divided by the relevant Number of Shares.

- (b) *Shares for cash:* In the case of an issue, grant or offer of Shares for cash:
  - (i) the Aggregate Consideration shall be the amount of such cash, *provided that* in no such case shall any deduction be made for any commissions or any expenses paid or incurred by the Company for any underwriting of the issue or otherwise in connection therewith; and
  - (ii) the Number of Shares shall be the number of Shares so issued, granted or offered.
- (c) *Shares not for cash:* In the case of the issue, grant or offer of Shares for a consideration in whole or in part other than cash:
  - (i) the Aggregate Consideration shall be the amount of such cash (if any) plus the consideration other than cash, which shall be deemed to be the Fair Market Value thereof or, if pursuant to applicable law such determination is to be made by application to a court of competent jurisdiction, the value thereof as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof; and
  - (ii) the Number of Shares shall be the number of Shares so issued, granted or offered.
- (d) *Issue of Share-Related Securities:* In the case of the issue, grant or offer of Share-Related Securities or Rights in respect of Share-Related Securities or the grant to any securities issued of such rights as to make such securities Share-Related Securities:
  - (i) the Aggregate Consideration shall be:
    - (A) the consideration (if any) received by the Company for such Share-Related Securities and (if applicable) Rights or, as the case may be, such grant; plus
    - (B) the additional consideration (if any) to be received by the Company upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate as specified in such Share-Related Securities and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate as specified in such Rights,the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 29; and
  - (ii) the Number of Shares shall be the number of Shares to be issued upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate and (if applicable) the exercise in full of the rights to subscribe for,

purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate as specified in such Rights.

- (e) *Amendment of Share-Related Securities or Rights in respect of Share-Related Securities:* In the case of the amendment of the terms of any Share-Related Securities or Rights in respect of Share-Related Securities (in either case, other than in accordance with their terms of issue):

(i) the Aggregate Consideration shall be:

(A) the consideration (if any) received by the Company for such amendment; plus

(B) the additional consideration (if any) to be received by the Company upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate as specified in such Share-Related Securities or (in the case of an amendment to the terms of such Share-Related Securities) the amended price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 29; and

- (ii) the Number of Shares shall be the number of Shares to be issued upon (and assuming) such exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Share-Related Securities at the initial price or rate as specified in such Share-Related Securities or (in the case of an amendment to the terms of such Share-Related Securities) the amended price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate.

- (f) *Rights in respect of Shares:* In the case of the issue, grant or offer of Rights in respect of Shares or the amendment of the terms of any Rights in respect of Shares (other than in accordance with their terms of issue):

(i) the Aggregate Consideration shall be:

(A) the consideration (if any) received by the Company for any such Rights or, as the case may be, such amendment; plus

(B) the additional consideration to be received by the Company upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights at the initial

price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 29; and

- (ii) the Number of Shares shall be the number of Shares to be issued upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate.
- (g) *Currency translation:* If any of the consideration referred to in any of the preceding paragraphs of this Condition 29 is receivable in a currency other than euros, such consideration shall be translated into euros for the purposes of this Condition 29:
- (i) in any case where there is a fixed rate of exchange between euros and the relevant currency for the purposes of the issue, grant or offer of the Shares, Share-Related Securities or Rights, the exercise of the rights to subscribe for, purchase or otherwise acquire Share-Related Securities pursuant to the terms of such Rights or the exercise of the rights to subscribe for, purchase or otherwise acquire Shares pursuant to the terms of such Rights or Share-Related Securities, at such fixed rate of exchange; and
  - (ii) in all other cases, at the Screen Rate on the date as of which the said consideration is required to be calculated.

**30. Notice of Change in Exchange Price and Exchange Property**

The Issuer or Chimimport Invest shall give notice to the Trustee and to the Bondholders in accordance with Condition 43 (*Notices*) of any change in the Exchange Price or the composition of the Exchange Property as soon as reasonably practicable following such change, and shall give such details as the Trustee may require of the Exchange Property to which the holder of €100,000 principal amount of Bonds would be entitled upon exercise of the Exchange Right in respect of such principal amount following such change.

**31. Release from the Exchange Property**

Upon actual delivery of Exchange Property to the relevant Bondholder or payment of the Realisation Proceeds or upon redemption of the Bonds or upon any purchase and cancellation of the Bonds or exchange of the Exchange Property for the Offer Consideration pursuant to Condition 34 (*General Offer*), the pro rata share of the Exchange Property or the relevant part thereof attributable to each relevant Bond shall (a) cease to be part of the Exchange Property, (b) (if applicable) be released from the Security pursuant to Condition 5(b) (*Negative Pledge and Security - Security*) and (c) (if applicable) delivered by Chimimport Invest to the exchanging Bondholder, and the Exchange Property shall be reduced accordingly.

32. **Purchase of Relevant Securities etc.**

If any cash amount or securities or other property is received under or pursuant to these Conditions in respect of Exchange Property which is to be added to and form part of the Exchange Property (other than (i) any Shares or Relevant Securities, (ii) as included in the Offer Consideration received under Condition 34 (*General Offer*) or added to and forming part of the Exchange Property under Condition 34(f) (*General Offer - Cash consideration*) or Condition 34(g) (*General Offer - Other consideration*)) before the Exchange Rights lapse, such cash amount shall be applied, and such securities or other property shall be sold by the Issuer and the proceeds of such sale (net of any costs and expenses incurred in connection with such sale) shall be applied, by the Issuer as soon as reasonably practicable and to the extent possible in purchasing additional Shares (not then included in the Exchange Property) or, where the Exchange Property only includes securities other than Shares, additional units of such securities. Any such additional Shares or other securities purchased shall thereafter form part of the Exchange Property.

33. **No adjustment to increase the Exchange Price**

No adjustment involving an increase in the Exchange Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 19 (*Alteration to Nominal Value*).

*COVENANTS RELATING TO THE EQUITY OPTION*

34. **General Offer**

- (a) *Issuer's discretion:* In the event of an Offer in respect of any Relevant Securities, Chimimport Invest shall have absolute discretion to accept such Offer (and in the event of such Offer consisting of alternative choices, as to which of such alternatives to accept) or reject such Offer, *provided that* it may not accept any such Offer prior to the Final Date for Acceptance in respect thereof.
- (b) *Suspension of Exchange Rights:* In the event of an Offer in respect of any Relevant Securities, the Exchange Rights shall be suspended during each of the following periods:
  - (i) the period from but excluding the Final Date for Acceptance until the Unconditional Date or until the acceptance of the relevant Offer is withdrawn or the relevant Offer lapses; and
  - (ii) the period from and including the date any vote is cast in relation to any applicable scheme of arrangement, reorganisation, amalgamation or reconstruction which is approved by the required majority until the same is approved or rejected by any relevant judicial or other authorities (both dates inclusive),

and if Exchange Rights are exercised such that the Exchange Date would otherwise fall in any such period, such exercise shall be null and void.

- (c) *Adjustment to the Exchange Property:* If Chimimport Invest accepts any such Offer (or if the Relevant Securities are subject to compulsory acquisition), in relation to each Bond

for which the Exchange Date has not occurred prior to the Effective Date, the Relevant Securities which are the subject of such Offer shall cease to be included in the Exchange Property, shall be released from the Security (if such Relevant Securities are subject to the Security) and shall be replaced by the consideration (the "**Offer Consideration**") received for such Relevant Securities pursuant to such Offer or compulsory acquisition. If the Exchange Date in respect of any Bond occurs on or after the Effective Date but before the date of receipt of such Offer Consideration, the relevant Bondholder shall be entitled to receive such *pro rata* share of the Exchange Property as would have been receivable had the Exchange Date occurred immediately after the date of receipt of such Offer Consideration.

- (d) *Effective Date*: For the purposes of this Condition 34, the "**Effective Date**" means the Final Date for Acceptance of the relevant Offer.
- (e) *Effect of adjustment*: In relation to each Bond for which the Exchange Date has not occurred prior to the Effective Date, with effect from and including the Effective Date the expression "**Exchange Property**" shall mean the Exchange Property as adjusted pursuant to Condition 34(c) (*General Offer - Adjustment to the Exchange Property*). Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.
- (f) *Cash consideration*: Any cash amount which is included in the Offer Consideration in respect of Exchange Property shall be added to and form part of the Exchange Property. In relation to each Bond for which the Exchange Date has not occurred on or prior to the date of such addition, with effect from the date of such addition the expression "**Exchange Property**" shall mean the Exchange Property as adjusted pursuant to this Condition 34(f). Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.
- (g) *Other consideration*: If the Offer Consideration consists in whole or in part of any securities or other property (other than cash), such securities or other property shall be added to and form part of the Exchange Property.
- (h) *Notice of Offer*: The Issuer or Chimimport Invest shall give notice to the Trustee and to the Bondholders in accordance with Condition 43 (*Notices*) forthwith upon becoming aware of the existence of any Offer.
- (i) *Voting etc*: In relation to any scheme of arrangement, reorganisation, amalgamation or reconstruction of any company or companies (whether or not involving liquidation or dissolution), Chimimport Invest shall at all times be entitled, in relation to any Relevant Securities, to exercise any rights to vote or other rights in respect of, or otherwise participate in, any such scheme of arrangement, reorganisation, amalgamation or reconstruction as it thinks fit.

### 35. **Undertakings**

- (a) *Shares*: Chimimport Invest shall ensure that the Shares to be delivered on exchange of the Bonds will rank at least *pari passu* and carry the same rights and privileges in all

respects (except to the extent of existing ownership, transfer, registration and subscription restrictions) as other outstanding ordinary shares of the Company.

- (b) *Security:* The Issuer and Chimimport Invest shall not allow any other or additional Security Interest to be created in respect of the Secured Property in favour of any person other than the Trustee for the benefit of itself and the Bondholders;
- (c) *Listing:* For so long as any Bond remains outstanding, the Company shall use its best endeavours (i) to maintain a listing for all the Shares delivered on exercise of Exchange Rights on the Relevant Exchange, (ii) if the Company is unable to maintain such listing, to obtain and maintain a listing for all the Shares on an Alternative Stock Exchange as the Company may from time to time (with the prior written consent of the Trustee) determine and the Issuer shall forthwith give notice to the Bondholders in accordance with Condition 43 (*Notices*) below of the listing or delisting of the Shares (as a class) by any of such stock exchanges.
- (d) *Merger; sale of assets:* In the event of any:
  - (i) consolidation, amalgamation or merger of the Company with any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation); or
  - (ii) sale or transfer of all or substantially all of the assets of the Company,

the Company shall immediately notify the Bondholders and the Trustee of such event and the Company and Chimimport Invest shall take such action as shall be required by the Trustee (including the execution of a deed supplemental to or amending the Trust Deed and/or the Chimimport Invest Documents) to ensure that the holder of each Bond then outstanding shall have the right (during the period such Bond shall be exchangeable) to exchange such Bond for the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares for which such Bond would have been exchanged had the relevant Exchange Date fallen immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such supplemental trust deed or amendment shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in these Conditions. The undertaking contained in this Condition 35(d) is without prejudice to the provisions of Condition 34 (*General Offer*) and shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers.

- (e) *Restrictions on Adjustments to Share Capital:* For so long as any Exchange Right remains exercisable, the Company shall not:
  - (i) *Reduction of share capital:* reduce its issued share capital or any uncalled liability in respect thereof or any non-distributable reserves except:
    - (A) pursuant to the terms of issue of the relevant share capital;
    - (B) by means of a purchase or redemption of share capital;



- (C) where such reduction gives rise (or would, but for the provisions of Condition 27 (*Minor Adjustments and no Adjustments*), give rise) to an adjustment to the Exchange Price; or
  - (D) where such reduction has been Determined by an Expert (to the satisfaction of the Trustee) to be not materially prejudicial to the interests of Bondholders; or
- (ii) *Capitalisation of profits or reserves*: issue or pay up any securities, in either case, by way of capitalisation of profits or reserves unless doing so:
  - (A) constitutes a Dividend in Shares which does not give rise to an adjustment to the Exchange Price; or
  - (B) gives rise (or would, but for the provisions of Condition 27 (*Minor Adjustments and No Adjustments*), give rise) to an adjustment to the Exchange Price; or
- (iii) *Rights attaching to Shares*: in any way amend the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Shares with respect to voting, dividends or liquidation, *provided that* nothing in this Condition 35(e) shall prevent:
  - (A) an issue of equity share capital to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of the Company or any Subsidiary or any associated company of the Company pursuant to any employees' share scheme or plan (including a dividend reinvestment plan); or
  - (B) an issue or amendment which gives rise (or would, but for the provisions of Condition 27 (*Minor Adjustments and No Adjustments*), give rise) to an adjustment to the Exchange Price; or
  - (C) an issue or amendment which would give rise to an adjustment to the Exchange Price but for the fact that the relevant Consideration per Share is at least 95 per cent. of the relevant Current Market Price; or
  - (D) an issue or amendment which has been Determined by an Expert (to the satisfaction of the Trustee) to be not materially prejudicial to the interests of Bondholders; or
- (iv) *Frustration of Exchange Right*: take any action if the effect would be, or but for the provisions of Condition 27(c) (*Minor Adjustments and No Adjustments - Adjustments not permitted by law*) would be, that exercise of the Exchange Right would require Shares to be issued in circumstances not permitted by applicable law.

