



**PROSPECTUS
FOR INITIAL PUBLIC OFFERING OF SHARES
OF INVESTOR.BG AD**

TYPE OF SECURITIES:	ORDINARY, NON CASH, FREELY TRANSFERABLE AND REGISTERED ORDINARY SHARES
NUMBER OF SHARES:	239,892
ISSUE PRICE PER SHARE:	BGN 12.40

The prospectus for initial public offering of shares of Investor.BG AD contains the overall information about Investor.BG AD, which, depending on the specific features of the issuer and the securities, which are subject to public offering, is necessary to the investors to make precise assessment of the economic and financial standing of the issuer and the rights related to securities. It is in the interests of investors to get acquainted with the overall prospectus before making a decision for investment.

THE PRESENT PROSPECTUS FOR PUBLIC OFFERING OF SHARES OF INVESTOR.BG AD IS CONFIRMED BY THE FINANCIAL SUPERVISION COMMISSION WITH DECISION №, WHICH MEANS THAT NEITHER THE COMMISSION APPROVES OR DISAPPROVES INVESTING IN THE SECURITIES, NOR THE COMMISSION BEARS ANY RESPONSIBILITY FOR THE AUTHENTICITY OF THE INFORMATION PRESENTED IN THE DOCUMENT.

The members of the Board of Directors of Investor.BG AD and its authorized representative bear joint liability for any damages caused by false, misleading or incomplete data within the entire Prospectus for Initial Public Offering of Shares of Investor.BG AD. The persons who drafted the financial statements of the Issuer bear joint liability together with the persons in the preceding sentence about any damages suffered due to false, misleading or incomplete data in the financial statements, and the Issuer's registered auditor – for any damages caused by the financial statements audited by it.

The investors who are interested in the securities so offered may get familiar with the original of the present document, obtain copy of it free of charge, and receive additional information relevant thereto at the offices of:

ISSUER**INVESTOR.BG AD**


Address:	1330 Sofia 205 Aleksandar Stamboliyski Blvd, 8 th floor
Phone:	+359 2 812 98 14
E-mail:	info@investor.bg
Web:	www.ibg.bg
Contact person:	Mariyan Yordanov 9.00 h – 17.00 h

INVESTMENT AGENT**KBC SECURITIES, N.V. – BRANCH BULGARIA**

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Contact Person:	Tanya Vasileva 9.00 h – 18.00 h

The present document may be found on the website of Investor.BG AD (www.ibg.bg).

Investor.BG AD and the authorized investment agent – KBC Securities, N.V. – branch Bulgaria hereby inform any potential investor that investing in the securities so offered poses some risks. See item 2 Risk Factors herein below.

TABLE OF CONTENTS

I. RESPONSIBLE PERSONS.....	6
II. STATUTORY AUDITORS	6
III. HISTORIC FINANCIAL INFORMATION	7
1. SUMMARY	8
1.1. BUSINESS REVIEW	8
1.2. RISK FACTORS.....	8
1.3. SUMMARY OF THE OFFER.....	10
1.4. SELECTED FINANCIAL INFORMATION.....	13
2. RISK FACTORS	15
2.1. RISK FACTORS CHARACTERIZING THE SHARES SUBJECT TO PUBLIC OFFERING.....	15
2.2. ISSUER SPECIFIC RISKS	17
2.3. SECTOR SPECIFIC RISKS.....	19
2.4. SYSTEMATIC RISKS.....	20
3. CAPITALIZATION	25
4. BUSINESS REVIEW	27
4.1. HISTORY AND DEVELOPMENT OF THE ISSUER	27
4.2. ORGANIZATIONAL STRUCTURE	29
4.3. MISSION AND STRATEGY.....	29
4.4. ECONOMIC ENVIRONMENT.....	30
4.5. INDUSTRY AND COMPETITIVE ENVIRONMENT	31
4.6. MAIN BUSINESS.....	37
4.7. PRODUCT PORTFOLIO.....	39
4.8. RESEARCH AND DEVELOPMENT, PATENT AND LICENSES	62
4.9. PROPERTY.....	64
4.10. ENVIRONMENTAL ISSUES	65
4.11. INVESTMENTS.....	65
4.12. EMPLOYEES.....	68
4.13. MANAGEMENT	69
4.14. TRENDS	83
5. FINANCIAL REVIEW	84
5.1. FINANCIAL POSITION.....	84
5.2. CAPITAL RESOURCES.....	88
6. MATERIAL CONTRACTS	91
7. LEGAL AND ARBITRATION PROCEEDINGS.....	92
8. SHAREHOLDERS	93
8.1. DATA FOR SHAREHOLDERS HOLDING MORE THAN 5 PER CENT OF THE VOTING SHARES	93
8.2. PERSONS CONTROLLING THE ISSUER	94
9. RELATED PARTY TRANSACTIONS	95
10. DIVIDEND POLICY.....	98
11. USE OF PROCEEDS.....	99

