

Social stabilization in "Kremikovtzi" - planned and initiated measures

We would like to make the following clarifications in relation to the statement of the Ministry of Economy and Energy (MEE) regarding the latest observations of the working group in Kremikovtzi:
The working group was formed in order to coordi-

nate the financial inspection of the company. Kremikovtzi AD adopted this initiative as a positive basis for highly professional cooperation with the state institution. After the inspection is completed, the company will become acquainted with its results. At this juncture

Kremikovtzi has never been the addressee of any official communication from the MEE or the Public Prosecutor's Office, regarding the inspection. In view of the above, we are unable to give any comments on the position of the Ministry at the moment.

We believe that Kremikovtzi fulfills the standard requirements. NEK, Bulgargaz and BDZ have been our partners in achieving an agreement, regarding the scheme for payment of current liabilities. Furthermore Kremikovtzi highly appreciates the result of efforts put by the MEE, in implementing this agreement.

With regard to the Euro 325M Bond issue, the final results from the inspection of the working group are not final yet.

The payment of salaries is partially delayed. In this

regard measures have been undertaken and more than half of the salaries are already paid. There is certain delay in the payment to some of the suppliers, but we have prepared a schedule for settlement of the outstanding payments.

The guarding system on the territory of the plant is ensured by 24-hour security regime. The security guards are located in a manner which ensures surveillance and security on the whole territories of the plant. There is an emergency group in Kremikovtzi, established to reinforce the regu-

lar security.

Regarding the cited amount of Euro 99.92 M. the payment was authorized with a resolution of extraordinary shareholders meeting, which was summoned in relation to the particular settlement of these issues. Finmetals did not participate voting and the resolution was approved by MEE in its capacity as a 25% shareholding in Kremikovtzi.

KREMIKOV TZI
19.03.2008
PRESS RELEASE

Security of "Kremikovtzi" is Efficient

Security system on the territory of the plant is ensured with 24hrs regime of local guardian through special orders.

A part of this security performs its functions on the territory of the plant. Another part of it observes the safety of external plant's property.

Security is additionally strengthened with a qualified group for immediate reac-

tion which is prepared in performing 24hrs inspection.

Along with the standard measures in monitoring and reaction there is access monitoring implemented within plant and administration's areas.

Security system of Kremikovtzi is fully coordinated to the operative standards and requirements of MIA.

Olympic Fire Arrived in China

The Olympic Fire was fired during a special ceremony in the ancient region of Olympia, the Peloponnesus peninsula. The President of the International Olympic Committee, president of Greece, many guests, Greek scientists and Chinese tourists attended the ceremony. In spite of the particularly cloudy weather, the fire was kindled through a mirror. The guests had enjoyed a theater spectacle performed by a group of priestesses. They introduced a custom bond to ancient tradi-



tions in a modern manner. The actress Maria Nafliotou, playing the role of the main priestess dressed in a special ancient - style dress, prayed to the gods of Apollo and Zeus; she then kneeled in front of the altar of the ancient temple and brought the cresset to the parabolic mirror. The Olympic Fire was kindled with the help of sun reflection. The performance continued immediately afterwards; the first cresset holder was the Olympic vice champion Alexandros Nikolaidis (Athenes'04).

Festival of Colors - one of the oldest in India

One of the main Indian festival Holi - is perhaps the most vivid and joyful among all. The happy message of Holi knows no limits. It is a tradition of whole country's extending, and it has reached much beyond boundaries. The festival is rich with so many smiles, light and enthusiasm that the very mention of the word 'Holi' is associated with joy amongst the people. Its meaning is tightly devoted to the concept of New beginning of Nature - Spring, too.

Holi Celebrations

The festival of colours is most beloved and popular for children, although the festival is not confined to any age group. Play with colour continues till every inch of all participants is coloured and the person becomes unrecognizable.

The spirit of the tradition knows no limits particularly in houses which witness the arrival of a new bride. For everybody wishes to play Holi with her. At some places there is a tradition in which the first Holi after marriage is played in the brides maternal house.

In modern day colonies, people move out in groups, called tolis visiting one house from the other, forcefully colouring the shy ones.

Holi is one of the oldest festivals of India. Very interesting legends are there, trying to explain the original roots of this lovely tradition.

his studio. A large number of industry people decided to follow his spontaneous decision, and it made the tradition extremely popular



Mythology plays a very serious part in narrating the festival of Holi. The most popular stories of Holi origin relates to 'Holika Dahan' and Legend of Radha-Krishan. This so loved and cherished tradition finds its modern embodiments in different branches of popular art, for example in cinema industry of India, which is well known with the name of Bollywood.