- (f) *Approval:* Each of the Issuer, Chimimport Invest and the Company shall obtain and/or maintain all applicable consents and approvals which are required for the performance of its obligations under the Bonds and the Transaction Documents to which it is a party.
- (g) *Deposit Agreement:* For so long as any Bond remains outstanding, the Issuer shall not, without the prior written consent of the Trustee (acting in accordance with an Extraordinary Resolution),
  - (i) assign, declare a trust over, novate, seek participation, or otherwise transfer, dispose of or create or permit to arise or exist any Security Interest over, any legal or beneficial interest in the Deposit Agreement or any rights or obligations under the Deposit Agreement; or
  - (ii) agree to any amendments to or any modification or waiver of, or authorise any breach or proposed breach of, the terms of the Deposit Agreement and shall act at all times in accordance with any instructions of the Trustee from time to time with respect to the Deposit Agreement, except as otherwise expressly provided in the Trust Deed or the Deposit Agreement. Any such amendment, modification, waiver or authorisation made with the consent of the Trustee shall be binding on the Bondholders and, unless the Trustee agrees otherwise, any such amendment or modification shall be notified by the Issuer to the Bondholders in accordance with Condition 43 (*Notices*).
- (h) *No business:* For so long as any Bond remains outstanding, the Issuer shall not engage in any business or enter into any documents other than those contemplated by the Transaction Documents and shall not have any Subsidiaries or employees.
- (i) *Keepwell Undertakings:* The Company gives the following undertakings (the "**Keepwell Undertakings**") to the Issuer that so long as any Bond remains outstanding:
  - (i) it shall own directly the whole of the issued share capital of the Issuer and shall not sell, transfer, assign, pledge, grant any security interest in, declare any trust of, or otherwise encumber all or any part of, such share capital;
  - (ii) it shall cause the Issuer to have at all times a Tangible Net Worth, as determined in accordance with IFRS, of at least €1.00; and
  - (iii) it shall make available to the Issuer, on a timely basis, funds sufficient to enable the Issuer to satisfy its legal and financial obligations in full as they fall due from time to time, whenever the Issuer determines that it shall not have sufficient cash or other liquid assets to meet such obligations as they fall due.

The Keepwell Undertakings will not constitute a guarantee by the Company of the obligations of the Issuer under the Bonds.

#### *MISCELLANEOUS PROVISIONS*

#### 36. **Closed periods**

No Bondholder may require the transfer of a Bond to be registered:

- (a) during the period of seven days ending on (and including) the Maturity Date;
- (b) after an Exchange Notice has been delivered with respect to such Bond;
- (c) after a Put Option Notice or a Put Exercise Notice has been delivered with respect to such Bond; and
- (d) after a notice of redemption has been validly given to the Bondholders and the Principal Paying and Exchange Agent pursuant to Condition 8(b) (*Redemption and Purchase - Redemption at the option of the Issuer*).

Each such period is referred to herein as a "**Closed Period**".

**37. Dividends and Determined by an Expert**

- (a) *Dividends*: Where a cash Dividend is announced by an issuer of Relevant Securities in respect of such Relevant Securities which may, at the election of a holder or holders of such Relevant Securities, be satisfied by the issue or delivery of Relevant Securities or other property or assets, Chimimport Invest shall be entitled to make such election as it may determine in its sole discretion.
- (b) *Determined by an Expert*: In relation to any matter required by these Conditions or the Trust Deed to be Determined by an Expert, the Issuer shall promptly appoint an Expert with the prior written approval of the Trustee. If when any matter is required by these Conditions or the Trust Deed to be Determined by an Expert, the Issuer shall within a reasonable time fail to appoint an Expert the Trustee shall be entitled (but not obliged) to make such appointment. In either case, any such appointment shall be for the account of the Issuer.

**38. Prescription**

Claims for principal or Accreted Principal Amount shall become void unless the relevant Bonds are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

**39. Replacement of Bonds and Coupons**

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying and Exchange Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

**40. Trustee, Paying and Exchange Agents and Local Agent**

- (a) *Role of Trustee*: Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Bondholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the

Issuer without accounting for any profit. In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual holders of Bonds or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

- (b) *Roles of Paying and Exchange Agents:* In acting under the Agency Agreement and in connection with the Bonds and the Coupons, the Paying and Exchange Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders or Couponholders.
- (c) *Changes to Paying and Exchange Agents:* The initial Paying and Exchange Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying and Exchange Agent and to appoint a successor principal paying and exchange agent and additional or successor paying and exchange agents; *provided, however, that* the Issuer shall at all times maintain a principal paying and exchange agent. Notice of any change in any of the Paying and Exchange Agents or in their Specified Offices shall promptly be given to the Bondholders.
- (d) *Trustee Not Obligated to Monitor:* The Trustee shall not be under any duty to monitor or make enquiries as to whether or not any event or circumstance which gives rise or may give rise to an adjustment to the Exchange Property has occurred or may occur and will not be responsible to Bondholders for any loss arising from any failure by it to do so.
- (e) *Local Agent:* The Local Agent has agreed to act for the benefit of the Trustee and the Bondholders for the purposes of exercising its rights under the Option Agreement, enforcing the Share Pledge and arranging for the sale of the Shares and the rest of the Exchange Property secured by the Share Pledge in Bulgaria. The Trustee (a) shall be under no obligation to exercise any rights under the Option Agreement, (save for instructing the Local Agent in accordance with the Trust Deed) enforce the Share Pledge or arrange the sale of the Shares and the rest of the Exchange Property secured by the Share Pledge, which shall be the sole obligation of the Local Agent; (b) will be under no obligation to monitor or supervise the performance by the Local Agent of any of its obligations under the Option Agreement, Share Pledge or Trust Deed; and (c) shall not be responsible or in any way liable to the Bondholders or Couponholders for any failure or any delay by the Local Agent in the exercise of its rights under the Option Agreement or the Share Pledge or in arranging the sale of the Shares and the rest of the Exchange Property secured by the Share Pledge nor for the outcome thereof.

#### 41. **Meetings of Bondholders; Modification and Waiver**

- (a) *Meetings of Bondholders:* The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee (subject to it being indemnified and/or secured to its satisfaction) upon the request in writing of Bondholders

holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) *Modification and waiver:* The Trustee may, without the consent of the Bondholders or Couponholders, agree (i) to any modification to the Bonds, these Conditions or the Trust Deed or the other Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Trust Deed, the Bonds, the Conditions or any other Transaction Documents referred to in the definition of Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and (ii) to any modification to the Bonds, these Conditions or the Trust Deed or the other Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error.

In addition, the Trustee may, without the consent of the Bondholders or Couponholders, authorise or waive any proposed breach or breach of the Bonds, these Conditions or the Trust Deed or the other Transaction Documents (including an Event of Default or a Potential Event of Default) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

The Trustee shall not exercise any powers conferred upon it by this Condition in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any such breach or proposed breach relating to any of the matters the subject of a Reserved Matter.

Any such modification, authentication or waiver shall be binding on the Bondholders and Couponholders. Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Bondholders as soon as practicable thereafter.

42. **Enforcement**

- (a) *Enforcement of Security*: Following the delivery of a Default Notice, the Trustee may at any time, at its discretion and without notice, institute such proceedings or take further steps (including directing the Local Agent to enforce the Share Pledge) as it thinks fit to enforce its rights under the Trust Deed in respect of the Bonds or to direct the Local Agent to exercise the Local Agent's rights under the Chimimport Invest Documents, but it shall not be bound to do so unless:
- (i) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and
  - (ii) it has been indemnified or provided with security to its satisfaction.

No Bondholder may proceed directly against the Issuer, Chimimport Invest or the Local Agent unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

43. **Notices**

Notices to the Bondholders shall be valid if notified to Euroclear and Clearstream, Luxembourg. Any such notice shall be deemed to have been given on the date of notification to Euroclear and Clearstream, Luxembourg. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bondholders.

44. **Further Issues**

For a period of 90 days after the Issue Date, the Issuer may, without the consent of the Bondholders or the Couponholders and in accordance with the Trust Deed, create and issue a tranche of further bonds in an aggregate principal amount of up to a maximum of €15,000,000 (the "**Further Bonds**") having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds. The issue of the Further Bonds will be conditional upon Chimimport Invest delivering to the Local Agent additional Shares ("**Additional Shares**") on terms that such Additional Shares will be subject to the Share Security. The number of Additional Shares shall be determined by dividing (a) the aggregate principal amount of the Further Bonds (converted into Bulgarian leva at the Fixed Rate) by (b) the Exchange Price in effect on the date of issue of the Further Bonds. The Further Bonds shall be constituted by a deed supplemental to the Trust Deed and shall be subject to the Share Security.

45. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Bonds, the Trust Deed, the Agency Agreement, the Deposit Agreement and the Security Assignment and all non-contractual obligations arising out of or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Deposit Agreement and Security Assignment are governed by English law. The Share Pledge and the Option Documents are governed by, and shall be construed in accordance with, Bulgarian law.

- (b) *Jurisdiction:* The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Bondholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Bonds; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Bondholders from taking proceedings related to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Bondholders may take concurrent Proceedings in any number of jurisdictions.

**SCHEDULE 3**  
**FORM OF TRANSFER NOTICE**

To: TransAlp 1 Securities plc  
5 Harbourmaster Place  
Dublin 1  
Ireland

Copy: Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London, EC2N 2DB

From: *[Name of Noteholder]*

*[Address and contact details of Noteholder, including telephone no. and email address]*

Date: \_\_\_\_\_

Dear Sirs

**EUR 5,000,000 Pass Through Notes due August 2015 Series 2010-1 (the "Notes") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V.**

1. Words and expressions defined in the conditions to the Notes shall, except where the context otherwise requires, have the same meanings in this notice.
2. We are delivering this Transfer Notice in order to exercise our option pursuant to Condition 8(e) (*Physical Delivery of Charged Assets Option*).
3. We hereby confirm that as at the date of this Transfer Notice we hold *[insert number of Notes]* Notes.
4. Where such Notes are represented by a Bearer Global Note, we attach hereto a certified copy of a statement from the relevant Clearing System confirming such holding and evidence that the Clearing System has agreed to block any attempt to transfer such Notes in accordance with paragraph 8 hereof. We further agree to provide such further evidence as the Issuer requests (acting in a commercially reasonable manner) to evidence such holding.
5. Subject to the Conditions of the Notes, we request that you procure the physical delivery of the *[Charged Assets]* / *[Non Cash Assets]* (or such part thereof) pursuant to Condition 8(h)(A) to our *[nominee's]* *[insert nominee name]* account *[account details]* with *[Euroclear / Clearstream]*.