12. INFORMATION ABOUT OFFERED SECURITIES	100
12.1. DESCRIPTION OF TYPE AND CLASS.....	100
12.2. LEGISLATION	100
12.3. FORM	101
12.4. CURRENCY	101
12.5. RIGHTS.....	101
12.6 REDEMPTION CONDITIONS	104
12.7. RESOLUTIONS, AUTHORIZATIONS AND APPROVALS	104
12.8. DATE OF ISSUE.....	104
12.9. DESCRIPTION OF RESTRICTIONS ON FREE TRANSFERABILITY.....	104
12.10. TAXATION.....	106
12.11. TAKEOVER/ FUSION BIDS OR RULES FOR FORCIBLE REDEMPTION.....	110
12.12. THIRD PARTIES' BIDS FOR PUBLIC TAKEOVER OF ISSUER'S EQUITY.....	110
13. TERMS OF THE ISSUE	111
13.1. TOTAL AMOUNT OF ISSUE	111
13.2. OFFER PERIOD AND APPLICATION PROCESS	112
13.3. CIRCUMSTANCES UNDER WHICH THE OFFER MAY BE REVOKED/ SUSPENDED	113
13.4. REDUCTION OF SUBSCRIPTION AND REFUNDING OF EXCESS AMOUNTS PAID	114
13.5. MINIMUM AND MAXIMUM AMOUNT OF APPLICATION	115
13.6. WITHDRAWAL OF SUBSCRIPTION APPLICATION	115
13.7. PAYMENT AND DELIVERY	115
13.8. PUBLICATION OF OFFER RESULTS.....	115
13.9. PROCEDURE FOR EXERCISE THE RIGHT OF PRE-EMPTION, NEGOTIABILITY OF RIGHTS, TREATMENT OF RIGHTS NOT EXERCISED	116
14. KEY INFORMATION	117
14.1. CAPITALIZATION AND INDEBTEDNESS	117
14.2. REASONS FOR THE OFFER	117
15. DISTRIBUTION AND ALLOTMENT	118
15.1. CATEGORIES OF INVESTORS	118
15.2. STATEMENT OF THE MAJOR SHAREHOLDER	118
15.3. PRE-ALLOTMENT DISCLOSURE	118
15.4. TRANCHES OF THE OFFER	118
15.5. CLAUSE FOR REFUND OF DIVIDEND AMOUNTS RECEIVED	118
15.6. METHODS FOR TRANCHE ALLOTMENT IN CASE OF OVER-ALLOTMENT OF SUBSCRIPTION.....	119
15.7. PREFERENTIAL TREATMENT.....	119
15.8. TARGET MINIMUM INDIVIDUAL ALLOTMENT.....	119
16. CONDITIONS AND DATE OF CLOSING OF THE OFFER	120
16.1. MULTIPLE SUBSCRIPTIONS.....	120
16.2. NOTIFICATION TO APPLICANTS ABOUT THE ALLOTMENT	120
16.3. OVER-ALLOTMENT AND "GREEN SHOE" OPTION.....	121
17. PRICING	122
18. PLACING AND UNDERWRITING	124

18.1. GLOBAL OFFER COORDINATOR	124
18.2. PAYING AGENT AND DEPOSITORY AGENT	124
18.3. PLACING AND UNDERWRITING.....	124
19. ADMISSION TO TRADING	125
19.1. ADMISSION TO REGULATED MARKET.....	125
19.2. TRADING OF THE SAME CLASS OF ISSUER’S SHARES	125
19.3. OTHER SUBSCRIPTIONS OR PRIVATE PLACING.....	125
19.4. COMMITMENT FOR PROVIDING LIQUIDITY.....	125
19.5. STABILIZATION	125
19.6. SELLING SECURITY HOLDERS.....	125
20. PUBLIC OFFERING EXPENSES	127
21. DILUTION AND CORRECTIONS.....	128
21.1. DILUTION OF ISSUER’S CAPITAL.....	128
21.2. RULES FOR CORRECTIONS.....	129
22. GENERAL INFORMATION.....	130
22.1. INFORMATION ON HOLDINGS OF INDIVIDUALS AND LEGAL ENTITIES.....	130
22.2. WORKING CAPITAL STATEMENT.....	130
22.3. SHARE CAPITAL	130
22.4. ARTICLES OF ASSOCIATION.....	131
22.5. HOLDING OF INDIVIDUALS/ LEGAL ENTITIES.....	137
23. ADDITIONAL INFORMATION	138
23.1. CONSULTANTS	138
23.2. AUDITED INFORMATION.....	138
23.3. REPORTS, STATEMENTS AND INFORMATION FROM THIRD PARTIES	138
23.4. DOCUMENTS ON DISPLAY	139
23.5. INFORMATION ON HOLDINGS	139
ABBREVIATIONS	140
ANNEX №1: INDEX.....	143

i. RESPONSIBLE PERSONS

The present document is relevant to the initial public offering of shares issued by public company Investor.BG AD ("the Issuer", "the Company"). KBC Securities, N.V. – branch Bulgaria is the investment agent authorized to service the public offering.

The present prospectus is drafted by Veselin Zahariev – Director of Corporate Finance Department at KBC Securities, N.V. – branch Bulgaria, Atanas Chobanov – Associate at Corporate Finance Department at KBC Securities, N.V. – branch Bulgaria, and Lidia Shumkova – Head of the Legal Department at KBC Securities, N.V. – branch Bulgaria.

The above employees of the Investment Agent hereby declare they have made all reasonable efforts to affirm that the information provided herein is not incomplete, misleading or false.

Investor.BG AD is the issuer of offered shares having its seat and registered address in the city of Sofia 1330, 31 Vazkresenie Blvd. The company has a one-tier management system, whereas its business is managed by the Board of Directors.

The members of the Board of Directors of the Issuer and its Procurator, as provided in item 4.13. *Management* of the present Prospectus, are jointly liable for any damages caused by false, misleading or incomplete data herein.

The financial statements of the Issuer for 2007 and 2008 are drafted by the accountant Tanya Stoyanova Stoyanova (previous surname Nikolova), and for 2009 – by Financial Law House OOD, UIC 175041453, with manager Gergana Kaleva. The persons in the preceding sentence are liable jointly with the members of the Board of Directors of the Issuer and its Procurator, in their capacity of persons under Art. 34, Para 2 of the Accounting Law, for any damages caused by false, misleading or incomplete data in the Issuer's financial statements they have drafted.

The persons, who have audited the Issuer's financial statements for the last three financial years, as provided herein below, are liable jointly with the members of the Board of Directors of the Issuer and its procurator for any damages caused by the financial statements audited by them.

