

STRICTLY PRIVATE AND CONFIDENTIAL



SHORT DESCRIPTION

Olinezza Ltd.

"Olinezza"

**Kostinbrod 2230
9 Sofia Str.**

Founded in 1994

This document should be read in its entirety. Potential investors are directed to the disclaimers and other important notices contained in this documents.

August, 2008

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1 EXECUTIVE SUMMARY

Olinezza Ltd. is one of the largest manufacturers of canned foods

Olinezza Ltd. ("Olinezza", "the Company") is a private company which was founded in 1994. It is one of the largest manufacturers of sauces, dressing, condiments and canned foods in Bulgaria with a wide product range of over 300 articles supplied in different packages and sold under the brand name "Olinezza". In 2003, according to the research conducted by Euromonitor, Olinezza had a share of between 17-18% in the domestic market for mayonnaise and ketchup.

Product range of over 300 articles supplied in different packages

The production facilities of Olinezza are located 20 km away from Sofia, on a total area of 20,000 m². Since 1994 the production premises of the company have been gradually expanded and modernised to meet latest quality standards and increasing customer demand. The company has implemented a high quality and safety production control system "RVA 2002" audited by Lloyd's Register. In 2000 the company opened a fully equipped laboratory to ensure strict control of the incoming raw materials and the outgoing products and guarantee a steady high quality of the production in accordance with the EU standards on food processing.

The production facilities of Olinezza are located 20 km away from Sofia, on a total area of 20,000 m²

The production cycle at Olinezza is organized in fully automated production lines for each product. The company has a two way supply-chain management. The process from the raw material to the end-consumer takes about 7 days.

60% of the capital of Olinezza is owned by Partniori AD. The majority shareholder is located on the same production area in Konstinbrod, in its own building possessing 3, 500 m² of the ground through its subsidiary Partniori 2001 AD in which Partniori AD has 60% ownership.

Partniori AD has two main lines of business - production of mayonnaise salads and palm oils under Olinezza brand. The company has contractual relations with the largest retail chains in Bulgaria for production of salads under their own private brands.

Under these circumstances and having already achieved compliance with all EU standards Olinezza is uniquely positioned to further expand its share on the domestic market and increase its exports to EU and other markets. However, increasing challenges of the regional market for food products and growing appetites of large world industry players to further penetrate the regional market makes the owners of Olinezza consider potential sale of up to 100% of the company's shares or all its assets. The company offers an excellent potential for strategic investors to establish a foothold in the region and utilise growing regional market potentials.

2 INDUSTRY AND MARKET INFORMATION

2.1 BULGARIAN ECONOMY OVERVIEW

The Bulgarian economy is developing with a high pace. Bulgaria's gross domestic product (GDP) in 2007 was EUR 28.90 billion, growing by an average annual rate of 6.2% compared to the last year according to the National Statistics Institute. GDP per capita was EUR 3,753. Industrial growth was 10.5% in the third quarter of 2007 and growth in the services sector for the same period - 9.7%. The acceleration was backed by the rebound major manufacturing including food processing, chemical production and the textile industry. An additional factor supporting growth in 2007 was developing trade, although its performance was weaker than the previous year.

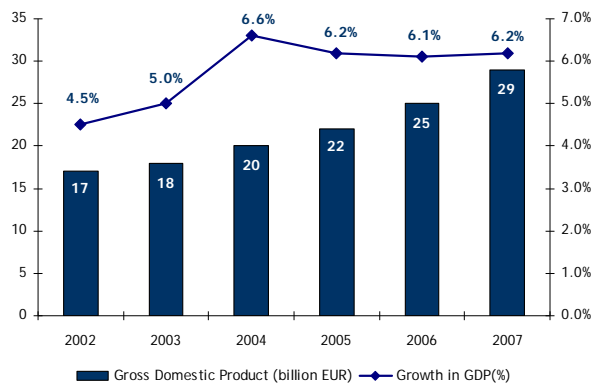
Average inflation quickened to 12.6% in 2007, unexpectedly high. High inflationary pressure was caused mainly by external and one-off events - mostly because of soaring food prices due to droughts. Growth in consumption supported by significant growth in credit of around 60% in January-October, high energy prices, liberalization of some of the regulated prices and increased excised duties also contributed to the inflation. Growth of the consumer price index (CPI) at around 9.5% is three times higher than the initial government forecast. The highest price increase was registered in foods, caused by unfavourable weather conditions and flood damages experienced by the Bulgarian farmers last summer.