6. We confirm that to the extent we are not submitting this Transfer Notice as the beneficial owner of the Notes referred to in this Transfer Notice, we have the authority of the beneficial owner to do so and attach relevant proof of entitlement.
7. We confirm that we have full power and authority to execute and deliver this Transfer Notice and to give the indemnity and acknowledgements contained herein.
8. We confirm that we have irrevocably instructed and authorised the relevant clearing system to block any attempt to transfer the Notes specified in this Transfer Notice.
9. We acknowledge that we will not receive a transfer of the Charged Assets (or part thereof) until satisfaction of the condition specified in Condition 8(h)(C) in respect of all amounts referred to in that Condition.
10. We confirm that we are aware of the provisions of Condition 30 (*Noteholder Notices*) and that such provisions apply to this Transfer Notice.
11. We hereby agree to pay all properly incurred costs and expenses notified to us that the Issuer, Dealer, Arranger, Calculation Agent, any other agent of the Issuer or the Trustee will incur in connection with this Transfer Notice and the transfer to us of the Charged Assets in accordance with this Transfer Notice.
12. We hereby indemnify the Issuer, Dealer, Selling Agent, Arranger, Calculation Agent, any other agent of the Issuer and the Trustee against any claim, demand, action, liability, damage, loss, cost or expense (including, without limitation, legal fees and any VAT thereon) which any of them may incur arising out of, or in connection with the transfer of the Charged Assets in accordance with this Transfer Notice or our failure to comply with the terms of this Transfer Notice or based on any inaccuracy of any information contained herein.
13. This Transfer Notice is executed as a deed and shall take effect as a deed poll for the benefit of the Issuer, Dealer, Selling Agent, Arranger, Calculation Agent, any other agent of the Issuer and the Trustee.
14. This Transfer Notice is governed by English law.

Yours faithfully

For and on behalf of

[*Name of Noteholder*]

Name: [*Name of authorised signatory of Noteholder*]

Title: [*Title of authorised signatory of Noteholder*]

**SCHEDULE 4**  
**FORM OF INSTRUCTION NOTICE**

To: TransAlp 1 Securities plc  
5 Harbourmaster Place  
Dublin 1  
Ireland

Copy: Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London, EC2N 2DB

From: *[Name of Noteholder]*

*[Address and contact details of Noteholder, including telephone no. and email address]*

Date: \_\_\_\_\_

Dear Sirs

**EUR 5,000,000 Pass Through Notes due August 2015 Series 2010-1 (the "Notes") linked to the EUR 65,000,000 7 per cent. Secured Exchangeable Bonds due August 2015 issued by Chimimport Holland B.V.**

15. Words and expressions defined in the conditions to the Notes shall, except where the context otherwise requires, have the same meanings in this notice.
16. [We are delivering this Instruction Notice in order to instruct you to exercise the following Charged Assets Rights:]  
  
*[Specify relevant Charged Assets Rights and full instructions as to exercise, including, if applicable, the number of Notes in respect of which such Charged Assets Right is to be exercised and any relevant dates or time periods for exercise]*
17. [We are delivering this Instruction Notice in order to instruct you to exercise the Exchange Right [on *[insert date]*] [at any time between *[insert dates]*] in respect of *[insert number of Notes]* Notes.]
18. We hereby confirm that as at the date of this Instruction Notice we hold *[insert number of Notes]* Notes.
19. Where such Notes are represented by a Bearer Global Note, we attach hereto a certified copy of a statement from the relevant Clearing System confirming such holding and evidence that the Clearing System has agreed to block any attempt to transfer such Notes

in accordance with paragraph 10 hereof. We further agree to provide such further evidence as the Issuer requests (acting in a commercially reasonable manner) to evidence such holding.

20. Any shares received pursuant to the exercise of the Exchange Right should be delivered pursuant to Condition 8(g) (*Exercise of Charged Assets Equity Option and Redemption following exercise of Charged Assets Equity Option*) to [our] / [our nominee's] [*insert nominee name*] securities account [*account details*], which we confirm is an account held with an investment intermediary in Bulgaria.
21. *This representation must be inserted where the Issuer is being instructed to exercise the Exchange Right* [We represent and agree that neither we nor the person named in paragraph 6 above is, or will be at the time the Issuer exercises its Exchange Right, in the United States (within the meaning of Regulation S).]
22. Any cash payment payable to us, either:
  - (a) as a result of the exercise of the Exchange Right; or
  - (b) as a result of the exercise of any Charged Assets Right,should be paid pursuant to the following euro account, which we confirm is an account with a bank in a city in which banks have access to the TARGET system: [*cash account details*].
23. We confirm that to the extent we are not submitting this Instruction Notice as the beneficial owner of the Notes referred to in this Instruction Notice, we have the authority of the beneficial owner to do so and we attach relevant proof of entitlement.
24. We confirm that we have full power and authority to execute and deliver this Instruction Notice and to give the indemnity and acknowledgements contained herein.
25. We confirm that we have irrevocably instructed and authorised the relevant clearing system to block any attempt to transfer such Notes specified in this Instruction Notice until the later of (i) where the requirements of Condition 28 (*Instruction Requirements*) are not satisfied in respect of this Instruction Notice, the date that is [30] Business Days from the date hereof or (ii) where the requirements of Condition 28 (*Instruction Requirements*) are satisfied in respect of this Instruction Notice, the date on which the Notes are redeemed pursuant to Condition 8(c) (*Early Redemption*) or 8(h) (*Physical Delivery Provisions for Charged Assets and / or Non Cash Assets*), as applicable.
26. We confirm that we are aware of the provisions of Condition 30 (*Noteholder Notices*) and that such provisions apply to this Instruction Notice.
27. We hereby agree to pay all properly incurred costs and expenses notified to us that the Issuer, Dealer, Arranger, Calculation Agent, any other agent of the Issuer or the Trustee will incur in connection with this Instruction Notice and the exercise of [the Exchange Right][the Charged Assets Rights set out above].
28. We hereby indemnify the Issuer, Dealer, Selling Agent, Arranger, Calculation Agent, any other agent of the Issuer and the Trustee against any claim, demand, action, liability,

damage, loss, cost or expense (including, without limitation, legal fees and any VAT thereon) which any of them may incur arising out of, or in connection with acting in accordance with this Instruction Notice or our failure to comply with the terms of this Instruction Notice or based on any inaccuracy of any information contained herein.

29. This Instruction Notice is executed as a deed and shall take effect as a deed poll for the benefit of the Issuer, Dealer, Selling Agent, Arranger, Calculation Agent, any other agent of the Issuer and the Trustee and shall be effective for a period of 30 Business Days from and including the date hereof.
30. This Instruction Notice is governed by English law.

Yours faithfully

For and on behalf of

*[Name of Noteholder]*

Name: *[Name of authorised signatory of Noteholder]*

Title: *[Title of authorised signatory of Noteholder]*

## **SUBSCRIPTION AND SALE**

The Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Supplemental Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

In particular, the selling restrictions in the following jurisdictions, as set out in the Base Prospectus apply:

United States (Non U.S. Series), United Kingdom, Republic of Ireland and EEA

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, which amounts to EUR 4,500,000, will be used to purchase the Charged Assets on the Issue Date.

### **Method of Payment**

On the Issue Date, delivery of beneficial interests in the Notes will be made in book-entry form through the facilities of Euroclear or Clearstream, Luxembourg, in each case against payment therefor in immediately available funds.

## **INFORMATION REGARDING THE ISSUER OF THE CHARGED ASSETS, THE SHARES AND THE CHIMIMPORT GROUP**

### **Information on the issuer of the Charged Assets**

The issuer of the Charged Assets is Chimimport Holland B.V., a Dutch private company incorporated with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) for an unlimited period of time on 25 October 2006 under the laws of The Netherlands. The business address of the issuer of the Charged Assets is 24 Claude Debussylaan, 1082MD Amsterdam, The Netherlands (telephone number: +31 (0)20 522 25 55) and its mailing address is P.O. Box 11063, 1001 GB Amsterdam, The Netherlands. The issuer of the Charged Assets was entered into the commercial register of the Amsterdam Chamber of Commerce on 25 October 2006, with commercial register number 34258919.

The issuer of the Charged Assets was incorporated under the name Arlington Property Services Netherlands B.V. In October 2007 the name of the issuer of the Charged Assets was changed into Similan Holding B.V. and in August 2008, after its sole shareholder became Chimimport AD, it was changed into its current name, Chimimport Holland B.V.

Administrative services are provided to the issuer of the Charged Assets by ANT Trust & Corporate Services B.V., having its business address at Claude Debussylaan 24, 1082 MD Amsterdam, The Netherlands and being registered at the commercial register of the Chamber of Commerce in Amsterdam with number 33.274.430.

The issuer of the Charged Assets is a special purpose vehicle whose business is as a finance company involved in obtaining funds through bonds from the capital markets and on-lending these funds to its sole owner.

The authorised share capital of the issuer of the Charged Assets is EUR 90,000 divided into 900 ordinary shares of EUR 100 each. As at the date of this Supplemental Information Memorandum, 180 ordinary shares have been issued and are fully paid up.

### ***Business***

The objects of the issuer of the Charged Assets are set forth in Article 3 of its Articles of Association and includes, among others, financing of enterprises and companies, borrowing, lending and bringing together money, including the issue of notes, debentures, bonds, other debt instruments or other financing instruments.

Before the issue of the Charged Assets, the issuer of the Charged Assets had not pursued any business activity and had no employees, subsidiaries or affiliates.

Since being acquired by Chimimport AD in August 2008, the issuer of the Charged Assets acts as a finance company involved in obtaining funds from the capital markets by issuing the Charged Assets and on-lending these funds to its sole owner.

## ***Management***

According to the Articles of Association of the issuer of the Charged Assets, its business and affairs are managed by a Board of Managing Directors consisting of one or several Managing Directors A and/or several Managing Directors B.

There must be an equal number of Managing Directors A and Managing Directors B; such number is determined by the General Meeting of the shareholders of the issuer of the Charged Assets.

Currently, the issuer of the Charged Assets has two Managing Directors, Mr. Hans Wallage (Director A) and Mr. Vesselin Mitev (Director B), who represent the issuer of the Charged Assets jointly.

### *Hans Wallage, Managing Director*

Mr. Hans Werner Wallage (age 50, Dutch), has acted as a Managing Director since Chimimport AD acquired the issuer of the Charged Assets in August 2008. Mr. Wallage is proxy-holder of ANT Management (Netherlands) B.V. and in that position holds various management positions in Dutch special purpose companies. Earlier Mr. Wallage was a Managing Director of Northwestern National Life Insurance Co. in Amsterdam. Mr. Wallage holds a MA in Law from Utrecht University and followed several tax courses at the Amsterdam University in The Netherlands.

Mr. Wallage can be contacted through the principal place of business of the issuer of the Charged Assets at Claude Debussylaan 24, 1082 MD Amsterdam, The Netherlands.

### *Vesselin Mitev, Managing Director*

Mr. Vesselin Mitev (age 25, Bulgarian), has acted as Managing Director since Chimimport AD acquired the issuer of the Charged Assets in August 2008. Since the beginning of 2009 he has also worked as financial manager in CCB Group AD, which consolidates most of the Chimimport AD's holdings in the Bulgarian financial sector. Previously Mr. Mitev was an assistant auditor in Grant Thornton OOD, Bulgaria. Mr. Mitev holds a Bachelor Degree in Economics and a Masters in Financial and Commercial intermediation from the University of Economics-Varna, Bulgaria.

Mr. Mitev can be contacted through the principal place of business of the issuer of the Charged Assets at Claude Debussylaan 24, 1082 MD Amsterdam or at Chimimport AD's principal place of business at 2 Stephan Karadja Street, Sofia 1080, Bulgaria.

Within the period of five years preceding the date of this Supplemental Information Memorandum, none of the Managing Directors of the issuer of the Charged Assets (i) has any convictions in relation to fraudulent offences, (ii) has been a director of any company at the time of any bankruptcy, receivership or liquidation of such company or (iii) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.



### ***General Meeting of the Shareholders***

The annual general meeting of shareholders of the issuer of the Charged Assets must be held in Amsterdam, The Netherlands, within 6 months following the end of each fiscal year. Each share is entitled to one vote.

### ***Majority Shareholder***

The issuer of the Charged Assets is wholly-owned by Chimimport AD. The relationship between the issuer of the Charged Assets and Chimimport AD is governed by the applicable statutes and regulations of Dutch company law.

### ***Financial Statements and Distribution of Profits***

The issuer of the Charged Assets prepares individual accounts. Its financial statements for the year ended 31 December 2008 (the "**2008 Accounts**") are prepared in accordance with the IFRS and also comply with the financial reporting requirements in Section 9 of Book 2 of The Netherlands Civil Code, as far as applicable. The 2008 Accounts are set out in Annex 1 to this Supplemental Information Memorandum.