Tendency of Holi celebration in film industry was initiated by showman Raj Kapoor, who started Holi celebration in a big way at

not only within the country. Colours are the most joyous part of the Holi celebrations.

Significance of Different Colors

- Red - Purity
- Green - Vitality
- Blue - Calm and sedateness
- Yellow - Pious feeling

We wish much health, luck and happiness to all Indian colleagues on the occasion of their nice celebration of colors, which took place on the 22.03.2008 this year.

The Newly Repaired National Opera building was inaugurated

The National Opera of Bulgaria has started welcoming its visitors again after a repair which had lasted for a few months. The first spectacle which one can enjoy now is "Turandot", the famous masterpiece by Giacomo Puccini. The building has rich history; it was projected in 1920 by order of then Minister Alexander Stamboliyski; it was finalized in the

midst of last century. The repair is considered as a restoration activity indeed by experts. The performance of "Turandot" is staged by Plamen Kartalov, director of the Opera; famous bandmaster Emil Tabakov will be conducting it. "Tourandot" will be played on 29-th and 30-th March by several teams. The performance will be introduced in Japan during a tourney of

the National Opera at the end of the year.



Key Gompa Monastery The Complex Rises 4116km in Height



The Key Gompa Monastery is the oldest and biggest temple all over the Valley of Spiti. One should pass through the town of Kaza - which is the largest railway knot of the region - in order to reach it. The town is moreover a microscopic village than a town according to Indian scale of largeness. Key's landscape is amazing - its cones - shaped buildings are perched on each and every cm of land, and all this is situated on a high skill (4116 m). This monastery suffered a lot in the earthquake in 1973. The 14-th Dalai Lama has recently initiated here the "kala chakra" ceremony devoted to the inauguration of the newly built monastery temple. Key is very popular for its precious Tibet collections.

Village inhabitants get together every evening in order to dance and sing. The environment is more than modest. The only luxurious elements are household appliances and clothes' colors. No tables or chairs are there. But it becomes so interesting when priests visit them! They walk around home by home expelling "bed ghosts" with folklore dances and songs.

Positive Role Model

Make Your Environment Beautiful

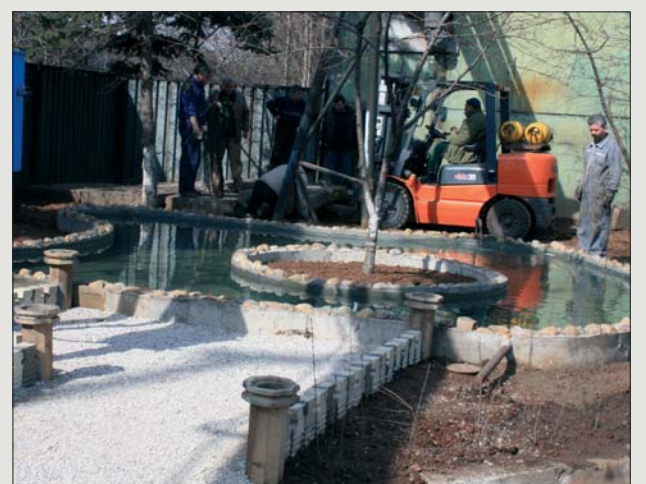
For the people working in the Heating Power Shop arranging their exterior in a beautiful way is not a new initiative. They have been doing it for years, in the spare time, when they are not busy with maintaining the "endless" heating pipelines. They have been doing it with persistence which deserves nothing but admiration. Everybody is involved. The employees don't do it because they are forced; these people do it because they are driven by their desire to create a better environment for themselves and for everybody else. They do it in spite of all speculations that the situation in the plant is almost apocalyptic. They do it because what our environment will be depends only on us.

The latest "project", completed by the employees in the HPS is a coquettish pond situated in the yard of the shop. The idea was maturing for a few years and finally the

actions had started. The enthusiasts mobilized themselves, paneled the pond, filled it with fresh water and cleaned the surrounding garden.

Even a flock of joyfully swimming fishes was brought especially for the pond by keen fishermen, from the HPS. The wonderfully designed alleys, the benches and the pleasant shades of the trees make you feel like you are in the park of a prestigious hotel rather than in the mid-

dle of the production area. This deserves only one thing - CONGRATULATIONS! The rest - photos express it in a better way.



Press Release

**"Kremikovtzi" AD
Thanks to its Partners
for the Great Achievement
of the Day**

A series of meetings that started on 1st March 2008 which was chaired by the Honorable Minister for Economy & Energy, Republic of Bulgaria finally ended up with the great achievement of re-commissioning of the Bulgarian Steel giant on 15th March'08 between 13.30 hrs and 14.00 hrs.