Statements from the persons responsible for the information contained herein are enclosed to the present document and are integral part thereof.

ii. STATUTORY AUDITORS

The 2007 and 2008 annual financial statements of the Issuer are audited by Radka Marinova Boevska, registered auditor, member of the Institute of Chartered Expert Accountants in Bulgaria (ICEA), holder of diploma № 270.

The above mentioned auditor of the Issuer has not submitted her resignation and has not been dismissed during the period 2007 – 2008, whereas she has been appointed an auditor of the Company for both financial years.

The General Meeting of Shareholders of Investor.BG AD held on 01.04.2009 adopted a resolution that the independent financial audit and the certification of the annual financial statement of the company for 2009 should be assigned to BDO Bulgaria OOD (previous name BDO Akero OOD), UIC 831255576, address: Sofia 1404, region Triaditsa, 49A Bulgaria Blvd., entr. A, 5th floor, apt. 11, represented by Stoyanka Yordanova Apostolova – registered auditor, and Bogdanka Dimitrova Sokolova – registered auditor, entered under №16 in the registers of ICEA.

The above auditor of the Issuer has not submitted resignation and has not been dismissed from office.

III. HISTORIC FINANCIAL INFORMATION

Financial statements

- a) Balance sheet;
- b) Income statement;
- c) Statement of changes in shareholders' equity;
- d) Cash flow statement;
- e) Accounting policies and explanatory notes.

Audited historic annual financial information

Information from the audited financial statements of the Issuer for the last 3 (three) years – 2007, 2008 and 2009, has been used for drafting the present Prospectus. The statements are published on the website of the Issuer (www.ibg.bg), on the website of the Bulgarian Stock Exchange (www.bse-sofia.bg) and in the section *Bulletin Investor.bg* (www.investor.bg/bulletin).

Interim and other financial information

Interim and other financial information about the Issuer for the quarters as at 30.09.2009 and 30.09.2010 has been used for drafting the present Prospectus. The information and the respective financial documents are published on the website of the Issuer (www.ibg.bg), on the website of the Bulgarian Stock Exchange (www.bse-sofia.bg) and in the section *Bulletin Investor.bg* (www.investor.bg/bulletin).

1. SUMMARY

This section shall be considered by the investors an introduction to the Prospectus and any decision for investment in ordinary shares shall be based on considering the Prospectus as a whole. The investors shall bear in mind that in case of filing a claim in relation to the contents of the Prospectus, an obligation for payment of the Prospectus translation costs may occur for them, upon initiating the litigation. The persons who have drafted the present Summary, including the translation thereof, shall be liable for damages, save as the information contained herein is misleading, false or contradicts to the other parts of the Prospectus.

1.1. BUSINESS REVIEW

Investor.BG AD is a Joint Stock Company established and operating under the legislation of the Republic of Bulgaria. The company is a leading media company in Bulgaria with 14 successfully developed websites specialized in variety of internet segments, most of which being among the leaders compared by visited sites in the respective segments. The group of sites of Investor.BG AD has 1.7 million users (monthly average for the period 01.01.2010 – 30.10.2010), which represents 52% cover of internet audience (according to Gemius data) in Bulgaria for October, 2010.

Investor.BG ranked at the prestigious 5th place in the rank list of Deloitte for most dynamically developing technological companies in Central and Eastern Europe – Fast 50, and at 87th place in Technology Fast 500 EMEA (for Europe, Near East and Africa), realizing 1,633% growth of incomes for the period 2004-2009.

1.2. RISK FACTORS

The investment in the current issue of ordinary shares of Investor.BG AD incurs specific risks. Investors must carefully consider the entire information provided in the present Prospectus, including the different risks, before taking a step to the investment in shares.

1.2.1. Risks characterizing the shares subject to the public offering

- Price risk;
- Risks related to the Bulgarian securities market;
- Liquidity risk;
- Inflation risk;
- Currency risk;
- Interest risk;
- Influence of the global economic crisis on capital markets;
- Risk of non-payment of dividends;
- Risk of capital dilution;
- Material transactions with Issuer's shares may affect their market price.

1.2.2. Issuer Specific Risks

- Risks from the company's projects;
- Management policy of the company;
- Dependence on key personnel;

- Uncertainty in financial indicators, assessments and forecasts;
- Liquidity risk;
- Credit risk;
- Protection against violations of intellectual property may be hardly realized;
- Force majeure events;
- Risks of litigations due to errors, breach of contracts and accidents.

1.2.3. Sector Specific Risks

- Uncertainty in the development of Internet advertising and of Internet market in Bulgaria;
- Great capacity, long history and good market position of some of the Issuer's competitors;
- Strong dependence of the the Issuer's business on the dynamics in technologies and quickly changing environment;
- Strong dependence of the Issuer's success on the economic development and condition of securities market in the country.

1.2.4. Systematic Risks

- Political risk;
- Macroeconomic risk;
- Credit risk;
- Impact of the world economic crisis;
- Inflation risk;
- Currency risk;
- Interest risk;
- Tax risk;
- Normative risk.

Detailed description of risks may be found in item 2. *Risk Factors* of the present Prospectus.