The unaudited non-consolidated financial statements of the issuer of the Charged Assets for the year ended 31 December 2007 (the "**2007 Accounts**") are set out in Annex 2 to this Supplemental Information Memorandum. The Articles of Association of the issuer of the Charged Assets were amended on 17 October 2007 to change the accounting reporting period to calendar year. As a consequence thereof, the 2007 financial year of the issuer of the Charged Assets ran from 1 July 2007 up to and including 31 December 2007. The 2007 Accounts are set out in Annex 2 to this Supplemental Information Memorandum.

According to applicable Dutch rules, the financial statements of the issuer of the Charged Assets for the preceding years following its incorporation have not been subject to mandatory audit and they are unaudited.

The fiscal year of the issuer of the Charged Assets coincides with the calendar year. The annual general meeting of the shareholders determines the use of the annual surplus.

Being a wholly-owned subsidiary of Chimimport AD, the accounts of the issuer of the Charged Assets are also consolidated by Chimimport AD in its financial statements.

### ***Information on the Shares and the Chimimport Group***

Holders of the Charged Assets have the right to exchange the Charged Assets for fully paid ordinary shares (the "**Shares**") of Chimimport AD (a joint stock company with limited liability incorporated under the laws of the Republic of Bulgaria) in the circumstances set out in the terms and conditions of the Charged Assets (see Schedule 2 (*Charged Assets Schedule*) to the Issue Terms for a copy of such terms and conditions).

The Shares are listed on the Bulgarian Stock Exchange – Sofia AD (the "**Bulgarian Stock Exchange**" or "**BSE**") on the basis of a prospectus dated 5 July 2006 approved by the Bulgarian Financial Supervision Commission ("**FSC**") on 9 August 2006. Information on the Shares, Chimimport AD and its subsidiaries can be found in the public listings of Chimimport AD on the Bulgarian Stock Exchange relating to Chimimport AD's equity securities.

### ***Bulgarian securities market information***

The BSE was created following the merger of the largest stock exchanges in Bulgaria and was licensed in October 1997. The Bulgarian government controls 44 per cent. of the BSE's capital. Ownership of 20,000 shares in the capital of BSE gives a shareholder the right to apply for regular membership of the exchange. When the capital of the exchange is fully subscribed, associate membership is admissible as well. Regular and associate members enjoy equal rights and obligations.

The Bulgarian Public Offering of Securities Act 1999, which came into effect in February 2000, requires shares issued by a public company to be in registered and uncertified form. Respectively the issue and transfer of the Shares take effect on the registration of the issue or transfer, as the case may be, with Central Depository AD (the "**Central Depository**"), which is the Bulgarian registrar of book-entry securities.

The FSC is an independent state body, whose seven members are elected by the Bulgarian parliament for a six year term. The FSC regulates public offerings of, and trading in, securities and the conduct of the securities markets, investment intermediaries, the Central Depository and investment companies. Under the Bulgarian Public Offering of Securities Act 1999, the FSC must approve any public offering of securities. Following the approval of the FSC, the board of the BSE resolves on listing of the securities.

The FSC exercises control over listed companies, issues and withdraws licences, gives confirmations and approvals, carries out inspections of the operation of banks in connection with their activities as investment intermediaries and depositaries and exchanges information with the Bulgarian National Bank, other state institutions and bodies, and non-governmental organisations related to the securities market.

Trading on the BSE is carried out through the electronic trading platform of BSE – XETRA®. The daily trading volumes can be viewed on the BSE website: <http://www.bse-sofia.bg/?page=TradingData>.

On 30 October 2007, the BSE signed an agreement for the implementation of a new trading system – XETRA. According to the agreement, Deutsche Boerse will organise the trading and assume the technological control over it. XETRA was developed for the Frankfurt Stock Exchange in 1997 and users from 19 countries have access to it. The new system started working in the middle of June 2008. The decision of the BSE to implement Xetra® was based on the awareness of the necessity for internationalisation and integration with leading capital markets. This means that, on the one hand, the main technical requirements will be in place so that current participants, in trading through Xetra®, will have direct access the Bulgarian market, and on the other hand, Bulgarian participants will have the opportunity to trade in more than 17,000 financial instruments listed on Xetra® in accordance with the principle of a common entry point, after meeting the membership requirements.

XETRA's market model includes 2 main forms of trading – auction and continuous trading. In addition, XETRA offers functionalities for initial public offerings (IPO) and over-the-counter trading (OTC).

Any transactions in financial instruments admitted to trading on the exchange are concluded on the basis of the sell and buy orders entered by the exchange members ("order driven market") and the quotes of market makers. The orders and quotes are a firm commitment to purchase or sell a certain volume of financial instruments at a certain or market price and in accordance with additional parameters.

The duration of a trading session varies depending on the specific type of instrument and the market where it is listed. Low liquidity instruments registered for trading are traded in through two expressly pre-defined auctions while all other instruments are traded in continuously in combination with an intraday auction.

Any transaction concluded on the exchange is settled by delivery against payment, which means the transfer of financial instruments is simultaneous with and interrelated to the payment under the transaction. The trading fees are paid to the exchange by each party to the transaction and they are set as a percentage of the value of the respective transaction.

### ***Disclosure***

The Bulgarian Measures Against Market Abuse with Financial Instruments Act 2007 provides that listed companies are required to disclose price sensitive information by the end of the business day following the day the event occurs or the company becomes aware of it. This information must be disclosed simultaneously to the FSC and to the public.

Public companies are required to file their annual and quarterly reports (which set out their annual and quarterly financial statements) with the FSC and to disclose the same information to the public. The annual report is also required to contain details of and changes in a company's auditors for the preceding three years, risk factors relevant to the company or its industry sector, an overview of the company's investments and business, an analysis of the most significant trends in production, sales and inventory, a discussion of the company's prospects for the current financial year, information about members of the management and supervisory boards, senior management and employees upon whose work the company is dependent, any major shareholders and any related party transactions.

### ***Settlement***

Transactions executed on the BSE are considered finalised after the securities have been transferred and payment received. This is certified by a document issued by the Central Depository or by an investment firm member of the Central Depository participating in the settlement of the relevant transaction.

Transactions are settled on a gross basis. Since June 2003, the settlement cycle has operated on a T+2 basis after the Real-Time Interbank Gross Settlement System (a funds transfer system known as "**RINGS**") was introduced.

The BSE maintains a fund in order to secure payments relating to trades made on the BSE. This is funded by the members of the BSE. Each member of the BSE is required to make an initial payment of 1,000 Bulgarian Leva (EUR 511) and monthly payments of 0.005 per cent. of the average total value of the transactions executed by such member during the previous calendar month (excluding cross transactions and bonds transactions). When the value of the fund reaches 0.5 per cent. of the total value of all the trades executed on the BSE during the last

twelve months, no further instalments are required to be made until the value of the fund falls below that threshold once again.

## **GENERAL INFORMATION**

### **Authorisation for the issuance of the Notes**

The issue of the New Notes was duly authorised by a resolution of the Board of Directors of the Issuer passed on or about 7 October 2010.

### **Approval of this Supplemental Information Memorandum**

The issue of this Supplemental Information Memorandum was duly authorised by a resolution of the Board of Directors of the Issuer on or about 7 October 2010.

### **Admission to trading**

The prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank of Ireland only approves the prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market.

### **Legal and arbitration proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the issuer of the Charged Assets is aware) during the 12 months prior to the date of this Supplemental Information Memorandum, which may have, or have had a significant effect on the financial position or profitability of the Issuer or the issuer of the Charged Assets.

### **Significant or material change**

Since 31 December 2008 there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer. Since 31 December 2008 there has been no material adverse change in the prospects of the issuer of the Charged Assets nor any significant change in the financial or trading position of the issuer of the Charged Assets.

### **Fees and expenses**

No material fees are payable by the Issuer in respect of which the Issuer does not have a right of reimbursement. The estimated total expenses relating to the admission of the Notes to trading are EUR 2,500.

## **Conflicts of interest**

None of the Managing Directors of the issuer of the Charged Assets has any present or potential conflicts of interests between their duties to the issuer of the Charged Assets and their private interests or other duties.

## **Auditors**

The auditors of the issuer of the Charged Assets, Grant Thornton Accountants en Adviseurs, B.V., Joop Geesinkweg 601, P.O. Box 71003, 1008 BA Amsterdam, The Netherlands, are accountants qualified to practise in The Netherlands and the certified auditors within the accounting firm are members of the Royal Netherlands Institute for Registered Accountants; they have issued an unqualified auditors' report for the year ended 31 December 2008 in relation to the issuer of the Charged Assets on 28 August 2009. The auditors of the issuer of the Charged Assets have no material interest in the issuer of the Charged Assets.

## **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to the Notes.

## **Governing law**

The governing law of the Charged Assets is English law. The Share Pledge and the Call Options Agreement (as defined below) in respect of the Charged Assets are governed by Bulgarian law.

## **Documents on display**

For so long as the Charged Assets remain outstanding, copies of the following documents (together with English translations thereof) will be available for inspection in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the business address of the issuer of the Charged Assets at Claude Debussylaan 24, 1082 MD Amsterdam, The Netherlands:

- a) the Articles of Association of the issuer of the Charged Assets;
- (b) the 2008 Accounts and the 2007 Accounts of the issuer of the Charged Assets; and
- (c) the Chimimport Trust Deed dated 22 August 2008 relating to the Charged Assets.

## **Material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the issuer of the Charged Assets or a member of the Chimimport Group and are, or may be, material and contain provisions under which the issuer of the Charged Assets or any member of the Chimimport Group has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes:

- (a) *Trust Deed*: the Charged Assets are subject to, and have the benefit of, a trust deed dated 22 August 2008 (as amended or supplemented from time to time, the "**Chimimport Trust Deed**") between the issuer of the Charged Assets, BNY Corporate Trustee Services Limited as trustee (the "**Chimimport Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the

Chimimport Trust Deed) and UniCredit Bulbank AD as agent appointed by the Chimimport Trustee pursuant to the Chimimport Trust Deed for the purposes of exercising in its own name (but for the benefit of the Chimimport Trustee and the holders of the Charged Assets) the Local Agent's rights under the Call Options Agreement (as defined below) and enforcing the Share Pledge (as defined below) (the "**Local Agent**", which expression includes all persons for the time being appointed as local agent under the Chimimport Trust Deed).

Under the Chimimport Trust Deed, the issuer of the Charged Assets has, *inter alia*, covenanted with the Chimimport Trustee that until all obligations under the Charged Assets are fully satisfied, save to the extent permitted by the Transaction Documents (as defined in the terms and conditions of the Charged Assets) or with the prior written consent of the Chimimport Trustee, it shall comply with certain restrictions, including, among others, not to: (i) carry on any business or enter into any documents other than those contemplated by the Transaction Documents (as defined in the terms and conditions of the Charged Assets); (ii) except as contemplated by the Transaction Documents (as defined in the terms and conditions of the Charged Assets), dispose of or otherwise deal with any of its properties, assets and undertakings; (iii) grant, create or permit to exist any security interest over its properties, assets and undertakings; (iv) incur any indebtedness; (v) consolidate or merge with any other person; (vi) have any employees or premises or have any subsidiary undertaking or become a director in any company; (vi) amend or otherwise modify its Memorandum and Articles of Association.

- (b) *Agency Agreement*: the Charged Assets are the subject of a paying and exchange agency agreement dated 22 August 2008 (as amended or supplemented from time to time, the "**Chimimport Agency Agreement**") between the issuer of the Charged Assets, Chimimport Invest AD (a joint stock company incorporated in Bulgaria), The Bank of New York Mellon, London Branch as principal paying and exchange agent (the "**Chimimport Principal Paying and Exchange Agent**", which expression includes any successor principal paying and exchange agent appointed from time to time in connection with the Charged Assets), the paying and exchange agents appointed thereunder from time to time (together with the Principal Paying and Exchange Agent, the "**Chimimport Paying and Exchange Agents**", which expression includes any successor or additional paying and exchange agents appointed from time to time in connection with the Charged Assets) and the Chimimport Trustee.

Under the Chimimport Agency Agreement, the issuer of the Charged Assets and Chimimport Invest AD have agreed to jointly and severally indemnify each Chimimport Paying and Exchange Agent against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to its acting as the agent of the issuer of the Charged Assets and Chimimport Invest AD in relation to the Charged Assets, save as a result of its own gross negligence, wilful misconduct, default or bad faith.