FDI for the year 2007 reached EUR 5.7 billion, the majority of which was for construction and real estate. Unemployment continued to drop and in September it reached 6.8%, below the EU average, compared to 8.44% a year before.

In the first quarter of the last year, Bulgaria's economy grew by 6.2%, while the second quarter data showed an increase of 6.6%. Throughout 2007, Bulgaria's positive economic developments were supported by the government's prudent fiscal policy, which helped maintain a solid fiscal budget surplus at EUR 2.3 billion or 8.2% of full year GDP. It is expected that the GDP in 2008 will exceed the average rate in the EU. This expansion will be supported by the strong growth of private consumption, stimulated by decreasing personal income tax and growing income. Upward trends in construction, services and industry should ensure further growth in Bulgaria's real sector. Consumer inflation is expected to be within the range of 9-10%. The country, an emerging economy poised for an era of sustainable growth and EU membership, is an ideal investment backdrop. Credit rating services Moody's, Standard and Poor's and Fitch recently rated Bulgarian foreign currency denominated long-term debt/short term debt Baa3(positive), BBB+ (stable) and BBB (stable) respectively.

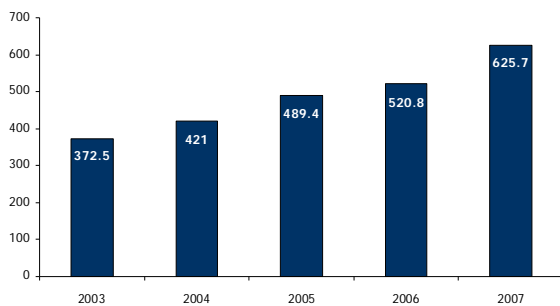
Bulgaria has sustained high and stable GDP growth for the past 7 years. The inflow of FDI in the country's economy indicates that the investment climate has been improving continuously and Bulgaria is becoming attractive destination for many foreign

Figure 1: GDP Trend



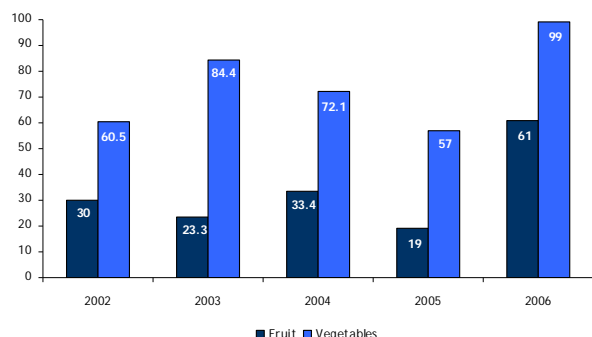
Source: BNB, NSI

Figure 2: Export of food and beverage, in million EUR



Source: BNB

Figure 3: Production of canned fruit & vegetables in '000 tons



Source: Ministry of Agriculture and Food Supply

Figure 4

Retail Sales of Sauces, Dressings and Condiments by Subsector
VALUE in million EUR

Product	2004	2005	2006
Tomato paste and purees	3,43	3,45	3,45
Bouillon/stock cubes	3,22	3,26	3,26
Herbs and spices	6,71	7,33	7,33
Fermented sauces	1,93	2,06	2,06
Soy based sauces	0,14	0,14	0,14
Pasta sauces	0,79	0,81	0,81
Wet sauces	0,53	0,53	0,53
Ketchup	3,01	3,02	3,02
Mayonnaise	9,53	9,62	9,62
Mustard	1,35	1,42	1,42
Dips	4,09	4,29	4,29
Pickled products	1,34	1,37	1,37
Sauces, dressings and condiments	36,05	37,28	37,28

Figure 5

Retail Sales of Sauces, Dressings and Condiments by Subsector
Volume in '000 tons

Product	2004	2005	2006
Tomato paste and purees	2,16	2,19	2,22
Bouillon/stock cubes	0,63	0,66	0,7
Herbs and spices	0,83	0,96	1,11
Fermented sauces	0,43	0,44	0,45
Soy based sauces	0,06	0,07	0,07
Pasta sauces	0,27	0,28	0,28
Wet sauces	0,13	0,13	0,13
Ketchup	3,34	3,35	3,37
Mayonnaise	5,41	5,5	5,67
Mustard	0,58	0,59	0,61
Dips	2,75	2,85	2,96
Pickled products	1,62	1,63	1,64
Sauces, dressings and condiments	18,19	18,64	19,2