1.3. SUMMARY OF THE OFFER

ISSUER	Investor.BG AD (“the Issuer”, “the Company”)
ISSUE	239,892 ordinary, non cash, freely transferable and registered shares.
ISSUE MANAGER	KBC Securities N.V. – branch Bulgaria
NUMBER OF SHARES BEFORE OFFER	The Issuer’s capital is within the amount of BGN 1,199,460 divided into 1,199,460 ordinary, non cash, freely transferable and registered shares, with voting right and nominal value of BGN 1 each.
NUMBER OF SHARES AFTER OFFER	1,439,352 shares, provided all offered shares being subscribed.
MINIMUM NUMBER OF SUBSCRIBED SHARES	The minimum number of subscribed shares at which subscription shall be considered successful is 71,967.
ISSUE PRICE	BGN 12.40
AMOUNT OF ISSUE	BGN 2,974,660.80
USE OF COLLECTED CAPITAL	<p>The Issuer’s management foresee to invest the raised funds from the new issue in the following two directions:</p> <ul style="list-style-type: none"> ▪ Investments and development of the portfolio of 14 websites managed by Investor.BG AD; ▪ Expansion of the portfolio of websites.
DIVIDEND	The shareholders shall be entitled to a dividend. A resolution of the GMS under the terms and conditions as per the Issuer’s Articles of Association should be adopted for exercising their right.
BEGINNING OF OFFER	<p>The beginning of offer will be the date of promulgation of the note for offer in State Gazette and the publication thereof in Pari Newspaper, whichever occurs later.</p> <p>The initial date from which the term for transfer of rights begins is the first day after the expiration of 7 (seven) calendar days from the beginning of the Offer.</p> <p>The deadline for transfer of rights is 15 (fifteen) days after the initial date for transfer of rights.</p> <p>The initial date for subscription of shares coincides with the date on which transfer of rights begins.</p> <p>The deadline for subscription of shares expires 15 (fifteen) working days after the expiration of the term for transfer of rights.</p>
SHARE RIGHTS	Right to dividend – property right of the shareholder to receive part of the net profit of the Issuer in proportion to his share in the capital thereof, if the statutory prerequisites exist – audited annual financial statement approved by the General Meeting of Shareholders and explicit resolution of the

General Meeting for allocation of profit. The persons entered in the registers of CD as shareholders of the Company on the 14th day after the date of the General Meeting adopted the annual financial statement and the resolution for allocation of profit have the right to receive dividend.

Right to a liquidation quota – property right of the shareholder expressing his right to receive a quota, in proportion to his share in the Company's capital, from the remaining property upon dissolution of the company through liquidation. The exercise of the right to a liquidation quota means a dissolved Company.

Voting right – The voting right is a non-property right of the shareholders by which they take part in the management of the Company, whereas taking part in the adoption of resolutions within the jurisdiction of the Company's General Meeting of Shareholders. Each share of the present issue gives the right to 1 vote at GMS.

RISK FACTORS

Risk factors are described in *item 2 Risk Factors* of the present Prospectus.

RIGHTS

The existing shareholders of the Issuer have the right to acquire shares from the offered issue in proportion to their share in the Issuer's capital. For the purposes of ensuring advantage to the existing shareholders, securities – "rights" will be issued in favor of them.

Against one share held by the shareholders, one right will be issued. The total number of issued rights is 1,199,460.

The shareholders who wish to exercise their rights may file an application for subscription of shares until the expiration of the term fixed for transfer of rights.

Shareholders, who don't wish to use their right to subscribe to shares from the offered issue, may sell the rights issued in favor of them until the expiration of the term fixed for transfer of rights.

The rights are traded on the regulated market of BSE – Sofia AD. Every shareholder may transfer his right by filing an order for sale to the investment agent at whose account at Central Depository AD the rights are registered.

Each person who has bought rights within the term for transfer of rights may exercise such rights by filing an application for subscription of share until the expiration of the term for transfer of rights.

Rights not exercised within the term for transfer of rights are offered for sale on open auction organized by BSE – Sofia.

Any person who has bought rights during the auction may exercise such rights by filing an application for subscription of shares until the term for subscription of shares.

The terms and conditions for exercising of issued rights are described in details in *item 13.2. Period of Offer and Application Process* of the present Prospectus.

SUBSCRIPTION RATIO

In the present Offer, one ordinary share may be subscribed against the exercise of 5 (five) rights.

SUBSCRIPTION OF SHARES	<p>The application for subscription of shares from the offered issue is to be filed to KBC Securities, N.V. – branch Bulgaria, directly, or through IA at whose account at CD the rights issued in favor of the applicant or acquired thereby are registered.</p> <p>The procedure for filing applications for subscription of shares from the offered issue and the required documents are described in details in <i>item 13. Conditions of the Offer</i> of the present Prospectus.</p>
PERIOD OF SUBSCRIPTION OF SHARES	<p>The initial date from which the term for subscription of shares from the present offer will start is the first working day after the expiration of 7 (seven) calendar days from the beginning of Offer. The start of the share subscription term shall coincide with the beginning of the term for transfer of rights. The term for subscription of shares shall expire 15 (fifteen) working days after the expiration of the term for transfer of rights.</p>
DEADLINE FOR PAYMENT OF SHARES	<p>The deposit of issue value of subscribed shares shall be done until the expiration of the last day of the subscription to the fund raising account at a bank to be specified in the public offering note under article 92a, paragraph 1 of the LPOS.</p>
ADMISSION TO TRADING	<p>In case the subscription is successfully completed and the new issue of shares is entered in the Trade Register, the Issuer will require admission of the issue of ordinary shares to trading on the regulated market organized by BSE – Sofia AD.</p>
LEGISLATION	<p>The offered issue is implemented in compliance with the applicable Bulgarian legislation.</p>
TAXATION	<p>Detailed description of Taxation may be found in <i>item 12.10. Taxation</i> herein below.</p>
RESTRICTIONS OF THE OFFER	<p>The Issuer will not require admission to trading of shares from the present issue on regulated market, outside the regulated market organized by BSE – Sofia AD.</p> <p>The present Prospectus is intended for, and the conditions of the Offer are valid for, all categories of investors.</p> <p>The current shareholders of the Issuer have advantage for the subscription of shares from the offered issue. They are entitled to subscribe shares in proportion to the share they hold in the Issuer's capital.</p>

1.4. SELECTED FINANCIAL INFORMATION

The next two tables present systematic financial information about Investor.BG AD on consolidated and individual basis.

