

First Investment Finance B.V.
Amsterdam

Annual report
for the year 2007



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Report of management

The management herewith presents to the shareholder the annual accounts of First Investment Finance B.V. (hereinafter: "the Company") for the year 2007.

General

The Company is a limited liability company incorporated in 2003 under the laws of the Netherlands and acts as an intermediate finance company for the First Investment Bank, Sofia, Bulgaria.

Overview of activities

At April 19, 2007, Mr S.I. Mutafchiev was appointed as managing director and Mrs. A. Vassileva has resigned as managing director. During 2007 the Company issued one further loan to global investors in the amount of Euro 185,000,000. This loan was used to refinance the existing facility.

Furthermore, one new loan in the amount of Euro 26,000,000 was initiated. The loan is on hold.

Results

The net asset value of the Company as at December 31, 2007 amounts to Euro 2,950,106 (December 31, 2006: Euro 2,587,783). The result for the year 2007 amounts to Euro 362,323 (2006: Euro 309,357 profit).

Future outlook

In 2008, there will start a Euro medium note program providing issuance of bonds up to Euro 500,000,000 in two drawings. The first one is planned in January 2008 and the second in June 2008.

Amsterdam, April 22, 2008
Mr. S.I. Mutafchiev

Fortis Intertrust (Netherlands) B.V.

Balance sheet as at December 31, 2007
(Before the proposed appropriation of the result)

	Notes	December 31, 2007	December 31, 2006
(expressed in Euro)			
Fixed assets			
Financial fixed assets			
Loans to group entity	1	48,000,000	251,985,430
Cost of bond issuance	2	361,622	1,636,530
<i>Total fixed assets</i>		48,361,622	253,621,960
Current assets			
Debtors			
Amounts owed by group entity	3	20,637,373	19,853,107
Receivable from group entity	1	390,276,783	185,000,000
Cost of bond issuance	2	985,763	732,272
Cash at banks	4	758,063	1,150,606
<i>Total current assets</i>		412,657,982	206,735,985
Current liabilities (due within one year)			
Bond and loan interest payable	5	18,988,883	18,514,434
Bonds payable	6	206,000,000	-
Loans payable	7	185,000,000	185,000,000
Corporate income tax payable		36,979	218,114
VAT payable	8	8,384	8,384
Accrued expenses	9	35,252	29,230
<i>Total current liabilities</i>		410,069,498	203,770,162
Current assets less current liabilities		2,588,484	2,965,823
Total assets less current liabilities		50,950,106	256,587,783
Long term liabilities (due after one year)			
Bonds payable	6	48,000,000	254,000,000
Net asset value		2,950,106	2,587,783
Capital and reserves			
Share capital	10	18,000	18,000
Share premium		2,000,000	2,000,000
Retained earnings		569,783	260,426
Result for the year		362,323	309,357
Total capital and reserves		2,950,106	2,587,783

The accompanying notes form an integral part of these financial statements.

Profit and loss account for the year 2007

	Notes	2007	2006
(expressed in Euro)			
Finance activities			
Interest income on loans to group entity	11	33,075,296	31,220,799
Interest expense on bonds and loans	12	(30,404,092)	(28,743,601)
Other interest income	13	31,121	35,674
<i>Result finance activities</i>		<u>2,702,325</u>	<u>2,512,872</u>
Other income and expenses			
Amortisation of intangible assets	14	(2,082,254)	(1,929,513)
General and administrative expenses	15	(146,015)	(156,789)
<i>Total other income and expenses</i>		<u>(2,228,269)</u>	<u>(2,086,302)</u>
Currency exchange rate differences		(158)	(2,975)
Result before taxation		<u>473,898</u>	<u>423,595</u>
Corporate income tax	16	(111,575)	(114,238)
Result for the year		<u><u>362,323</u></u>	<u><u>309,357</u></u>

The accompanying notes form an integral part of these financial statements.