- (c) *Deposit Agreement*: the issuer of the Charged Assets has deposited the net proceeds of the Charged Assets (the "**Deposit**") with Chimimport AD pursuant to a deposit

agreement dated 22 August 2008 (the "**Deposit Agreement**") between the issuer of the Charged Assets and Chimimport AD. Under the Deposit Agreement, Chimimport AD has (i) undertaken to pay to the issuer of the Charged Assets interest, principal and other amounts in respect of the Deposit in accordance with the provisions of the terms and conditions of the Charged Assets and (ii) given certain Keepwell Undertakings (as defined in the terms and conditions of the Charged Assets) to the issuer of the Charged Assets.

- (d) *Security Assignment:* the issuer of the Charged Assets has entered into a security assignment dated 22 August 2008 (the "**Security Assignment**") in favour of the Chimimport Trustee (acting for itself and as trustee for the holders of the Charged Assets pursuant to and in accordance with the Chimimport Trust Deed) as security for its obligations under the Charged Assets and the Chimimport Trust Deed. Under the Security Assignment, the issuer of the Charged Assets has assigned absolutely and with full title guarantee to the Chimimport Trustee all of its rights, title and interest, present and future, in, under and to the Deposit Agreement, including, without limitation, all present and future claims, causes of action, payments and proceeds in respect thereof.
- (e) *Call Options Agreement:* under an option agreement dated 21 August 2008 between Chimimport Invest AD, the issuer of the Charged Assets, Chimimport AD and the Local Agent (the "**Call Options Agreement**"), Chimimport Invest AD will, at the option (the "**Option**") of the Local Agent (in accordance with instructions given by holders of the Charged Assets who have exercised their Exchange Rights (as defined in the terms and conditions of the Charged Assets) (the "**Exchanging Bondholders**") in the relevant notices of exchange), deliver or procure delivery to such Exchanging Bondholders of: (a) a sufficient number of Shares to enable their Charged Assets to be exchanged fully for Shares at the then applicable Exchange Price (as defined in the terms and conditions of the Charged Assets); or (b) a Cash Settlement Amount (as defined in the terms and conditions of the Charged Assets) against receipt from the issuer of the Charged Assets of an amount equal to the proportionate repayment of the Deposit.

Chimimport Invest AD has also entered into a confirmation dated 22 August 2008 and a local master agreement for financial transactions and an equity option transaction confirmation dated 31 January 2007 (together with the Call Options Agreement, the "**Call Options Instruments**"). Chimimport Invest AD's obligations under the Call Options Instruments are secured by a Share Pledge (as defined below).

- (f) *Share Pledge:* Chimimport Invest AD (as pledgor) has entered into an agreement on financial collateral with creation of a pledge dated 21 August 2008 (the "**Share Pledge**") in favour of the Local Agent (as pledgee, for the benefit of the Chimimport Trustee and the holders of the Charged Assets). Under the Share Pledge, Chimimport Invest AD has granted a first ranking pledge over 11,574,550 ordinary shares of Chimimport AD (the "**Pledged Shares**") and, in the event that the Exchange Price of the Charged Assets (as defined in the terms and conditions of the Charged Assets) is adjusted at any time while any of the Charged Assets are outstanding, has agreed to further pledge such additional shares it holds in Chimimport AD ("**Top-up Shares**") as may be required to allow the aggregate principal amount of the outstanding Charged Assets be exchanged fully for Shares at the specified Exchange Price as adjusted. Chimimport Invest AD has also



agreed, *inter alia*, that, subject to the prior written consent of the Local Agent, the Pledged Shares will be blocked from any dealings (including the sale, transfer, donation or granting of any option in favour of any third party to acquire ownership or any other right or interest in or to any Pledged Shares or creating any encumbrance over such Pledged Shares), except for the delivery of Pledged Shares to Exchanging Bondholders in accordance with the provisions of the Share Pledge and the terms and conditions of the Charged Assets.

## **ANNEX 1**

### **Auditor's report and unconsolidated financial statements of the issuer of the Charged Assets for the year ended 31 December 2009**

#### **CHIMIMPORT HOLLAND B.V.**

Amsterdam, The Netherlands

#### **Financial Statements for the year 2009**

**Address** : Claude Debussylaan 24  
1082 MD Amsterdam  
the Netherlands

**Chamber of Commerce** : Amsterdam  
**File number** : 34258919

## **CHIMIMPORT HOLLAND B.V.**

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## **CHIMIMPORT HOLLAND B.V.**

### **1. MANAGEMENT REPORT**

The management of Chimimport Holland B.V. (the "**Company**") herewith submits its annual accounts for the year 2009 in accordance with International Financial Reporting Standards ("**IFRS**").

#### **General**

The company is a private company with limited liability incorporated under the laws of the Netherlands on 25 October 2006, having its corporate seat in Amsterdam, with offices at Claude Debussylaan 24, Amsterdam.

The principal business activity of the Company is to providing management advices and services to businesses and companies in the group together with the third parties, trading in currencies, securities and assets in general and holding activities.

#### **Summary of activities**

The Company is a financing company involved in obtaining funds through a bond issue from bondholders and on-lending these funds to its shareholder.

During the financial year under review the Company acted as a finance company.

#### **Group structure**

The Company is a wholly owned subsidiary of Chimimport AD, incorporated under the laws of the Republic of Bulgaria, with registered address in Sofia.

Chimimport AD is a joint stock company listed on the Bulgarian Stock Exchange and is the market leader in Bulgaria's main sectors (air transportation, river shipping and agriculture). Chimimport AD shall use the proceeds of the funds for financing expansion through acquisitions and for general corporate purposes.

#### **Financial position as at balance sheet date and the state of affairs during the financial year**

The Company's result for the 2009 was a profit of EUR 87,675 compared to a loss of EUR 21,122 in 2008.

#### **Personnel**

The Company does not have employees due to the nature of the business performed by the Company.

#### **Risk management financial instruments**

The Company has policies in place to ensure adequate credit management, liquidity, market, currency and interest rate risks. See also note 6.2 "Financial Instruments".

**Post-balance sheet date events**

No material changes in activities are contemplated during the year 2010.

**Future outlook**

Management is investing the opportunity to have the convertible notes listed on the Irish stock exchange.

Amsterdam, 16 July 2010

**MR. H.W. WALLAGE**

Mr. H. W. Wallage  
Title: Managing Director

**MR. V.M. MITEV**

Mr. V.M. Mitev  
Title: Managing Director

## 2. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2009 <i>EUR</i>	2008 <i>EUR</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Held-to-maturity investments .....	6,3	34,336,931	62,803,820
Loans and receivables .....	6,4	640,000	640,000
<b>Total non-current assets</b> .....		34,976,931	63,443,820
<b>Current assets</b>			
Current receivables Bonds .....	6,3	30,000,000	—
Interest receivable .....	6,5	1,735,192	1,676,198
Cash at banks .....	6,6	48,446	86
Prepayments .....		5,426	—
<b>Total current assets</b> .....		31,789,064	1,676,284
<b>TOTAL ASSETS</b> .....		66,765,995	65,120,104
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital .....	6,7	18,000	18,000
Share premium .....	6,8	644,165	644,165
Retained earnings .....	6,9	44,388	(43,287)
<b>Total equity</b> .....		706,553	618,878
<b>Non-current liabilities</b>			
7% Secured exchangeable bonds .....	6,10	34,361,502	62,817,222
<b>Total non-current liabilities</b> .....		34,361,502	62,817,222
<b>Current liabilities</b>			
Short-term payables Bonds .....	6,10	30,000,000	—
Interest payable secured bonds .....	6,11	1,633,013	1,633,014
Accrued fees .....	6,12	21,000	27,532
Intercompany account shareholder .....		13,900	13,900
Creditors .....		10,876	9,558
<b>Total current liabilities</b> .....		31,678,789	1,684,004
<b>Corporate income tax payable</b>		19,151	—
<b>TOTAL EQUITY AND LIABILITIES</b>		66,765,995	65,120,104

### 3. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	Note	<b>2009</b>	<b>2008</b>
		<u>EUR</u>	<u>EUR</u>
Administrative expenses .....	6,13	(77,766)	(50,863)
<b>Results from operating activities .....</b>		<u>(77,766)</u>	<u>(50,863)</u>
Finance income.....	6,14	6,283,634	2,217,045
Finance costs .....	6,15	(6,094,954)	(2,187,304)
<b>Net finance income.....</b>		<u>188,680</u>	<u>29,741</u>
<b>Profit before income tax.....</b>		110,914	(21,122)
Income tax expense.....	6,16	(23,239)	—
<b>PROFIT FOR THE YEAR.....</b>		<u>87,675</u>	<u>(21,122)</u>
Other comprehensive income .....		—	—
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>87,675</u></u>	<u><u>(21,122)</u></u>

**4. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
31 DECEMBER**

	<b>Share capital</b>	<b>Share premium</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January 2008.....	18,000	—	(22,165)	(4,165)
Conversion current account.....	—	4,165	—	4,165
Additional paid-in capital.....	—	640,000	—	640,000
Net result for the year.....	—	—	(21,122)	(21,122)
Balance as at 31 December 2008.....	<u>18,000</u>	<u>644,165</u>	<u>(43,287)</u>	<u>(618,878)</u>
Balance as at 1 January 2009.....	18,000	644,165	(43,287)	(618,878)
Conversion current account.....	—	—	—	—
Additional paid-in capital.....	—	—	—	—
Net result for the year.....	—	—	87,675	87,675
Balance as at 31 December 2009.....	<u>18,000</u>	<u>644,165</u>	<u>44,388</u>	<u>706,553</u>



## 5. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(in EUR)

	2009	2008
<b>Cash flows from Operating Activities</b>		
Payments to suppliers .....	(93,090)	(13,814)
	(93,090)	(13,814)
Interest received.....	4,691,530	—
Interest paid	(4,550,080)	—
	141,450	—
<b>Net cash generated by operating activities</b>	<b>48,360</b>	<b>(13,814)</b>
<b>Cash Flows from Investing activities</b>		
Payment for deposit .....	—	(62,262,973)
<b>Net cash used in investing activities .....</b>	<b>—</b>	<b>(62,262,973)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of convertible notes ..	—	65,000,000
Payment for costs issue convertible notes .	—	(2,737,027)
Proceeds from borrowings.....	—	13,900
Repayment borrowings .....	—	—
<b>Total Cash flow from financing activities</b>	<b>—</b>	<b>62,276,873</b>
<b>Net cash from financing activities</b>	<b>—</b>	<b>62,276,873</b>
<b>Net increase in cash and cash equivalents</b>	<b>48,360</b>	<b>86</b>
Cash and cash equivalents at 1 January.....	86	—
Cash and cash equivalents at the 31 December	<b>48,446</b>	<b>86</b>

## **6. EXPLANATORY NOTES**

### **6.1 General**

#### **Activities**

The Company is a private company with limited liability incorporated on 25 October 2006 under the laws of the Netherlands with corporate seat Amsterdam.

The Company is a financing company involved in obtaining funds through a bond issue from bondholders and on-lending these funds to its shareholder.

#### **Group structure**

The Company is a wholly owned subsidiary of Chimimport AD, incorporated under the laws of the Republic of Bulgaria, with registered address in Sofia.

Chimimport AD is a joint stock company listed on the Bulgarian Stock Exchange and is the market leader in Bulgaria's main sectors (air transportation, river shipping and agriculture). Chimimport AD shall use the proceeds of the funds for financing expansion through acquisitions and for general corporate purposes.

### **6.2 Summary of significant accounting principles**

#### **Basis of preparation and statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and also comply with the financial reporting requirements in section 9 of Book 2 of the Netherlands Civil Code, as far as applicable. The financial statements are prepared on the basis of going concern.

The financial statements as prepared by the Board of Directors and as presented in this report are subject to approval by the General Meeting of Shareholders. The accounting policies as set out below have been applied in preparing the financial statements for the year ended 31 December 2009.

#### **Comparative figures**

The previous year's figures have been reclassified for comparison purposes.