Source: Official Statistics (National Statistical Institute, Ministry of Agriculture), trade association (Bulgarplod, Fruit&Vegetable Processors Association), trade press (Capital, Dnevnik, Pari), store checks, Euromonitor

companies. In a nutshell, the country has successfully improved over the years and the main investment and economic highlights are:

- 10% corporate tax - the lowest in EU
- Excellent technical skills and talent base of the workforce
- Lowest operational costs in EU
- 7 years of sustained growth, inflation under control, EUR peg
- Solid legal framework and competitive costs
- Robust investor incentive schemes

The above-mentioned facts, combined with stable political climate are conducive for robust and sustainable growth in the medium term. In this sense, the country has high potential for development of different sectors of the economy. The combination of excellent strategic location, good investment and economic conditions translate into above-average investment climate attractiveness.

2.2 FOOD AND BEVERAGE INDUSTRY OVERVIEW

The food and beverage sector is one of the leading sectors in the Bulgarian economy. It is mainly privately owned and generates a substantial part of the Bulgarian GDP. In 2007 food and beverage export reached almost EUR 626 million and FDI in the sector amounted to EUR 41 million.

During the last years, the market of sauces, dressings and condiments showed a positive and stable annual growth of about 4% both in value and volume terms, although larger subsectors have started reaching maturity. In 2004 volume shares of sauces, dressings and condiments reached 18,200 tones.

Mayonnaise is still the most popular and important product, accounting for 25% of volume and a 20% of value sales in 2004. It reached a healthy growth of 6% in volume terms in 2004, boosted by the introduction of a low-fat mayonnaise. The second largest subsector in volume terms is ketchup, with 18.4 of volume sales in 2004. Ketchup maintained its popularity due to its affordability and traditional usage by Bulgarian customers.

According to the Euromonitor's research on the food processing industry conducted in 2003, Olinezza had a share of between 17-18% in the market for mayonnaise and ketchup.

Local companies still dominate the market due to the lower priced products. In addition, Bulgarian manufacturers are making their packaging more attractive, lowering their prices and launching new product lines in an attempt to remain competitive.

Figure 6

Ketchup - Household Purchases and Value Shares, 2003			
Player	Share in %	Player	Share in %
Olineza	20,4	Olineza	25
Deroni	31,6	Deroni	36,8
Ideal Product	5,2	Ideal Product	3,5
Philicon	6,9	Philicon	5,7
Konservinvest	3,4	Konservinvest	3
Mitak	6,9	Mitak	6,9
Other	25,6	Other	19,1

Source: TNSbbs research estimates

Figure 7

Liutenitza - Household Purchases and Value Shares, 2003			
Player	Share in %	Player	Share in %
Olineza	21,8	Olineza	25
Deroni	20,6	Deroni	21,7
Bulcons	17,5	Bulcons	16,7
Philicon	8,2	Philicon	7,4
Konservinvest	14,1	Konservinvest	14,4
Other	17,8	Other	14,8

Source: TNSbbs research

Figure 8

Mayonnaise - Household Purchases and Value Shares, 2003			
Player	Share in %	Player	Share in %
Krasi - Plovdiv	71,6	Krasi - Plovdiv	72,3
Olineza	19,7	Olineza	19,5
Rastma Mai	2,6	Rastma Mai	2,6
Vidona	1,7	Vidona	1,3
Other	4,4	Other	4,3

Source: TNSbbs research

2.3 OLINEZZA'S MARKET POSITION

Olinezza has established a reputation of the largest canned food manufacturer. On the domestic market Olinezza supplies key account chains of stores such as "Metro", "Billa", "Fantastico", Ramstore, "Hit "and" Europa". According to a research conducted by TNSbbs in 2003, the market volume and the main market players in Bulgaria for the time being were: (see the figures on the left side showing market shares in terms of tons (left column) and in terms of value (right column)).

2.4 COMPETITORS

Olinezza's major competitors are **Deroni, Philicon, Rubicon EOOD, TraDel, Konservinvest, Krasi, Vital, Kenar EOOD, Denito, Sarches, Aldi and Bella Bulgaria.**

2.5 QUALITY AND SAFETY STANDARDS

In 2001 Olinezza applied a quality management system - ISO 2001-9000 for development, production and sale of food products. Since 2002 a system of good manufacturing practices /GMP/ has been implemented, which in the end of 2004 developed into hazard analysis of critical control points /HACCP/, version "RVA 2002" Both systems are audited by the Lloyd's Register. In 2000 the company invested in a new fully equipped laboratory to ensure quality and safety control of incoming raw materials, as well as finished goods.

