



# Investor relations director's activities report for 2007



Bogomila Hristova,  
Investor Relations Director

## Dear Shareholders,

In 2007 we continued our aspiration for maintaining high professionalism in investor relations activities. The IHB's shares again were one of the most liquid positions on the Bulgarian Stock Exchange (BSE) among the shares of 350 companies.

The IHB shares kept their place in the international indexes of Dow Jones: Dow Jones STOXX EU Enlarged Total Market Index and the indexes of Dow Jones Wilshire Global Total Market Index<sup>SM</sup>, as well as in the two indexes of BSE-Sofia. In 2007 IHB shares were included in the new index of BSE-Sofia BGTR30 and in one new index of Dow Jones - Dow Jones STOXX Balkan 50 Equal Weighted Index, the latest presenting the movements of the 50 biggest and most liquid shares, traded on the Balkans Stock Exchanges.

Following the accession of Bulgaria to EU, a number of other legislative amendments have come into force as of 1 January 2007. Most of them are new to the old EU member states as well – for example: the Transparency Directive. Amendments were adopted in many legal regulations: the Law on Public Offering of Securities, the Ordinance on the Prospectuses and Information Disclosure. The Law on Measures against Market Abuse with Financial Instruments and the Law on Financial Instruments Markets are in action. There are other amendments in the capital market legislation.

The continuous introduction of new higher requirements makes the investor relation activities more complex. This imposes the necessity of thorough study of the obligations of public companies, as well as ensuring proper mechanisms for meeting these obligations. Bulgarian companies have no related experience and a lot of work is to be done so as efficient solutions for organization of operations and information flows may be provided.

## Investor relations of IHB in 2007

In 2007 IHB continued to pursue a good investor relations policy. Î õâç 2007 ä. The effective communication between IHB and its investors, the regulatory authorities, the stock exchange, the Central Depository and the media has been always the main objective of these activities. The communication success is measured by the reputation in the circles of the investors' society, and we are glad to announce that IHB enjoys a very good reputation. The positive assessment by the investors' society is also supported by the fact that IHB has always been named as an example for good public company.

The operations in 2007, as well as in the last several years, were mainly related to:

- Maintenance of effective communication with the investors' society
- Provision of sufficient information on the operations of IHB
- Organization of sessions of the General Meeting of Shareholders
- Administrative support and cooperation to the shareholders
- Assistance to the managing bodies in their functions performance
- Maintenance of effective communication within the Group of IHB

## Effective communication with the investors' community

We, at IHB, have always tried to maintain effective communication with investors and the investors' society and considered it a two-way exchange of information – from IHB to the investors' society and vice versa. We respect the opinion of the investors' society about us and seek to receive feedback so as we may act adequately on the market.

We used the latest means in the field to achieve effective communication – printed annual reports, webpage, meeting with investors and financial analysts and maintenance of good relations with the media.

## IHB took the lead in the rankings for information disclosure to investors

IHB registered best results in two online information surveys of PFS Program and the Economic Policy Institute. Both surveys focus on the 40 largest companies based on market capitalization as at 1 March 2007.

The first survey has been directed at determination of the extent to which the leading companies in Bulgaria disclose information to present and potential investors, required for investment decision-making purposes. IHB is ranked first. Together with this, IHB is the best company in online reporting corporate social responsibility: corporate governance, environmental policy and social policy based on the results of the second survey made by PFS Program and the Economic Policy Institute.

The whole survey may be found at the following website: <http://www.pfsprogram.com>.

It is worth noting that these results are based on the old website IHB launched in October 2004. In October 2007 IHB launched a new website and the novelty is in:

- Restructured and additional information in Investors Center on IHB and its results, latest news and events, reports, share price and useful information;
- New section Corporate Governance where the principles of IHB corporate governance are presented;
- New section Corporate Responsibility where the main aspects determining the social responsibility policy of IHB Group companies are presented.

The website presents also the whole activities of IHB as management, activities and portfolio. The new website meets all the world requirements for presenting comprehensive information to the investors and shareholders of IHB.

## The information about IHB - thorough, accessible and timely provided

In 2007, we continued to traditionally provide detailed information in the report on operations and share price sensitive information (the so called ad hoc information). All regular reports of the Company required under the Law on Public Offering of Securities and the legislative acts on its implementation, i. e. quarterly and annual reports and consolidated quarterly and

annual reports, were timely presented. The reports were prepared so as precise and reliable information about the Company may be provided and full compliance with the applicable legal provisions may be ensured. All reports were published on the webpage of IHB immediately upon their publishing in the bulletin of BSE. The reports were published in English in short terms.