#### **New accounting standards and their impact in the financial statements**

The Company has adopted the following new interpretations, revisions and amendment to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the company's financial statements for the annual period beginning 1 January 2009:

IAS 1 – Presentation of financial statements (revised), applicable for financial years after 1 January 2009. The 2007 revision of IAS 1 introduced some changes in the terminology, including new labels for the financial statement's components, and also some changes in the formats and contents of these components. The Group has elected to present the "Statement of comprehensive income" in a single statement.

## **Overall considerations**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

## **Foreign currency translation**

The financial statements are presented in euro's, which is the functional currency of the Company.

## **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company**

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

## **Financial instruments**

Financial assets and liabilities are recognized on the Company's balance sheet when the Company has become a party of the contractual provisions of the instrument. Financial liabilities other than held for trading or derivatives (e.g. bonds/loans issued) are initially recorded at cost, which is the fair value of consideration received (loan/notes proceeds less any discounts and transaction costs incurred).

Subsequent recognition of financial liabilities is at amortized cost using the effective interest method. Transaction costs and discounts are expensed over the period of the bond term.

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project.

The main phases are:

Phase 1: Classification and Measurement

Phase 2: Impairment methodology

Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognizing.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished discharged, cancelled or expires.

Financial assets and financial liabilities other than fair value through profit or loss are initially recorded at cost, which is the fair value of consideration received (loans/notes proceeds) less any discounts and transactions cost incurred.

### **Financial instrument risk**

The Group activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### *Liquidity risk*

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

Liquidity needs are monitored in various time bands on the quarterly basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified quarterly.

Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

#### *Interest rate risk*

The Company's income and operating cash-flows are substantially independent of changes in market interest rates, in the measure that its cash and cash equivalents are dependent only of the evolution of the interest rates in Euro which have had a minimum change.

### **Financial assets**

For the purpose of subsequent measurement, financial assets are all classified into the category "loans and receivables".

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Equity, reserves and dividend payments**

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior retained profits. Dividend distributions payable to equity shareholders are included in "other liabilities" when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

### **Significant management judgment in applying accounting policies**

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Management believes that there are no significant uncertainties for this year.

### **Loans and receivables**

Loans and receivables held-to-maturity financial assets are measured at amortisation costs using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### **Accruals**

The Company makes an estimate of expenses and liabilities that have not been invoiced at the balance sheet date. These expenses and liabilities are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

### **Current tax**

The taxation on result comprises both taxes payable in the short-term and deferred tax liabilities. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years. Taxes are deducted from losses if and insofar it is certain that these can be used to offset profits in previous years and that a tax rebate will be received in this respect. The taxes are calculated over the results, taking all tax credit facilities into account.

Corporation tax is calculated on the result before taxation, taking into account the tax facilities under Dutch law.

### **6.3 Financial assets**

#### **6.3.1 Held-to-maturity investment**

##### **Deposit shareholder**

Through a deposit agreement the Company on-lend funds obtained from the bonds issue (see note 10) to the Company's shareholder Chimimport AD, Sofia, Bulgaria. Chimimport AD is a joint stock company listed on the Bulgarian Stock Exchange and is the market leader in Bulgaria's main sectors (air transportation, river shipping and agriculture). Chimimport AD shall use the proceeds of the deposit for financing expansion through acquisitions and for general corporate purposes.

The conditions of the Bonds and the conditions of the deposit agreement have the same or similar conditions with the exception of the applied interest rate, as specified below:

##### ***Interest Rate:***

The Borrower shall pay accrued interest on the deposit in an amount which is equal to the aggregate of

- a) the amount of interest on the Bond's;
- b) an arm's length remuneration for the risk born and activities performed by the Company.

Based on an independent transfer pricing report this remuneration is calculated at 21.77 bps.

The interest is paid semi-annually on 22 February and 22 August of each year.

The deposit costs and redemption rate related to the deposit have been accounted for in the effective interest rate (which is 9.99729899%) of the EUR 65 million deposit.

##### ***Repayment***

Repayment date is set at 22 August 2015 at a redemption price of 118.9%.

##### ***Security***

As security for the bonds all rights, title and interest under the deposit agreement with the Shareholder have been assigned to the Trustee.

Movement in the deposit can be specified as follows:

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Deposit to shareholder at issue date.....	65,000,000	65,000,000
	65,000,000	65,000,000
Redemption at 118.9%.....	12,285,000	12,285,000
	77,285,000	77,285,000

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Costs .....	(2,737,027)	(2,737,027)
Release costs for period under review .....	377,877	98,543
	(2,359,150)	(2,638,484)
Deferred redemption .....	(12,285,000)	(12,285,000)
Release redemption for period under review .....	1,696,081	442,304
	(10,588,919)	(11,842,696)
Current receivables Bonds (due on 22 August 2010) .....	(30,000,000)	—
	(30,000,000)	—
Net amount deposit .....	34,336,931	62,803,820

## 6.4 Loans and receivables

### 6.4.1 Loan to shareholder

As per 22 Augustus 2008 the Company issued a loan to its shareholder Chimimport AD in the amount of EUR 640,000 with the following details:

#### *Interest rate*

Interest on this loan is accrued at a rate of 9% per annum plus an amount which is equal to the arm's length remuneration for the risk born and activities performed by the Company under the Deposit agreement. This remuneration is set at 21.77 bps based on an independent transfer pricing report.

#### *Interest payment*

The interest is paid semi-annually on 22 February and 22 August of each year.

#### *Repayment*

Repayment date is set at 22 September 2015.

Movement in the deposit can be specified as follows:

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	640,000	—
Loan to shareholder .....	—	640,000
Balance as at 31 December .....	640,000	640,000

## 6.5 Interest receivable

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Interest receivable deposit Chimimport AD .....	1,655,059	1,655,059
Interest receivable loan Chimimport AD .....	80,133	21,139
	1,735,192	1,676,198

## 6.6 Cash at bank

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Deutsche Bank, EUR current account.....	48,446	86
	<u>48,446</u>	<u>86</u>

## 6.7 Share capital

The authorized share capital of the Company amounts to EUR 90,000 divided into 900 ordinary shares with a nominal value of EUR 100 each. At balance sheet date 180 (2008: 180) ordinary shares have been issued and fully paid up.

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 31 December.....	18,000	18,000
	<u>18,000</u>	<u>18,000</u>

## 6.8 Share premium

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	644,165	—
Conversion of intercompany account.....	—	4,165
Additional share premium .....	—	640,000
Balance as at 31 December.....	<u>644,165</u>	<u>644,165</u>

## 6.9 Retained earnings

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	(43,287)	(22,165)
Result for the year.....	87,675	(21,122)
Balance as at 31 December.....	<u>44,388</u>	<u>(43,287)</u>

## 6.10 Financial liabilities

### 6.10.1 7% secured exchangeable bonds

On 22 August 2008, EUR 65 million secured bonds, due 2015, were issued at a price of 100%. These notes bear an interest of 7% per annum, payable semi-annually in arrears on 22 February and 22 August of each year. Under a call options agreement with Chimimport Invest AD, the Bonds are exchangeable for fully paid ordinary shares of BGN 1 par value each, in the capital of Chimimport AD, Sofia, Bulgaria.

Redemption is made in 2015 at a redemption price of 118.9%, the excess of EUR 12,285,000 is released over the life of the Bonds (7 years), starting as of 22 August 2008. The fair value of the Guaranteed Bonds at the moment of issuance amounts to EUR 65,000,000.



Furthermore, the costs directly related to the issuance of the EUR 65 million secured bonds (in the amount of EUR 2,737,027) have been deducted from the principal amount of the secured bonds.

These costs will also be released (written off) in 7 years, which is the term of the Bonds, starting as of 22 August 2008. The bonds redemption and the costs related to the Bonds have been accounted for in the effective interest rate (which is 9.787968312%) of the EUR 65 million secured bonds.

The market value of the secured bonds and the effective interest percentage on the Bonds were calculated on the Discounted Cash flow method. The Bonds are valued at "amortized costs".

The Issuer shall, at the option of any Bondholder, redeem, in whole or in part, the Bonds of that Bondholder on 22 August 2010 and 22 August 2012 (each a "Put Option Date"), at their Accreted Principal Amount as at the Put Option Date together with accrued interest to such date.

In order to exercise such option, the holder of the relevant Bonds must complete, sign and deposit at the Specified Office of any Paying and Exchange Agent a duly completed and signed notice (a "Put Option Notice") together with the Bonds to be redeemed not earlier than 90 days and not later than 60 days prior to the relevant Put Option date.

There is a possibility of the repayment through the exercising of a put option, which is due on 22 August 2010 and the final notice period ends on 23 June 2010.

### ***Repayment***

Repayment date is set at 22 September 2015.

### ***Security***

As security for the Bonds, all rights, title and interest under the deposit agreement with the Shareholder have been assigned to the Trustee under a separate Trust Deed.

The obligations of the Company under the Bonds are secured by and pursuant to a separate security assignment.

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	65,000,000	—
Secured bonds issued .....	—	65,000,000
	<u>65,000,000</u>	<u>65,000,000</u>
Redemption at 118.9% .....	12,285,000	12,285,000
	<u>77,285,000</u>	<u>77,285,000</u>
Costs directly related to the secured bonds issue .....	(2,737,027)	(2,737,027)
Release costs for period under review .....	382,354	100,985
	<u>(2,354,673)</u>	<u>(2,636,042)</u>
Redemption .....	(12,285,000)	(12,285,000)
Release redemption for period under review .....	1,716,175	453,264
	<u>(10,568,825)</u>	<u>(11,831,736)</u>

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Short-term payables Bonds (due on 22 August 2010).....	(30,000,000)	—
	(30,000,000)	—
Net amount Bonds .....	34,361,502	62,817,222

**Note:**

According to IAS 39, transaction costs should be deducted from the first valuation of the secured bonds issued (deducted from the principal amount). Furthermore, premiums paid, financing expenses and allocated internal administrative- and or custody expenses do not qualify as "transactions costs" according to IFRS.

### 6.11 Interest payable secured bonds

This item relates to the interest due on the EUR 65 million Guaranteed Notes issued on 22 August 2008 (reference is made to note 10). The interest rate applicable is 7% per annum. The first payment has been set at 22 February 2009.

### 6.12 Accrued fees

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Accrued fees represents the accrued fees for the following expenses not yet invoiced:		
Audit fees .....	16,500	12,500
Tax advisory fees .....	4,500	7,500
Legal fees .....	—	7,532
	21,000	27,532

### 6.13 General and administrative expenses

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Administrative-, accounting-, and secretarial fees .....	34,884	19,903
Audit fees .....	20,065	12,500
Tax advisory fees .....	6,563	7,500
Management and domiciliation fees .....	4,565	1,853
Legal fees .....	4,364	7,532
Office expenses .....	3,635	1,575
Professional service fees .....	3,074	—
Travel expenses .....	616	—
	77,766	50,863

## 6.14 Interest income and similar income

	2009	2008
	EUR	EUR
Interest deposit with shareholder (6.14.1) .....	6,224,616	2,195,906
Interest income loan shareholder .....	58,993	21,139
Other financial income .....	25	—
	<u>6,283,634</u>	<u>2,217,045</u>

### 6.14.1. Interest deposit with shareholder

Interest income deposit shareholder	4,691,505	1,655,059
Interest income deposit shareholder - Amortisation discount deposit .....	1,253,777	442,304
Interest income deposit shareholder - Amortisation costs deposit .....	279,334	98,543
	<u>6,224,616</u>	<u>2,195,906</u>

## 6.15 Interest expense and similar expenses

	2009	2008
	EUR	EUR
Interest secured bonds - coupon interest .....	4,549,999	1,633,014
Interest Guaranteed Notes - amortisation for discount .....	1,262,911	453,264
Interest Guaranteed Notes - amortisation for costs .....	281,369	100,985
Bank charges .....	675	41
	<u>6,094,954</u>	<u>2,187,304</u>

## 6.16 Corporate tax

	2009	2008
	EUR	EUR
Corporation tax on current year (20% from the "Profit before income tax") .....	22,182	—
Corporation tax on previous years .....	1,057	—
	<u>23,239</u>	<u>—</u>

## 6.17 Related party transactions

### Parent and ultimate controlling party

At the year ended 31 December 2009 all Company's shares were acquired by Chimimport AD, Sofia, Bulgaria. As a result the ultimate controlling party of the Company is messrs. I. Kamenov and M Mitev, both Bulgarian residents.