The representatives of Ministry of Economy, Management & trade unions of Kremikovtzi AD, and the three business partners of Kremikovtzi AD, i. e. NEC, BDZ and Bulgargas participated in the said meetings held in the Ministry of Economy & Energy.

The management of Kremikovtzi AD conveys a deep sense of appreciation of the efforts put in by both the trade unions operating in Kremikovtzi i.e. KNSB & Podkrepa and Dr. Trenchev during the negotiations and also the work men who ensured the plant safety in a very able manner.

The management of Kremikovtzi conveys its deep sense of gratitude to Hon Minister, the Deputy Ministers, the Chief of the cabinet, the new representative of Government in the management board of Kremikovtzi, the managements of all the three business companies of Govt of Bulgaria and the representatives of the Encouragement Bank for the continuous efforts they have put in all these days to sign the remarkable agreement where all these partners have signed.

A Social Benefit

**New Grocery Shop and Canteen
in the Repair Mechanical Plant**

New grocery shop and canteen were opened in the building of the Repair Mechanical Shop (RMP) in the beginning of the month.

This new social benefit is of great importance to everybody working in the area of RMP. The same is situated in the central parts of the plant. The idea for the opening of this new cafeteria is of the management of "Sofia Engineering" and especially of its Executive Director Eng. Emil Dimitrov. His idea was warmly greeted and supported by the manager of "Nove Trading", Mr. Yaroslav Boev. The company invested in the renovation of a former health care center designated for the purpose, and promised to manage it.



The employees of "Sofia Engineering" participated actively in the renovation activities. The canteen was provided with kitchen furniture and devices so that it can offer freshly prepared food. Three separate premises were furnished with

"Let's stop destroying and start creating. We've chosen this place because it has no decent canteen or grocery shop and because many of our employees and workers work here. I believe this canteen will be a great convenience for them. Not only for them, but also for everybody in "Kremikovtzi", said the Executive Director of "Sofia Engineering" Eng. Emil Dimitrov in his official greeting to the guests. Mr. Boev also announced the firm intention of "Nove Trading" to offer quality services in the units managed by the company, as

tables and chairs. However the substantial part of this unit is a well-supplied gro-



For a very short period the designated areas were renewed with the help of the workers.

cery shop. There is vending machine for coffee and everything else required for a pleasantly spent lunch break. The main objective is to maintain high level of services and perfect hygiene.

The official opening of the new grocery shop gathered many employees and workers who had come to see the useful new unit.

well as strict adherence to the best practices for hygienic preparation of food and supply of quality products.

The policy of "Sofia Engineering" is to open similar renewed units in different parts of the plant which includes the upcoming opening of a new grocery shop in "Repair works of Mechanical Appliances Shop".

New quality of training is required

Training center is well known for its rich traditions in training courses in different fields. This department of Kremikovtzi is certified with a licence by National agency of professional education according to ISO 9001. The management of the company seeks for fresh ideas and new style of thinking in relation to a modern way of managing and training.

This is a challenge for the newly appointed director - Ivan Tomov. Searching for highly experienced training experts is among his priority tasks; honored trainers have initially been involved in facing the legal require-



Ivan Tomov was born in Gabrovo city. He graduated Veterinary medicine in the Trakiiski University of Stara Zagora. He worked in the National Vet service, where got experienced in training its 2500 people. Ivan Tomov currently studies HR management. His experience in training field is solid - he has 3 specializations in UK and 2 in Netherlands; he has also participated permanent committees working of EC in Brussels.

ments in relation to education and training. "Our main goal is fulfilling the legal requirements regarding the professional training. There is, however, wide ground for performance in specific

kinds of education - for example, interpersonal conflicts may be solved through conflict management; satisfying communication may be achieved through good communica-

tion. A managers' course has already been initiated. The first module of it will be under subject of "Presentations making; How to perform successfully". Other modules are planned: "team work"; "conflicts management". The course is initially meant for the staff of HR and QMS departments.

The aim of the Training center is focused on attracting outside customers, so that incomes will increase. This subject can be faced very soon by inviting good experts. That will bring to improvement of the Training center's image as a department of many decades history.

The Balkans

Link in the Chain

The devastated after the war Bosnia and Herzegovina stands on the threshold of an investment boom. Foreign investors have appetites towards the economic opportunities in Bosnia. The aluminum industry raises great interest.