Table №1 Systematic financial information for the period 2008 – 30.09.2010, on consolidated basis

<i>in BGN '000, except for number for number of shares and earnings per share</i>	30.09.2010	30.09.2009	2009	2008
Net sales	2,380	1,982	2,927	2,654
<i>Net sales growth %</i>	<i>20.1%</i>	<i>-</i>	<i>10.3%</i>	<i>-</i>
Operating expenses	(2,035)	(1,554)	(2,258)	(1,701)
EBITDA	345	428	669	953
<i>EBITDA Margin %</i>	<i>14.5%</i>	<i>21.6%</i>	<i>22.9%</i>	<i>35.9%</i>
Depreciation and amortization	(118)	(101)	(138)	(105)
Operating profit (EBIT)	227	327	531	848
<i>EBIT Margin %</i>	<i>9.5%</i>	<i>16.5%</i>	<i>18.1%</i>	<i>32.0%</i>
Net profit after tax	225	348	510	779
<i>Net profit Margin %</i>	<i>9.5%</i>	<i>17.6%</i>	<i>17.4%</i>	<i>29.4%</i>
Total assets	4,889	4,251	4,379	3,449
Long term assets	3,557	2,961	3,082	2,594
Short term assets	1,332	1,290	1,297	855
<i>Total assets growth %</i>	<i>15.0%</i>	<i>-</i>	<i>27.0%</i>	<i>-</i>
Net asset value	4,034	3,651	3,809	3,174
<i>Net asset value growth %</i>	<i>10.5%</i>	<i>-</i>	<i>20.0%</i>	<i>-</i>
CF from operations	164	427	788	830
CF from investments	(589)	(421)	(622)	(869)
CF from financing	52	101	99	334
Number of issued shares	1,199,460	1,199,460	1,199,460	1,199,460
Number of outstanding shares	1,199,460	1,199,460	1,199,460	1,190,539
Weighted average number of shares	1,199,460	1,199,460	1,198,482	1,182,114
EPS	0.19	0.29	0.43	0.65
EPS (weighted avg)	0.19	0.29	0.43	0.66

Source: Audited consolidated annual financial statement of the Issuer for the period 2008-2009 and interim unaudited consolidated statements as at 30.09.2009 and 30.09.2010.

Table №2 Systematic financial information of the Issuer for the period 2007 – 30.09.2010, on individual basis

<i>in BGN '000, except for number for number of shares and earnings per share</i>	30.09.2010	30.09.2009	2009	2008	2007
Net sales	2,380	2,016	2,981	2,654	1,446
<i>Net sales growth %</i>	<i>18.1%</i>	<i>-</i>	<i>12.3%</i>	<i>83.5%</i>	<i>132.5%</i>
Operating expenses	(2,020)	(1,548)	(2,254)	(1,698)	(1,000)
EBITDA	360	468	727	956	446
<i>EBITDA Margin %</i>	<i>15.1%</i>	<i>23.2%</i>	<i>24.4%</i>	<i>36.0%</i>	<i>30.8%</i>
Depreciation and amortization	(118)	(101)	(137)	(105)	(73)
Operating profit (EBIT)	242	367	590	851	373
<i>EBIT Margin %</i>	<i>10.2%</i>	<i>18.2%</i>	<i>19.8%</i>	<i>32.1%</i>	<i>25.8%</i>
Net profit after tax	240	389	567	782	362
<i>Net profit Margin %</i>	<i>10.1%</i>	<i>19.3%</i>	<i>19.0%</i>	<i>29.5%</i>	<i>25.0%</i>
Total assets	4,915	4,219	4,400	3,458	2,382
Long term assets	3,561	2,939	3,089	2,620	1,750
Short term assets	1,354	1,280	1,311	838	632
<i>Total assets growth %</i>	<i>16.5%</i>	<i>-</i>	<i>27.2%</i>	<i>45.2%</i>	<i>51.0%</i>
Net asset value	4,018	3,598	3,778	3,098	2,254
<i>Net asset value growth %</i>	<i>11.7%</i>	<i>-</i>	<i>21.9%</i>	<i>37.4%</i>	<i>107.4%</i>
CF from operations	198	476	837	832	442
CF from investments	(623)	(458)	(657)	(888)	(814)
CF from financing	52	101	99	334	452
Number of issued shares	1,199,460	1,199,460	1,199,460	1,199,460	1,199,460
Number of outstanding shares	1,199,460	1,199,460	1,199,460	1,190,539	1,173,339
Weighted average number of shares	1,199,460	1,199,460	1,198,482	1,182,114	1,163,838
EPS	0.20	0.32	0.47	0.66	0.31
EPS (weighted avg)	0.20	0.32	0.47	0.66	0.31

Source: Audited individual annual financial statements of the Issuer for the period 2007-2009 and interim unaudited individual statements as at 30.09.2009 and 30.09.2010.

2. RISK FACTORS

Investments in shares are relevant to a high level of risk. Before making investment decision, potential investors must carefully read the information about the risk factors as provided in the present Prospectus, as well as any other information herein. Any of the risks in the Prospectus may, jointly or severally, result in negative effect on business, financial position, future development of the Issuer, due to which the price of the Issuer's shares may fall down and the investors may suffer loss of part of, or the entire, investment.

2.1. RISK FACTORS CHARACTERIZING THE SHARES SUBJECT TO PUBLIC OFFERING

2.1.1. Price risk

Upon the successful increase of Issuer's capital through public offering of shares, their market value will be fixed on the base of demand and supply and the share price may decrease and increase. The price dynamics is quite characteristic for the market of ordinary shares, which stock exchange prices might be subject to sharp fluctuations due to the publicly disclosed information about the Issuer's financial results, changes in legislation and other material events.