The balance and transactions with group entities during the year is listed below:

<b>Balance</b>				
	<b>Loan</b>	<b>Deposit</b>	<b>Intercompany</b>	<b>Interest receivable</b>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Chimimport AD.....	640,000	34,336,931	13,900	1,735,192
	640,000	34,336,931	13,900	1,735,192
<b>Transactions</b>				
	<b>Loan</b>	<b>Deposit</b>	<b>Intercompany</b>	<b>Interest</b>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Chimimport AD.....	—	1,533,111	—	4,830,775
	—	1,533,111	—	4,830,775

## 6.18 Capital management policies and procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

The Group manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarized as follows:

	<b>2009</b>	<b>2008</b>
	<i>EUR</i>	<i>EUR</i>
Total equity .....	706,553	618,878
Cash and cash equivalents.....	48,446	86
Capital.....	658,107	618,792
Total equity .....	706,553	618,878
Borrowings.....	—	—
Overall financing .....	706,553	618,878
Capital-to-overall financing ratio	0.93	1.00

## 6.19 Securities / pledged items

No securities / pledged items applicable.

## **6.20 Directors and employees**

The Company has two (2008: two) Managing Directors and no (2008: none) employees during the year under review. During the year the Directors received a total remuneration of EUR 4,565 (2008: EUR 1,853).

Amsterdam, 16 July 2010

**MR. H.W. WALLAGE**

Title: managing director

**MR. V.M. MITEV**

Title: managing director

## **7. SUPPLEMENTARY INFORMATION**

### **Distribution of profits, according to article 25 of the Articles of Association**

- 25.1 The profits of the Company shall be at the disposal of the General Meeting.
- 25.2 The Company may distribute profits only if and to the extent that the shareholders' equity is greater than the aggregate of the paid and called-up part of the issued capital and the reserves, which must be maintained by law.
- 25.3 Dividends may be paid only after adoption of the Annual Accounts, which show that they are justified;
- 25.4 For the purposes of determining the allocation of profits any Shares or Depository Receipts held by the Company and any Shares or Depository Receipts of which the Company has a Usufruct shall not be taken into account.
- 25.5 The General Meeting may resolve to declare interim dividends. A resolution to declare an interim dividend from the profits realised in the current financial year may also be adopted by the Board of Managing Directors. Dividend payments as referred to in this paragraph may be only if the provision in paragraph 2 has been satisfied.

### **Proposed appropriation of the result**

In anticipation of the adoption of the annual accounts by the annual general meeting of shareholders, the management proposes to add the profit for the financial year ended 31 December 2009 to the retained earnings (the refer is made to the note 6.9).

### **Post-balance sheet date events**

No major post-balance sheet events have occurred to date which would materially affect the financial statements herewith presented.

### **Auditor's opinion**

With regard to the auditor's opinion, reference is made to the next page.

Grant Thornton  
Accountants en Adviseurs B.V.  
Joop Geesinkweg 601  
P.O. Box 71003  
1008 BA Amsterdam  
The Netherlands

**To: the shareholders of Chimimport Holland B.V.**

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F +31 20 547 57 00

[www.gt.nl](http://www.gt.nl)

## **AUDITOR'S REPORT**

### **Report on the financial statements**

We have audited the accompanying financial statements for the year ended December 31, 2009 of Chimimport Holland B.V., Utrecht, which comprise the consolidated and company balance sheet as at December 31, 2009, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Management's responsibility*

Management of Chimimport Holland B.V. is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management Director's report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton Accountants en Adviseurs B.V. is a member firm within Grant Thornton International Ltd (Grant Thornton International).

Grant Thornton Accountants en Adviseurs B.V. is registered with the Chamber of Commerce The Hague trade register under number 28105565. To all our services our general conditions, as registered with the Registry of the District Court in The Hague, apply. A copy of these conditions will be sent to you on request. Any liability shall be limited to the amount which is mentioned in the general conditions.

*Opinion*

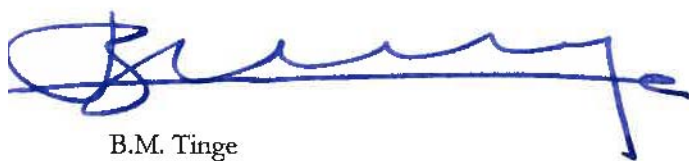
In our opinion, the financial statements give a true and fair view of the financial position of Chimimport Holland B.V. as at December 31, 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, July 16, 2010

Grant Thornton Accountants & Adviseurs B.V.



B.M. Tinge  
Registeraccountant



**ANNEX 2**

**Auditor's report and unconsolidated financial statements of the issuer of the Charged  
Assets for the year ended 31 December 2008**

**CHIMIMPORT HOLLAND B.V.**

Amsterdam, The Netherlands

**Financial Statements as at 31 December 2008**

**Address** : Claude Debussylaan 24  
1082 MD Amsterdam  
the Netherlands

**Chamber of Commerce** : Amsterdam  
**File number** : 34258919

## **CHIMIMPORT HOLLAND B.V.**

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## **MANAGEMENT REPORT**

The management of Chimimport Holland B.V. (the "**Company**") herewith submits its financial statements for the financial year ended 31 December 2008 in accordance with International Financial Reporting Standards ('IFRS'). Reporting Standards ("**IFRS**").

### **Summary of activities**

During the financial year under review the Company acted as a finance company.

On 22 August 2008, the Company issued 7% secured exchangeable notes in the amount of EUR 65 million on the basis of a Placement Agreement and Trust Deed.

Furthermore, also per 22 August 2008, the Company entered into a loan agreement with its shareholder, Chimimport AD, Sofia, Bulgaria.

On 22 August 2008, the Company entered into a EUR 65 million deposit agreement with the Company's shareholder Chimimport AD. In an Assignment Agreement dated 22 August 2008 all rights from the Deposit Agreement were assigned in favor of BNY Corporate Trustee Services as the Trustee under the Placement Agreement and Trust Deed. The Company is party to call option agreement on the shares of its shareholder, to the benefit of the bond holders.

### **Future outlook**

Management is investing the opportunity to have the convertible notes listed on the Bulgarian stock exchange.

Amsterdam, 28 August 2009

### **MR. H.W. WALLAGE**

Mr. H. W. Wallage  
Title: Managing Director

### **MR. V.M. MITEV**

Mr. V.M. Mitev  
Title: Managing Director

# BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31 December 2008		31 December 2007	
		EUR	EUR	EUR	EUR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Deposit .....	3	62,803,820		—	
Loan to shareholder .....	4	640,000		—	
<b>Total non-current assets</b> .....			63,443,820		—
<b>Current assets</b>					
Interest receivable .....	5	1,676,198		—	
Cash at banks .....	6	86		—	
<b>Total current assets</b> .....			1,676,284		—
<b>TOTAL ASSETS</b> .....			<b>65,120,104</b>		—
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Issued capital .....	7	18,000		18,000	
Share premium .....	8	644,165		—	
Retained earnings .....	9	(43,287)		(22,165)	
<b>Total equity</b> .....			618,878		(4,165)
<b>Non-current liabilities</b>					
7% Secured exchangeable bonds .....	10	62,817,222		—	
<b>Total non-current liabilities</b> .....			62,817,222		—
<b>Current liabilities</b>					
Interest payable Guaranteed Bonds .....	11	1,633,014			
Accrued fees .....	12	27,532		—	
Intercompany account shareholder .....		13,900		4,165	
Creditors .....		9,558		—	
<b>Total current liabilities</b> .....			1,684,004		4,165
<b>TOTAL EQUITY AND LIABILITIES</b> .....			<b>65,120,104</b>		—

# INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008		Period from 1 July 2007 -31 December 2007	
		EUR	EUR	EUR	EUR
General and administrative expenses ...	13	(50,904)		(11)	
<b>Results from operating activities</b> .....			(50,904)		(11)
Interest income and similar income .....	14	2,217,045		11	
Interest expense and similar expenses..	15	(2,187,263)		—	
<b>Net finance income</b> .....			29,782		11
<b>Result on ordinary activities before tax</b> .....			(21,122)		—
Corporation tax on ordinary activities..	16		—		—
<b>NET RESULT FOR THE YEAR</b> .....			(21,122)		—

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
31 DECEMBER 2008**

	<b>Share capital</b>	<b>Share premium</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Balance as at 1 July 2007 .....	18,000	—	(22,165)	(4,165)
Net result for the year .....	—	—	—	—
Balance as at 31 December 2007 .....	18,000	—	(22,165)	(4,165)
Balance as at 1 January 2008 .....	18,000	—	(22,165)	(4,165)
Conversion current account .....	—	4,165	—	4,165
Additional paid-in capital .....	640,000	—	640,000	
Net result for the year .....	—	—	(21,122)	(21,122)
Balance as at 31 December 2008 .....	18,000	644,165	(43,287)	618,878

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

(According to the direct method)

	2008		Period from 1 July 2007 - 31 December 2007	
	EUR	EUR	EUR	EUR
<b>Cash flow from Operating Activities</b>				
Payments to suppliers .....	(13,814)		(22,090)	
<b>Cash generated from operations</b> .....		(13,814)		(22,090)
Interest received.....		—		22
<b>Net cash generated by operating activities</b> .....		(13,814)		(22,068)
<b>Cash Flow from Investment activities</b>				
Payment for deposit .....	(62,262,973)		—	
<b>Net cash used in investing activities</b> .....		(62,262,973)		—
<b>Cash flows from financing activities</b>				
Proceeds from issue of convertible notes ..	65,000,000		—	
Payment for costs issue convertible notes .	(2,737,027)		—	
Proceeds from borrowings.....	13,900		25,500	
Repayment borrowings .....	—		(21,835)	
<b>Total Cash flow from financing activities</b> .....		62,276,873		3,665
<b>Net increase in cash and cash equivalents</b> .....		86		(18,403)
Cash and cash equivalents at the beginning of the financial year.....		—		18,403
Cash and cash equivalents at the end of the year .....		86		—

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

### **1. General**

#### **Activities**

The Company is a private company with limited liability incorporated on 25 October 2006 under the laws of the Netherlands with corporate seat Amsterdam.

The Company is a financing company involved in obtaining funds through a bond issue from bondholders and on-lending these funds to its shareholder.

#### **Group structure**

The Company is a wholly owned subsidiary of Chimimport AD, incorporated under the laws of the Republic of Bulgaria, with registered address in Sofia.

Chimimport AD is a joint stock company listed on the Bulgarian Stock Exchange and is the market leader in Bulgarian's main sectors (air transportation, river shipping and agriculture). Chimimport AD shall use the proceeds of the funds for financing expansion through acquisitions and for general corporate purposes.

### **2. Summary of significant accounting principles**

#### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and also comply with the financial reporting requirements in section 9 of Book 2 of the Netherlands Civil Code, as far as applicable. The financial statements are prepared on the basis of going concern.

The financial statements as prepared by the Board of Directors and as presented in this report are subject to approval by the General Meeting of Shareholders. The accounting policies as set out below have been applied in preparing the financial statements for the year ended 31 December 2008.

#### **Basis of preparation**

The financial statements are presented in Euro and have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out below.

#### **Comparison with the previous year**

In the current year the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods starting 1 January 2008. The adoption of these new and revised Standards has not had any impact on current and prior year reported numbers.



The articles of association were amended on 17 October 2007 to change the financial year to calendar year. As a consequence thereof the financial year 2007 for the Company ran from 1 July 2007 up to and including 31 December 2007.

### **Financial instruments**

Financial assets and liabilities are recognized on the Company's balance sheet when the Company has become a party of the contractual provisions of the instrument. Financial liabilities other than held for trading or derivatives (e.g. bonds/loans issued) are initially recorded at cost, which is the fair value of consideration received (loan/notes proceeds less any discounts and transaction costs incurred).

Subsequent recognition of financial liabilities is at amortized cost using the effective interest method. Transaction costs and discounts are expensed over the period of the bond term.

### **Loans and receivables**

Loans and receivables held-to-maturity financial assets are measured at recognized n costs using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### **Accruals**

The Company makes an estimate of expenses and liabilities that have not been invoiced at the balance sheet date. These expenses and liabilities are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

### **Current tax**

The taxation on result comprises both taxes payable in the short-term and deferred tax liabilities. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years. Taxes are deducted from losses if and insofar it is certain that these can be used to offset profits in previous years and that a tax rebate will be received in this respect. The taxes are calculated over the results, taking all tax credit facilities into account.