Bosnia and Herzegovina is a special country. Its name is formed by the names of two historical regions. Currently it is practically divided into two government entities - Republika Srpska and the Federation of Bosnia and Herzegovina. This republic was one of the poorest Former Yugoslavian Republics and after the bloodshed of the Yugoslav Wars in the 1990s it was literally ravaged. After the country was put under the protectorate of the European Union the peace was slowly established. Along with this came the restoration of the economy. According to the statistics of the International Monetary Fund the growth of the Bosnian economy has reached 6.5%. Still, nobody can talk about political stabilization in the region. The declaration of the independence of Kosovo added fuel to the fire. In relation to this, the leaders of the Republika Srpska stated that their republic may, by analogy with Kosovo, separate itself from Bosnia and Herzegovina, and afterwards join the

Republic of Serbia. We should mention that the two entities in Bosnia and Herzegovina often act as two separate countries, which may, in the future, lead some historian, who is doing a research on this period, to a schizophrenic disorder. In the end of 2007, when the Austrian company Strabag, minority share-



The aluminum plant "Aluminij d.d. Mostar".

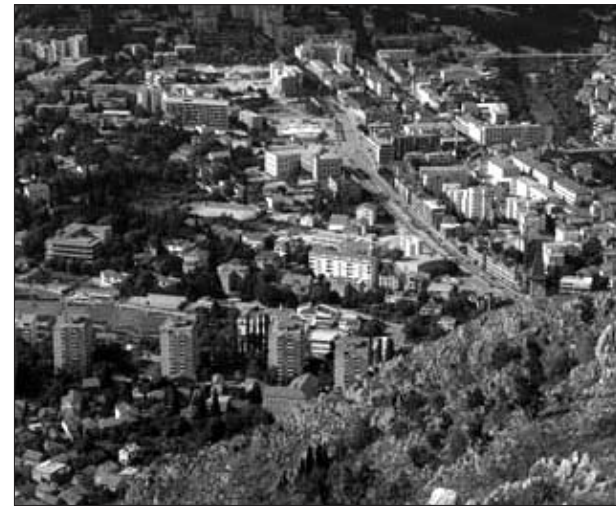
holder of which is Oleg Deripaska's company "Bazov Element", acquired the rights to build and be a concessionaire of the autobahn network in Republika Srpska, this provoked the disapproval of the neighboring federation. Despite all political differences, the economy of Bosnia and Herzegovina has started its fast development. Investors from Austria, Germany, Russia and the Former

Yugoslavian Republics (FYR) are interested in it. There is one main factor which attracts the investors - the availability of significant natural resources in this mountain country, biggest part of which is situated in the Dinarska mountain range. There is serious mining activity for bauxite, iron and manganese ore,

coal and many other non-metallic minerals. The metallurgical industry in Bosnia and Herzegovina is focused on the steel production (over 0.5 mln. t/year) as well as on the development of nonferrous and alloyed metals production. The aluminum industry is of great significance for the Bosnian metallurgy - yield of 1 mln. t. of bauxite and over 136 000t aluminum are produced here. The bauxite

deposits are situated near-by Mostar, Vlasenica etc. and the aluminum is produced in Mostar. These aluminum assets are the major reason for the "struggle" which started last year. The bid for 88% of the shares of the aluminum plant "Aluminij d.d. Mostar", which includes anode production plant, primary aluminum production and foundry production, was announced in March 2007 and the initial price was Euro 76,84M. In October the bidding was postponed for indefinite period.

Major shareholders in the plant continue to be the Federation of Bosnia and Herzegovina (44%), the Privatization Fund of Croatia (12%) as well as former and present employees of the company (44%). The profit of the company for the year 2006 is Euro 288M. This year the investment in new equipment was Euro 35M. There are 3 major opponents for its acquisition - the consortium of the Swedish "Glencore", the Bosnian "FEAL" and the Croatian "Dalekovod"; the Greek company "Mytilineos Holdings" and the Russian "En+" established by Oleg Deripaska for management of energetic and aluminum production assets. According to the local authorities Deripaska's offer for Euro140M



View from Mostar.

was most enticing and it included a covenant for additional Euro155.5M investments. Vladimir Romanov also took part in the bidding. His Lithuanian holding company Magyar Aluminum is major shareholder (51%) in "Rudnici Boksita d.d. Jajce", which develops 3 different deposits for bauxite. Presently the Bosnian raw material is used for production of aluminum in Hungary and the Bosnian "Aluminij d.d. Mostar" imports raw material from "Glencore" works in Sardinia. However the quick absorption of the Russian business groups in the FYR (more than half of Montenegro's production industry; the agreement on a high level in Serbia for energy investment) is in full force. It is most probable for Bosnia and Herzegovina to become a very important link in this chain.