Cash flow statement for the year 2007

	Notes	2007	2006
(expressed in Euro)			
Cash flows from operating activities			
Other income and expenses		(2,228,427)	(2,089,277)
Interest income		33,106,417	31,256,473
Interest expense		(30,404,092)	(28,743,601)
Corporate income tax		(111,575)	(114,238)
Operating result before working capital changes		<u>362,323</u>	<u>309,357</u>
Net (increase)/decrease in loans to group companies		-	(22,098,819)
Net (increase)/decrease in cost of bond issuance		1,021,417	700,803
Net (increase)/decrease in amounts owed by group entity		(784,266)	(2,323,589)
Net (increase)/decrease in receivable from group entity		(1,291,353)	(20,008,798)
Net increase/(decrease) in bonds payable		-	21,000,000
Net increase/(decrease) in other payables		299,336	21,877,699
Cash from/(used in) operating activities		<u>(754,866)</u>	<u>(852,704)</u>
Net cash from/(used in) operating activities		<u>(392,543)</u>	<u>(543,347)</u>
Net increase in cash and cash equivalents		<u>(392,543)</u>	<u>(543,347)</u>
Cash and cash equivalents at the beginning of the period		1,150,606	1,693,953
Cash and cash equivalents at the end of the period		<u><u>758,063</u></u>	<u><u>1,150,606</u></u>

The accompanying notes form an integral part of these financial statements.

Notes to the annual accounts

General

The Company is a limited liability company incorporated on April 16, 2003 under the laws of the Netherlands. The Company is a wholly-owned subsidiary of, and acts as an intermediate finance company for the First Investment Bank, Sofia, Bulgaria.

Legal and tax requirements for financing activities

According to Dutch tax legislation, Dutch companies conducting intra group financing activities are required to hold a minimum amount of paid in equity, based on the amount of loans provided to group companies. The minimum equity is 1% of the outgoing loans with a maximum of Euro 2,000,000.

Basis of presentation

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in the Netherlands, using the historical cost convention. The most significant policies are as noted below.

a. Foreign currencies

Assets and liabilities in foreign currencies are translated to Euro at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into Euro at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The exchange rates used in the annual accounts are:	12.31.07	12.31.06
1 Euro = USD (US dollar)	1.4705	1.3185

b. Cost of bond issuance

The cost of issuance of the bonds and loans have been capitalised, and are amortised over the term of the bond/loan. Where the term of the loan is not fixed, the cost of issuance have been amortised over a period of ten years.

c. Bonds and loans payable

Bonds and loans payable are stated at the lower of cost and market value.

d. Assets and liabilities

Assets and liabilities are shown at face value, unless stated otherwise in the notes.

e. Recognition of income

Income and expenses, including taxation, are recognised and reported on accrual basis.

f. Corporate income tax

Provisions for taxation have been made in accordance with the standard ruling practice for finance companies in the Netherlands.

g. Cash flow

The cash flow statement have been prepared using the indirect method. Cash flows in foreign currency are translated into Euro using the average exchange rates for the periods in question. Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied, are categorized in accordance with the nature of the instrument as from the date on which the hedge accounting is ended.

Notes to the annual accounts (continued)

		December 31, 2007	December 31, 2006
(expressed in Euro)			
Balance sheet			
1 Loans to group entity	Rate per annum		
<i>Long term loans</i>			
First Investment Bank, Sofia	8.7000%	-	5,731,085
First Investment Bank, Sofia	8.1720%	-	198,254,345
First Investment Bank, Sofia	12.7100%	27,000,000	27,000,000
First Investment Bank, Sofia	11.8200%	21,000,000	21,000,000
		48,000,000	251,985,430
<i>Short term loans</i>			
First Investment Bank, Sofia	8.7000%	5,731,085	-
First Investment Bank, Sofia	8.1720%	199,545,698	-
First Investment Bank, Sofia	5.7900%	185,000,000	185,000,000
		390,276,783	185,000,000
		438,276,783	436,985,430

Except for the Euro 21,000,000 and the Euro 27,000,000 loan, which have no fixed maturity date, the long term loans are due within five years. All loans are unsecured.