The 2006 consolidated annual report of IHB was published in English in August 2007. Traditionally, it was prepared in compliance with the international practices and the latest trends in the sphere of annual closure and it, once again, enjoyed a high evaluation.

Information about the events related to the operations of IHB and the Group's companies, considered sensitive to share price, was provided within the legal terms on regular basis. The legal framework regarding the operations of public companies and information disclosure is constantly followed up and the new provisions are complied with.

## Organization of the General Meeting of Shareholders

In 2007 two GMS were held. The regular General Meeting of Shareholders of IHB was held on 1.06.2007.

The GMS accepted the Activities Report, The Auditors Report and the Financial Statements for 2006, exonerated of responsibility the members of the Managing and Supervisory Board for their activity in the year 2006, voted remuneration to the members of Supervisory Board and selected KPMG Bulgaria OOD for a registered auditor for 2007 and distributed the profit for 2006. Because of the maturity on 2 July 2007 of the issue convertible bonds issued by IHB, the GMS held on 1 June 2007 accepted a decision to increase the capital of the Company by virtue of Article 195 of the Commerce Act through conversion of convertible bonds ISIN code BG 2100010045 into shares with up to BGN 5 250 805 – the issue size. At the maturity date, all the convertible bonds were converted.

On 29 August 2007 and extraordinary GMS was held and it took a decision for increase of the capital of the company through issue of up to 17 502 693 number new ordinary dematerialized voting shares with nominal value BGN 1 and issue value BGN 2.40.

The Meetings were convened in compliance with the provisions of the Law on Commerce, the Law on Public Offering of Securities and the Company's Statutes. The materials were prepared and timely presented to the Financial Supervision Commission, the Bulgarian Stock Exchange, the Central Depository and all shareholders who have requested them and were published on the webpage of IHB. The results from the Meeting proceedings were disclosed in compliance with the applicable provisions and within the legally required terms on the Holding's webpage as well.

## Always at shareholders' disposal

IHB maintains loyal relations with its shareholders through due notification and assistance in relation to certain issues and problems. In 2007, the interest and inquiries on behalf of institutional investors, financial analysts and financial media continued. Foreign investors continued to show even greater interest in meeting investors on their initiative or on the initiative of financial analysts and brokers. The number of meetings between professional and institutional investors and the management, during which information about the operations of the Group's companies and the results of IHB was presented, increased. The interest on behalf of small investors remained almost unchanged as compared to the preceding year and most of the issues raised were about dividend distribution, share trading, decisions made by the General Meeting, the results and operations of IHB and the debenture issue.

IHB maintains good relations with the media and always give detailed responses to their inquiries.

I am glad to say that IHB is assessed by the investors' society and the media as one of the most transparent and accessible public companies in Bulgaria.

## Administrative support to the managing bodies

In 2007, all sessions of the Management Board and the Supervisory Board were convened in compliance with the applicable legal provisions and the internal rules and regulations of

the Holding. The invitations, containing the agendas and accompanied by relevant materials, were timely sent to all members. The session minutes taken are duly kept.

### Cooperation for good corporate governance

In 2007, as usual, the Investor Relations Director assisted in the realization of the objectives and tasks of the Good Corporate Governance Program of IHB and provided support to the Holding's Management in the realization of most events envisaged under the Program for 2007.

### Effective communication within the IHB Group

The communication process accompanying the investor relations also includes exchange of information within the Group. One of my duties, in the capacity of Investor Relations Director, is ensuring an optimal information flow from the IHB's subsidiaries to IHB regarding the regular and ad hoc information on their operations. The organization and control of the information flow is still a great challenge with a view to timely provision of share price sensitive information by IHB to BSE firstly and prevention of information outflow from the subsidiaries. This activity requires constant improvement and will remain a priority in 2007 in consideration of the ongoing introduction of higher requirements on information disclosure as well.

I would like to thank all Members of the managing and controlling bodies, the Executive Directors and all Colleagues who contribute to the implementation of the loyal and effective investor relations policy.

### 2008 Outlook

The activities related to investor relations will be directed to maintenance of honest relations with the investors' society and be kept in full compliance with the best and latest international practices in the sphere of investor relations.

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Bogomila Hristova  
Investor Relations Director