Corporation tax is calculated on the result before taxation, taking into account the tax facilities under Dutch law.

### **3. Deposit shareholder**

Through a deposit agreement the Company on-lend funds obtained from the bonds issue (see note 10) to the Company's shareholder Chimimport AD, Sofia, Bulgaria. Chimimport AD is a joint stock company listed on the Bulgarian Stock Exchange and is the market leader in Bulgarian's main sectors (air transportation, river shipping and agriculture). Chimimport AD shall use the proceeds of the deposit for financing expansion through acquisitions and for general corporate purposes.

The conditions of the Bonds and the conditions of the deposit agreement have the same or similar conditions with the exception of the applied interest rate, as specified below:

**Interest Rate:**

The Borrower shall pay accrued interest on the deposit in a amount which is equal to the aggregate of

- a) the amount of interest on the Bond's;
- b) an arm's length remuneration for the risk born and activities performed by the Company.

Based on an independent transfer pricing report this remuneration is calculated at 21.77 bps.

The interest is paid semi-annually on 22 February and 22 August of each year. The first interest payment is made on 22 February 2009.

The deposit costs and redemption rate related to the deposit have been accounted for in the effective interest rate (which is 9.99729899%) of the EUR 65 million deposit.

**Repayment**

Repayment date is set at 22 August 2015 at a redemption price of 118.9%

**Security**

As security for the bonds all rights, title and interest under the deposit agreement with the Shareholder have been assigned to the Trustee.

Movement in the deposit can be specified as follows:

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Deposit to shareholder at issue date.....	65,000,000	—
	65,000,000	—
Redemption at 118.9%.....	12,285,000	—
	77,285,000	—
Costs .....	(2,737,027)	—
Release costs for period under review.....	98,543	—
	(2,638,484)	—
Deferred redemption .....	(12,285,000)	—
Release redemption for period under review .....	442,304	—
	(11,842,696)	—
Net amount deposit.....	62,803,820	—

**4. Loan to shareholder**

As per 22 Augustus 2008 the Company issued a loan to is shareholder Chimimport AD in the amount of EUR 640,000 with the following details:

**Interest rate**

Interest on this loan is accrued at a rate of 9% per annum plus an amount which is equal to the arm's length remuneration for the risk born and activities performed by the Company under the

Deposit agreement. This remuneration is set at 21.77 bps based on an independent transfer pricing report.

### ***Interest payment***

The interest is paid semi-annually on 22 February and 22 August of each year. The first interest payment is made on 22 February 2009.

### ***Repayment***

Repayment date is set at 22 September 2015.

Movement in the deposit can be specified as follows:

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	—	—
Loan to shareholder .....	640,000	—
Balance as at 31 December.....	<u>640,000</u>	<u>—</u>

### **5. Interest receivable**

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Interest receivable deposit Chimimport AD .....	1,655,059	—
Interest receivable loan Chimimport AD.....	21,139	—
	<u>1,676,198</u>	<u>—</u>

### **6. Cash at bank**

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Deutsche Bank, EUR current account.....	86	—
	<u>86</u>	<u>—</u>

### **7. Share capital**

The authorized share capital of the Company amounts to EUR 90,000 divided into 900 ordinary shares with a nominal value of EUR 100 each. At balance sheet date 180 (2007: 180) ordinary shares have been issued and fully paid up.

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 31 December.....	<u>18,000</u>	<u>18,000</u>

### **8. Share premium**

<b>2008</b>	<b>2007</b>
<i>EUR</i>	<i>EUR</i>

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	—	—
Conversion of intercompany account.....	4,165	—
Additional share premium .....	640,000	—
Balance as at 31 December.....	<u>644,165</u>	<u>—</u>

#### 9. **Retained earnings**

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	(22,165)	(22,165)
Result for the year.....	(21,122)	—
Balance as at 31 December.....	<u>(43,287)</u>	<u>(22,165)</u>

#### 10. **7% secured exchangeable bonds**

On 22 August 2008, EUR 65 million Guaranteed Bonds, due 2015, were issued at a price of 100%. These notes bear an interest of 7% per annum, payable semi-annually in arrears on 22 February and 22 August of each year. The first interest payment is due on 22 February 2009. Under a call options agreement with Chimimport Invest AD, the Bonds are exchangeable for fully paid ordinary shares of BGN 1 par value each, in the capital of Chimimport AD, Sofia, Bulgaria.

Redemption is made in 2015 at a redemption price of 118.9%, the excess of EUR 12,285,000 is released over the life of the Bonds (7 years), starting as of 22 August 2008. The fair value of the Guaranteed Bonds at the moment of issuance amounts to EUR 65,000,000.

Furthermore, the costs directly related to the issuance of the EUR 65 million Guaranteed Bonds (in the amount of EUR 2,737,027) have been deducted from the principal amount of the Guaranteed Bonds.

These costs will also be released (written off) in 7 years, which is the term of the Bonds, starting as of 22 August 2008. The bonds redemption and the costs related to the Bonds have been accounted for in the effective interest rate (which is 9.787968312%) of the EUR 65 million Guaranteed Bonds.

The market value of the Guaranteed Bonds and the effective interest percentage on the Bonds were calculated on the Discounted Cash flow method. The Bonds are valued at "amortized costs".

#### ***Repayment***

Repayment date is set at 22 September 2015.

#### ***Security***

As security for the Bonds, all rights, title and interest under the deposit agreement with the Shareholder have been assigned to the Trustee under a separate Trust Deed.

The obligations of the Company under the Bonds are secured by and pursuant to a separate security assignment.

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Balance as at 1 January .....	—	—
Guaranteed Bonds issued .....	65,000,000	—
	<u>65,000,000</u>	<u>—</u>
Redemption at 118.9% .....	12,285,000	—
	<u>77,285,000</u>	<u>—</u>
Costs directly related to the Guaranteed Bonds issue .....	(2,737,027)	—
Release costs for period under review .....	100,985	—
	<u>(2,636,042)</u>	<u>—</u>
Redemption .....	(12,285,000)	—
Release redemption for period under review .....	453,264	—
	<u>(11,831,736)</u>	<u>—</u>
Net amount Bonds .....	<u>62,817,222</u>	<u>—</u>

**Note:**

According to IAS 39, transaction costs should be deducted from the first valuation of the Guaranteed Bonds issued (deducted from the principal amount). Furthermore, premiums paid, financing expenses and allocated internal administrative- and or custody expenses do not qualify as "transactions costs" according to IFRS.

**11. Interest payable Guaranteed Bonds**

This item relates to the interest due on the EUR 65 million Guaranteed Notes issued on 22 August 2008 (reference is made to note 10). The interest rate applicable is 7% per annum. The first payment is set at 22 February 2009.

**12. Accrued fees**

	<b>2008</b>	<b>2007</b>
	<i>EUR</i>	<i>EUR</i>
Accrued fees represents the accrued fees for the following expenses not yet invoiced:		
Audit fees .....	12,500	—
Tax advisory fees .....	7,500	—
Legal fees .....	7,532	—
	<u>27,532</u>	<u>—</u>

**13. General and administrative expenses**

	<b>2008</b>	<b>1 July - 31 December 2007</b>
	<i>EUR</i>	<i>EUR</i>
Administrative-, accounting-, and secretarial fees .....	19,903	1,615
Audit fees .....	12,500	—
Legal fees .....	7,532	—

	<b>2008</b>	<b>1 July - 31 December 2007</b>
	<i>EUR</i>	<i>EUR</i>
Tax advisory fees .....	7,500	(1,750)
Management and domiciliation fees .....	1,853	—
Other expenses .....	1,575	92
Bank charges .....	41	54
	<u>50,904</u>	<u>11</u>

#### 14. Interest income and similar income

	<b>2008</b>	<b>1 July - 31 December 2007</b>
	<i>EUR</i>	<i>EUR</i>
Interest deposit with shareholder (14.1) .....	2,195,906	—
Interest income loan shareholder .....	21,139	—
Other financial income .....	—	11
	<u>2,217,045</u>	<u>11</u>

##### 14.1 Interest deposit with shareholder

Interest income deposit shareholder	1,655,059	—
Interest income deposit shareholder - Amortisation discount deposit .....	442,304	—
Interest income deposit shareholder - Amortisation costs deposit .....	98,543	—
	<u>2,195,906</u>	<u>—</u>

#### 15. Interest expense and similar expenses

	<b>2008</b>	<b>1 July - 31 December 2007</b>
	<i>EUR</i>	<i>EUR</i>
Interest Guaranteed Bonds - coupon interest .....	1,633,014	—
Interest Guaranteed Notes - amortisation for discount .....	453,264	—
Interest Guaranteed Notes - amortisation for costs .....	100,985	—
	<u>2,187,263</u>	<u>—</u>

#### 16. Corporate tax

No taxation is provided for as no taxable income is reported in this year (2007: nil).

#### 17. Related party transactions

##### Parent and ultimate controlling party

During the year ended 31 December 2008 all Company's shares were acquired by Chimimport AD, Sofia, Bulgaria, As a result, the new ultimate controlling party of the Company are Mr I. Kamenov and Mr Mitev, both Bulgarian residents.

The balance and transactions with group entities during the year is listed below:

<b>Balance</b>				
	<b>Loan</b>	<b>Deposit</b>	<b>Intercompany</b>	<b>Interest receivable</b>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Chimimport AD.....	640,000	62,803,820	13,900	1,676,198
	<u>640,000</u>	<u>62,803,820</u>	<u>13,900</u>	<u>1,676,198</u>
<b>Transactions</b>				
	<b>Loan</b>	<b>Deposit</b>	<b>Intercompany</b>	<b>Interest</b>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Chimimport AD.....	640,000	62,803,820	9,735	1,676,198
	<u>640,000</u>	<u>62,803,820</u>	<u>9,735</u>	<u>1,676,198</u>

#### 18. **Directors and employees**

The Company has two (2007: one) Managing Director(s) and no (2007: none) employees during the year under review. During the year the Directors received a total remuneration of EUR 1,853. (2007: EUR 0).

Amsterdam, 28 August 2009

**MR. H.W. WALLAGE**

Title: managing director

**MR. V.M. MITEV**

Title: managing director

## **19. Supplementary Information**

### **Distribution of profits, according to article 25 of the Articles of Association**

- 19.1 The profits of the Company shall be at the disposal of the General Meeting.
- 19.2 The Company may distribute profits only if and to the extent that the shareholders' equity is greater than the aggregate of the paid and called-up part of the issued capital and the reserves, which must be maintained by law.
- 19.3 Dividends may be paid only after adoption of the Annual Accounts, which show that they are justified;
- 19.4 For the purposes of determining the allocation of profits any Shares or Depository Receipts held by the Company and any Shares or Depository Receipts of which the Company has a Usufruct shall not be taken into account.
- 19.5 The General Meeting may resolve to declare interim dividends. A resolution to declare an interim dividend from the profits realised in the current financial year may also be adopted by the Board of Managing Directors. Dividend payments as referred to in this paragraph may be only if the provision in paragraph 2 has been satisfied.

### **Proposed appropriation of the result**

During the year under review the Company suffered a loss in the amount of EUR 21,122 which has been included in the item retained earnings in equity (note 9).

### **Post-balance sheet date events**

No major post-balance sheet events have occurred to date which would materially affect the financial statements herewith presented.

### **Auditor's opinion**

With regard to the auditor's opinion, reference is made to the next page.



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## **AUDITOR'S REPORT**

### **Report on the financial statements**

We have audited the accompanying financial statements 2008 of Chimimport Holland B.V., Amsterdam, which comprise the balance sheet as at December 31, 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Opinion*

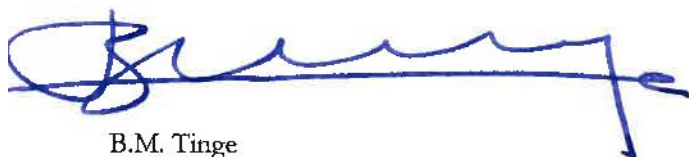
In our opinion, the financial statements give a true and fair view of the financial position of Chimimport Holland B.V as at December 31, 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, August 28, 2009

Grant Thornton Accountants & Adviseurs B.V.



B.M. Tinge  
Registeraccountant

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