2 Cost of bond issuance

EUR 6,000,000 8.5% due 2008	340,000	340,000
<i>Less accumulated amortisation</i>		
Balance at beginning of year	(243,667)	(175,667)
Amortisation for year	(68,000)	(68,000)
Accumulated amortisation	(311,667)	(243,667)
	28,333	96,333
EUR 40,000,000 8% due 2006	-	276,945
<i>Less accumulated amortisation</i>		
Balance at beginning of year	-	(207,709)
Amortisation for year / period	-	(69,236)
Accumulated amortisation	-	(276,945)
	-	-

Notes to the annual accounts (continued)

	December 31, 2007	December 31, 2006
(expressed in Euro)		
EUR 200,000,000 7.5% due 2008	2,000,000	2,000,000
<i>Less accumulated amortisation</i>		
Balance at beginning of year	(1,277,778)	(611,111)
Amortisation for year / period	(666,666)	(666,667)
Accumulated amortisation	<u>(1,944,444)</u>	<u>(1,277,778)</u>
	55,556	722,222
EUR 200,000,000 7.5% due 2008	1,142,994	1,142,994
<i>Less accumulated amortisation</i>		
Balance at beginning of year	(731,121)	(349,736)
Amortisation for year	(380,658)	(381,385)
Accumulated amortisation	<u>(1,111,779)</u>	<u>(731,121)</u>
	31,215	411,873
EUR 27,000,000 12.5% perpetual loan	77,295	77,295
<i>Less accumulated amortisation</i>		
Balance at beginning of year	(10,779)	(3,049)
Amortisation for year / period	(7,730)	(7,730)
Accumulated amortisation	<u>(18,509)</u>	<u>(10,779)</u>
	58,786	66,516
EUR 21,000,000 11.625% perpetual bond	367,500	367,500
<i>Less accumulated amortisation</i>		
Balance at beginning of year	(27,914)	-
Amortisation for year / period	(36,750)	(27,914)
Accumulated amortisation	<u>(64,664)</u>	<u>(27,914)</u>
	302,836	339,586

Notes to the annual accounts (continued)

	December 31, 2007	December 31, 2006
(expressed in Euro)		
<i>EUR 125,000,000 loan 4.275% and 4.382% due 2006</i>	-	643,270
<i>Less accumulated amortisation</i>		
Balance at beginning of year	-	(63,627)
Amortisation for year / period	-	(579,643)
Accumulated amortisation	-	(643,270)
	-	-
<i>EUR 185,000,000 loan 5.19% due 2008</i>	1,922,047	861,210
<i>Less accumulated amortisation</i>		
Balance at beginning of year	(128,938)	-
Amortisation for year / period	(922,450)	(128,938)
Accumulated amortisation	(1,051,388)	(128,938)
	870,659	732,272
Total cost of bond issuance	1,347,385	2,368,802
Less short-term portion of cost of bond issuance	985,763	732,272
	361,622	1,636,530
3 Amounts owed by group entity		
Loan interest First Investment Bank, Sofia	21,998,863	20,153,760
Intercompany First Investment Bank, Sofia	(1,361,490)	(300,653)
	20,637,373	19,853,107
4 Cash at banks		
Current accounts	13,063	50,606
Deposit account	745,000	1,100,000
	758,063	1,150,606
All balances are available on demand.		
5 Bond and loan interest payable		
EUR 6,000,000 8.5% due 2008	318,750	318,750
EUR 200,000,000 7.5% due 2008	13,750,000	13,750,000
EUR 27,000,000 12.5% perpetual loan	1,368,700	1,368,750
EUR 21,000,000 11.625% perpetual bond	1,844,500	1,844,500
EUR 185,000,000 5.19% due 2008	1,706,933	1,232,434
	18,988,883	18,514,434

Notes to the annual accounts (continued)

	December 31, 2007	December 31, 2006
(expressed in Euro)		
6 Bonds payable		
<i>Long term bonds and loan payable</i>		
EUR 6,000,000 8.5% due 2008	-	6,000,000
EUR 200,000,000 7.5% due 2008	-	200,000,000
EUR 27,000,000 12.5% perpetual bond	27,000,000	27,000,000
EUR 21,000,000 11.625% perpetual bond	21,000,000	21,000,000
	<u>48,000,000</u>	<u>254,000,000</u>
<i>Short term bond payable</i>		
EUR 6,000,000 8.5% due 2008	6,000,000	-
EUR 200,000,000 7.5% due 2008	200,000,000	-
	<u>206,000,000</u>	<u>-</u>
	<u>254,000,000</u>	<u>254,000,000</u>

The bonds are payable to third parties in the years listed above. The bond in the amount of Euro 27,000,000 is perpetual, cannot be repaid before 2015 and the Company can opt for repayment after 2015. The bond in the amount of Euro 21,000,000 is perpetual, cannot be repaid before 2016 and the Company can opt for repayment after 2016. The bonds have been guaranteed by the Company's shareholder, and except for the perpetual bonds, are listed on the Luxembourg stock exchange.