2.1.2. Risks related to the Bulgarian market of securities

There is a difference in the regulation and supervision of the Bulgarian securities market, and in the operations of the investors, brokers and other market participants in comparison to the markets in Western Europe, the USA and other regulated markets. The Financial Supervision Commission observes for the disclosure of information and for the compliance with other regulatory standards on the Bulgarian securities market and with the laws and issues regulations and instructions about the obligations relevant to the disclosure of information, securities trading in the presence of internal information and other matters. However, there may be information of public domain about the Bulgarian companies, including the Issuer, which is less or slightly different than the information usually provided to investors from public companies on the other securities markets, which might affect the securities market.

2.1.3. Liquidity risk

The liquidity risk is related to the liquidity on the securities market itself and expresses the potential possibility for short-term and usual amount purchase or sale of respective securities on the secondary market. The liquidity of the Bulgarian capital market where the Issuer's shares are traded, significantly dropped down below the peak levels of 2007. In particular, the Company's shares are characterized with liquidity, which is moderate for the Bulgarian capital market, whereas for the last 12 months, 5.3% of Investor.BG shares have been traded, which means 0.02% on average per day. In absolute value, the average per day for the same period, shares for BGN 2,459 have been traded. Investors must take in consideration the risk not to be able to get off the investment immediately, as well as the possibility not to be able to purchase the number of shares they want from the secondary market if they would decide to become shareholders in the Company or to increase their holding.

2.1.4. Inflation risk

The inflation risk poses a possibility for increase of the total level of prices in the economy thus resulting in reduction of the purchasing power of the local currency – lev (BGN). Inflation processes cause reduction of the actual profitability of the investors. During the recent years, under the conditions of currency board and restrictive fiscal policy, the inflation in the country has been maintained at comparatively low level and the expectations are to keep the inflation at such levels in the near years.

2.1.5. Currency risk

The currency risk results from the fact that the shares of the current issue are denominated in Bulgarian leva (BGN). The change of the BGN exchange rate to another currency would change the profitability expected from the investment expressed in other currency. The probable impairment of BGN in such a situation would cause reduction of profitability from investment in Company's shares. The monetary system functioning in the country, whereas the Bulgarian lev is legally bound to the euro, eliminates the presence of currency risk to a certain extent and determines the movement of BGN to the other international currencies fully subject to the behavior of the common European currency.

2.1.6. Interest risk

The interest risk is related to the possibility for change of prevailing interest levels in the country. That would affect the Company's activity, as far as the change of interest levels under equal conditions, results in price change of the financial resource used by the Issuer in the implementation of different projects. As a result of the Currency Board, as well as due to the established methodology for calculation of the interest rate on the basis of the primary market of quarterly government securities, the interest levels in Bulgaria are stable. The world financial and economic crisis adversely affected the interest levels both in EU and in the country.

2.1.7. Impact of the global economic crisis on capital markets

At the time of submission of the present Prospectus, the global economic crisis is one of the main risks for the shareholders. As a result of the crises, during the last two years we witnessed serious volatility of stock exchange indexes and of different shares, including drastic falls both in Bulgaria and abroad. That might cause decrease in the Company's shares price.

There is a possibility the Company's shares to be more volatile than their historic levels, and the shareholders, respectively, might register larger losses than in the situation of usual economic and financial circumstances.

2.1.8. Risk of non payment of dividends

All ordinary shares are characterized by the risk of uncertainty for dividend (fluctuation in the amount of dividend) and in particular its non payment. Each share gives the right to a dividend in proportion to its nominal value. The dividend amount is floating, which depends on the amount of Issuer's profit. The Issuer's profit is subject to allocation after taxation. The resolution for allocation of profit is adopted by the General Meeting of Shareholders.

The Issuer may not realize a profit at all for a year and even if there is realized profit, the GM may not adopt a resolution for its allocation in the form of dividend.

The Issuer's ability to generate profit is subject to specific risks related to the business of the Issuer as provided herein.

2.1.9. Risk from capital dilution

Pursuant to the Company's Articles of Association, no restrictions about the maximum amount of future share issuers are provided for. Due to this reason dilution of capital may appear, which as per item 8 of the Transitional Provisions of Regulation No 2, means reduction of the ordinary share profit and book value due to conversion of issued bonds or warrants or exercise of issued options, as well as due to issue of ordinary shares at a price lower than the book value of the share.

Shareholders face the risk of capital dilution due to the fact that Investor.BG has issued share warrants. In October 2010, via an IPO, Investor.BG issued 79,963 warrants, or 99.999% of the initially offered 79,964 warrants, as the minimum threshold was 80% for the issue to be considered successful. The issue price of the warrants is BGN 4 per warrant, with a strike price of BGN 12.40 and a term of 5 (five) years. Should the warrants holders decide to exercise their right and decide to increase the Company's capital during the term of the warrants, and the issue price of the new shares (BGN 12.40) is lower than the book value of one share, then pursuant to item 8 of the Transitional Provisions of Regulation No 2, the Company's shareholders capital will be diluted. The percentage of dilution depends on the Company's future book value of one share.

2.1.10. The material transactions with shares of the Issuer may affect their market price

The stock exchange price of Issuer's shares may be decreased in case a significant number of shares are offered for sale. The expectations that such significant sales might occur, may also adversely affect the market price of the shares.

2.2. ISSUER SPECIFIC RISKS

2.2.1. Risk from Company's projects

The internet market in Bulgaria is still relatively small as the number of users is concerned, even though during the last years we witness its significant development. Investor.BG AD relies extremely on continuous rising trend in the usability of internet within the country for realization of estimated proceeds. There is no certainty that such rising trend will be realized within the scale or time estimated by the Issuer.