3 COMPANY DESCRIPTION

3.1 INDUSTRY

Food and beverage

3.2 NAME

Olinezza OOD (full name), Olinezza (short name)

3.3 LEGAL STATUS

Limited Liability Company registered in Bulgaria (OOD=Ltd.)

3.4 ADDRESS

Kostinbrod 2230, 9 Sofia Str.

3.5 COMPANY TYPE

Manufacturer of sauces, dressings, condiments and canned foods

4 BUSINESS DESCRIPTION

Mayonnaise



- 1 *Mayonnaise trapezna*
- 2 *Mayonnaise with spread cheese*
- 3 *Mayonnaise smoked*



- 1 *Mayonnaise with cucumbers*
- 2 *Mayonnaise with garlic*
- 3 *Mayonnaise milk*

Ketchup, mustard and sauces



- 1 *Ketchup*
- 2 *Ketchup- hot*
- 3 *Ketchup barbecue*
- 4 *Mustard*

4.1 PRODUCTS

Olinezza manufactures canned products ("liutenitza", "kiopoolu" and other vegetable appetizers, jams etc.), vegetable sauces (ketchup and others), as well as, vegetable oil and products of vegetable oil (mayonnaise, dressings, margarine etc.).

Following the increased demand for mayonnaise in large packaging for catering and as an ingredient for other products Olinezza developed and introduced a technology to help the thermal preservation of the mayonnaise.

The raw materials for production of "liutenitza" are supplied from the Southern parts of Bulgaria. The vegetables for this product go only through one thermal treatment which ensures a maximum preservation of vitamins, colour, flavour and homemade taste. The production of "red" products is supplied by ecologically clean products and it is being certified as "organic".

In addition to liutenitza, ketchup, mayonnaise and mustard, Olinezza also manufactures mayonnaise and yoghurt based salads.

The company launched a new product line of jams with whole fruits (strawberry, blackberry, cherry, raspberry and apricot) with more than 50% fruit content. They are produced by "solo" frozen Bulgarian fruit, without any pulp, preservatives, colourings or flavours are added.

The production of sunflower oil started applying the "Alfa Laval" technology, which is the most modern one applied in Bulgaria.

4.2 PRODUCTION CYCLE AND CAPACITY

The production cycle at Olinezza is organised through a fully automated production line for each product. Currently the plant operates on 3 shifts, 5 days per week.

The facilities planning starts with selecting of technology and planning of the quantity in tones per year. According to the company strategy the demand forecast is the main driver for the planning of the capacity. This allows the company to be prepared to meet the challenges of the market requirements. Olinezza always plans its excess of capacity at about 30 % which guarantees the plant's operational flexibility.

Olinezza has established a strong quality control and product waste accounts for about 0.5% of the total volume of inputs, due to the low quality of the raw-materials.

The supply chain process at Olinezza takes about seven days - from the pre-produced raw-materials to the final customer. Part of the pre-manufacturing process is done by different producers in the areas where the vegetable farmers are concentrated.



- 1 *Balkan Barbecue Sauce*
- 2 *Balkan Barbecue Hot Sauce*
- 3 *Provansal Barbecue Sauce*

Appetizers



- 1 *Eggplant appetizer*
- 2 *Vegetable Appetizer*
- 3 *Home-made style Vegetable Appetizer "Liutenitsa"*



- 1 *Children's Vegetable Appetizer "Liutenitsa"*
- 2 *Hot Appetizer "Ljutivka"*
- 3 *Home-made style Vegetable Appetizer "Ljutika"*

Olinezza's annual capacity is about 10,000 tons:

- Mayonnaise - 3,100 tons
- Ketchup - 1,850 tons
- Liutenitza - 3,799 tons
- Mustard - 450 tons
- Jams - 970 tons

4.3 DISTRIBUTION

Olinezza has distributors in all 28 administrative regional centres in Bulgaria. Each of the distributors operates through his own network in a certain region.

Apart from this distribution system Olinezza supplies directly the largest food chains in Bulgaria like Metro, Billa, etc, for which purpose the company also maintains its own fleet.

The selection of vendors and general distributors is based on the best quality, prices, payment terms and conditions. Raw material supply is done on a monthly basis according to direct one-year contracts with farmers.

Supplies to distributors and large food chains are done on weekly basis. This approach allows Olinezza to follow more precisely the changes in the market trends and the customer expectations.