	Rate per annum	Maturity date		
7 Loans payable				
EUR 185,000,000	5.19%	October 2008	185,000,000	185,000,000
			<u>185,000,000</u>	<u>185,000,000</u>

The loan payable to the third party is guaranteed by First Investment Bank AD, Sofia.

8 VAT recoverable		
VAT recoverable	(8,384)	(8,384)
	<u>(8,384)</u>	<u>(8,384)</u>

9 Accrued expenses		
Management and administration	13,674	4,777
Tax adviser and audit	17,000	19,875
Other	4,578	4,578
	<u>35,252</u>	<u>29,230</u>

10 Capital and reserves

The authorised share capital of the Company amounts to Euro 90,000 divided into 900 common shares of Euro 100 each. Issued and paid up are 180 shares.

	Share capital	Share premium	Retained earnings	Result for the year
Balance as per 01.01.06	18,000	2,000,000	57,902	202,524
Appropriation of prior year result	-	-	202,524	(202,524)
Result for the period	-	-	-	309,357
Balance as per 01.01.07	<u>18,000</u>	<u>2,000,000</u>	<u>260,426</u>	<u>309,357</u>
Appropriation of prior year result	-	-	309,357	(309,357)
Result for the year	-	-	-	362,323
Balance as per 12.31.07	<u>18,000</u>	<u>2,000,000</u>	<u>569,783</u>	<u>362,323</u>

Notes to the annual accounts (continued)

	2007	2006
Profit and loss account		
11 Interest income on loans to group entity		
First Investment Bank, Sofia	33,075,296	31,220,799
	<u>33,075,296</u>	<u>31,220,799</u>
12 Interest expense on bonds and loans		
Interest expense on bonds and loans	30,404,092	28,743,601
	<u>30,404,092</u>	<u>28,743,601</u>
13 Other interest income		
Bank interest on deposit accounts	31,121	35,674
	<u>31,121</u>	<u>35,674</u>
14 Amortisation of intangible assets		
Amortisation charge for the year	2,082,254	1,929,513
	<u>2,082,254</u>	<u>1,929,513</u>
15 General and administrative expenses		
Management and administration	61,497	48,428
Audit and advisory	21,032	22,000
Tax advice	33,683	31,539
Consultancy fees	17,600	43,626
Notary / legal fees	16	7,656
Bank charges	1,393	1,344
Interest taxation	9,227	2,030
General expenses	1,567	166
	<u>146,015</u>	<u>156,789</u>
16 Corporate income tax		
Corporate tax charge for the previous year	-	(10,216)
Corporate tax charge for the year	111,575	124,454
	<u>111,575</u>	<u>114,238</u>

Notes to the annual accounts (continued)

17 Staff numbers and employment costs

The Company has no employees (2006: none) and hence incurred no wages, salaries or related social security charges during the reporting period (2006: nil).

18 Directors

The Company has two (2006: two) managing directors, one of whom receives a remuneration in their capacity of Euro 3,630 excluding VAT per year. The Company has no (2006: none) supervisory directors.

Amsterdam, April 22, 2008
Mr. S.I. Mutafchiev

Fortis Intertrust (Netherlands) B.V.

Other information

Appropriation of results

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been recovered, other reserves and unappropriated results are at the disposal of the shareholder in accordance with the Company's articles of association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves.

The management proposes to the shareholder to add the result for the year to the retained earnings.

Subsequent events

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

Auditors' report

The auditors' report is set forth on the following page.



To: The Directors of First Investment Finance B.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of First Investment Finance B.V., Amsterdam, which comprise the balance sheet as at 31 December 2007, the profit and loss account, and the cash flow statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both 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.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of First Investment Finance B.V. as at 31 December 2007, and of its result for the year then ended in accordance 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, 22 April 2008

KPMG ACCOUNTANTS N.V.