Some of the competitors on the market have more resources, longer history and better market positions.

The competition of internet advertising market and in the internet business in Bulgaria as a whole is big and will continue to expand and become more severe. The appearance of other stakeholders on this market, who are part of large media projects, increases the competition too and makes the pressure on advertisers harder. The media established as traditional media that issue paper newspapers and magazines underwent great development. Many of them developed and launched e-versions of their paper editions. The development of technologies and the appearance of new Bulgarian and foreign internet companies will strengthen the competitive pressure on the

Issuer. There is no certainty that Investor.BG AD will succeed in the competition with existing and future competitors.

2.2.2. Company's management policy

The future development of Investor.BG AD depends on the strategy selected by the managerial team of the Company. The selection of inappropriate market strategy may result in losses or lost profits. The company tries to manage the strategic risk by continuous monitoring of the implementation of its strategy and results, including procedures and communication between the managerial and operational units in the company in order to react as quickly as possible if changes in management policy are needed.

2.2.3. Dependence on key personnel

The Issuer's business is very specific and requires knowledge and skills of employees, which need time and training to be acquired. The risk related to dependence on employees is due to the insufficiency of specific qualified employees, including technical persons, on the labor market. Furthermore, there is a risk trained employees to leave, which requires time to substitute them.

The Issuer has an established policy for management and motivation of staff emphasizing on training for the purposes of increasing productivity and reduction of turnover.

2.2.4. Uncertainty in financial indicators, assessments and estimates

The strategy, plans, assessments and forecasts for the future development of the Company are passed on certain assumptions for its business and the conditions and trends of the targeted market. Despite the conviction that the assumptions are reasonable, many of them are beyond Company's control. The difficult forecasting and dynamics specific to the internet sector, including the great possibility for appearance of unforeseen circumstances, may significantly deteriorate the values of forecasted financial and other indicators such as proceeds, profit and market share.

2.2.5. Liquidity risk

The effective management of the Issuer's liquidity supposes ensuring sufficient working funds mainly through maintenance of unused expanded credit lines and short-term funding from related parties.

2.2.6. Credit risk

The Issuer's policy is that all clients who wish to trade on deferred payment basis, are subject to procedures for solvency check-up. Despite, the balances of trade receivables are monitored on current basis and therefore the exposition of the Company for difficultly collectable and uncollectible receivables is not significant. There are no significant concentrations of credit risks at the Company. The credit risk occurring due to the other financial assets of the Company, for example cash and other financial assets, is the credit exposition of the Company resulting from the possibility its contractors to fail in performing their obligations.

2.2.7. Protection against violation of intellectual property may become difficultly realizable

The intellectual property of Investor.BG AD (copyrights, brands, know-how, domain names, etc.) is and will be of major importance for the Issuer's success. It is possible unauthorized third persons to illegally use the brands, copyrights, etc. being ownership of the Issuer. The protection of its rights in court may be expensive and long experience.

2.2.8. Force majeure events

Natural disasters, sharp weather changes and acts of terrorism may adversely affect the Company's business, for example destruction of main servers due to a fire. These force majeure events may have not only short-term but also long-term effect on the Company's development.

2.2.9. Risk from litigations due to errors, non-performance of contracts and accidents

To a great extent, the Issuer's business depends on the professional judgment and implementation of assigned technical parameters. Errors and omissions may cause delays and non-performance of contracts and litigations for suffered damages under the contracts, respectively.

The company complies with the employment requirements implementing labor safety procedures and technical procedures for completion of specific tasks.

2.3. SECTOR SPECIFIC RISKS

2.3.1. Uncertainty in the development of Internet advertising and Internet market in Bulgaria

The internet market in Bulgaria is still in its initial phase of development, even though during the recent years we witness its significant development increasing the number of internet users. Investor.BG AD extremely relies on continuous rising trend of using the internet in the country for the purposes of realizing forecasted proceeds. There is no certainty that the rising trend will be realized within the scale and the time foreseen by the Issuer. If the internet industry does not develop with the expected rates, the advertising proceeds forecasts will not be realized.

We must have in mind the fact that the potential for growth of internet use in Bulgaria is not big due to some objective restrictions: aging population decreasing in number in regard to its age structure, low standard of living, restricted number of advertisers and limited economy growth.

2.3.2. Big capacity, long history and good market positions specific to some of the Issuer's competitors

The competition on the internet advertising market, and in the internet business in Bulgaria as a whole is now big and will continue to increase becoming more severe. The development of technologies and the appearance of new Bulgarian and foreign internet companies will increase the competitive pressure on the Issuer. The input investments ensured significant growth. Despite the competitive environment, during the recent years

Investor.BG AD seriously increases its market share. There is certainty that the Issuer will succeed in the contest with its existing and future competitors.

2.3.3. Strong dependence of the Issuer's business on dynamics in technologies and quickly changing environment

In order to achieve its objectives, Investor.BG should improve quality and expand offered services, whereas adapting them to the quickly changing technologies, practices and desires of internet users. In order to be good competitor on the market, the Issuer must properly react to the changes in service demand and to modify them, respectively.

There is a need of regular improvement of software and hardware in order to keep them compatible with the technical and technological innovations in the business. There is a need to continuously monitor the security of services offered on the Internet, including the anti-virus protection, protection against physical and electronic collapses and interventions. If the Issuer fails to cope with these challenges, its reputation will be harmed and will lose clients, market share and proceeds.

The Issuer's business depends on the internet efficiency as an environment for data transmission. Any kinds of internet problems as a whole may adversely affect Investor.BG.