"Olinezza" is a well-known brand in the food & beverage sector in Bulgaria. The products under this brand are familiar to every Bulgarian citizen not only for the good marketing policy of the company, but also because of their high quality and unique taste. "Liutenitza", "Mayonnaise", "Ketchup" and "Mustard" fill the shelves of the largest retail chains in the country like Metro Cash&Carry, Billa, Fantastiko, Oasis and Picadilly. For its clients Olinezza is a symbol of quality, ecological and tasty products.

4.4 PERSONNEL

Olinezza Ltd. operates under a one-tier management system and is managed by a Board of Directors. As of the beginning of 2005 the company's personnel comprised of 267 people; 40 of them are university degree professionals and the remaining are high qualified and experienced workers. In 2004, the average monthly salary of the personnel at Olinezza was approximately EUR 150.

5 PRODUCTION FACILITIES

The production facilities of the company are situated on a total area of 2 hectares (20,000 sq. m.) in the town of Kostinbrod, an ecologically clean region about 20 km away from Sofia, and comprise of separate buildings accommodating mayo production, ketchup and tomato products production, jams, and mustard. Salad and dough production are currently formally

done by a separate legal entity related to the owners of Olinezza. The raw materials and final products warehouses together with the administrative building are also located on the site.

Since 1994 the production facilities of the company have been gradually expanded and modernised to meet latest quality standards and increasing customer demand. In the beginning of 2004 Olinezza obtained BGN 1,336,820 (EUR 683,505) under the SAPARD programme and invested additional BGN 1,62 million (EUR 827,676) to finance the construction of a new warehouse and modernisation of the production machinery and equipment.

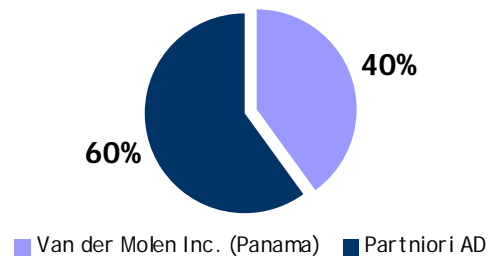
Olinezza has implemented a modern technology of packaging both in style and design. All glass and plastic bottles from 300 to 1,100 ml. and glass jars from 250 - to 1,000 ml. are made with the company's own moulds and are registered trade mark of Olinezza.

6 Shareholders

Olinezza Ltd. is a limited liability company. Shareholders in the company are Partniori JSC, registered in Republic of Bulgaria and Van Der Molen Inc., registered in Republic of Panama.

The company's capital amounts to EUR 126,811 and is distributed among the shareholders as follows:

Olinezza Ltd. Ownership Structure



7 FINANCIALS

7.1 BALANCE SHEET

Olineza Balance Sheet (IAS, in '000 EUR)

	2005	2006	2007
Current Assets	2 586	3 568	4 556
Cash & Cash Equivalents	27	175	65
Trade receivables	975	1 242	1 405
Inventory	1 552	2 115	3 033
Deferred expenses	33	36	52
Non-Current Assets	2 530	2 609	2 521
Tangible assets	2 444	2 562	2 467
Intangible assets	71	46	42
Long-term Financial Assets	15	1	4
Deffered tax asset	0	0	8
Total assets	5 116	6 176	7 077
Current Liabilities	2 194	2 685	2 750
Payables to Related Parties	20	18	76
Payables to Financial Institutions	1 278	1 380	1 328
Trade payables	836	1 206	1 159
Salary and Social Security Payables	30	34	33
Tax Liabilities	20	42	145
Other payables	8	4	9
Long-Term Liabilities	1 477	1 687	1 565
Amounts Pyables to Financial Institutor	160	419	954
Depts on Trade Loans	670	660	0
Other Long-term Liabilities	83	111	181
Deferred Income	563	496	431
Equity	1 445	1 805	2 761
Paid-in capital	127	127	127
Reserve	711	712	717
Accumulated Profit	422	608	966
Current Profit (Loss)	186	358	952
Total Liabilities & Equity	5 116	6 176	7 077

7.2 INCOME STATEMENT

Olinezza P&L Account (IAS, in '000 EUR)

	2005	2006	2007
Revenues	6 567	7 707	10 194
Operating and SG&A expenses	5 780	6 716	8 572
EBITDA	787	991	1 621
Amortisation	420	421	384
EBIT	367	570	1 237
Net Finance Income/Expenses	142	133	161
EBT	225	437	1 076
Taxes	39	79	124
Net Income	186	358	952

8 ADVISOR CONTACT TEAM

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