2.3.4. Strong dependence of the Issuer's success on the economic development and the condition of securities market in the country

The business success of Investor.BG AD is strongly dependent to the stability and growth of Bulgarian economy and the Bulgarian stock exchange market in two directions: both as favorable business environment and as direct topic reflected in offered services, including information services. Despite the government succeeds to maintain the stability of economy at present, with good chance for growth in future, there are no guarantees that this situation will be kept and the forecasted economic growth will be achieved. The lower economic growth means lower incomes for the business and therefore – lower level of internet use.

2.4. SYSTEMATIC RISKS

The systematic risks are related to the market and macro environment in which the Company operates and therefore they cannot be managed and controlled by the management team of the Company. The systematic risks are: political risk, macroeconomic risk, credit risk of the country, inflation risk, currency risk, interest risk, and tax risk.

2.4.1. Political risk

This is the risk resulting from the political processes in the country – risk of political destabilization, changes in the governance principles, in legislation and economic policy. The political risk is directly dependent on the possibility for unfavorable changes of the government long-term policy; thus causing danger of adverse changes in the business climate.

At present, there are no risks of serious and sharp political changes in Bulgaria. The government consists of one party and even being a government of minority, now it has the support of other political parties in the Parliament. We cannot expect a change in the governing principles or foreign policy attitude of Bulgaria due to the fact the country is a member of the European Union and NATO and is obliged to comply with specific rules and principles of political behavior, which do not depend on the foreign policy processes only.

The commitments and requirements related to our country membership in the EU since 01.01.2007 and the foreseen accession to ERM II, suggest stabilization of the business climate in the country and facilitation of business and entrepreneurship. These are the main reasons for not expecting shocks and significant changes in policy in future.

2.4.2. Macroeconomic risk

This is the risk of macroeconomic shocks, which might affect the economic growth, the incomes of population, the demand and supply, the profits of economic subjects, etc. The trends in the macroeconomic environment affect the market performance and the final results from all economic sectors business. See *item 4.4. Economic Environment*, for more information about the macroeconomic situation in Bulgaria.

2.4.3. Credit risk

The credit risk is the possibility of deterioration of the international credit ratings of the Republic of Bulgaria. Low credit ratings in the country might cause higher interest levels, more difficult conditions for funding the economic subjects, including the Issuer.

In comparison with the other countries in the region, credit agencies give positive assessments to our country during the crisis thanks to the stable fiscal policy, structural reforms and the efforts of the new government (see **Table №3**). Bulgaria's credit ratings depend on the management of the external debt, whereas the policy of the Ministry of Finance is directed to the following directions:

- Controlling the amount, dynamics and serving of all financial obligations undertaken on behalf of and at the expense of the state being obligation for the state and consisting of the internal and external state debt;
- Development and implementation of state debt management policy, which fundamental essence is aimed at ensuring of trouble free funding of the budget and refunding of the debt at minimum possible price in medium- and long-term and at optimal risk level;
- Development and implementation of issue policy, control on government securities transactions, issue of permissions for government securities investment agency, as well as undertaking of actions directed to the development of efficient, transparent and liquid market of state debt;
- Observing the service of all financial obligations with a guarantee on behalf of and at the expense of the state, and securing the official information for consolidated state debt including the debt of municipalities and social security funds;

- Ensuring the required prerequisites for effective functioning of the internal debt market and supporting the institutional development of financial markets in the country as a whole, taking in consideration the challenges and the exclusive priority of this field based on the need for smooth integration of the local to the European capital market;
- Identification and observation of possible risks that might occur during the implementation of fixed strategic goals;
- Undertaking adequate and on time actions for minimizing and/or avoiding the effect of identified risks, as well as their potential adverse effects.

Table №3 Credit ratings of the Republic of Bulgaria

Agency	Date	Foreign currency			Local currency		
		Short term	Long term	Perspective	Short term	Long term	Perspective
Fitch	4/30/2009	F3	BBB-	Negative	-	BBB	-
Standard & Poor's	12/1/2009	A-3	BBB	Stable	A-3	BBB	Stable
Japan Credit Rating Agency	10/22/2010	-	BBB	Stable	-	BBB+	Stable
		Long term bank deposits	Bonds and long term securities	Perspective	-	Long term Government securities	-
Moody's	8/31/2010	Baa3	Baa3	Positive	-	Baa3	-

Source: Ministry of Finance, Republic of Bulgaria

2.4.4. Influence of the world financial and economic crisis

At present, the world economic crisis adversely affects the macroeconomic situation in Bulgaria. The drastic decline of financial instruments liquidity, the bankruptcies of global banks and funds, the involvement of governments and the changes in the regulation base caused both bankruptcies and dismissals in the world financial sector and specific effects, which deteriorated the financial and market environment the Issuer is operating in.

At economic level, this was considered a reduction of foreign investments in Bulgaria, decrease of crediting on behalf of the banks to business and declined business climate on capital markets. The measures undertaken by the Bulgarian government being in synchrony with these of the EU, might neutralize the negative phenomena in the country's economy to a certain extent.

The measures foreseen by the Company for reducing the effect of the world financial crisis considering the increase of the global credit risk and the stagnation in liquidity and the decline of capital flows are as follows:

- Strict performance of contracts concluded with financial institutions in order to eliminate the opportunity for early repayment;

- Restriction of investments in operations and projects outside the main focus of the company;
- Optimization of costs, review of investment program;
- Acceleration of collectability of receivables and the classification thereof with view of the risk and finding of instruments for effective collectability;
- Working with solvent clients only (local and international companies operating in sectors less affected by the crisis);

2.4.5. Inflation risk

This is the risk of impairment of local currency and reduction of its purchasing power. The risk of increase of inflation causes to impairment of investments or the value of savings in time, respectively.

The inflation in the country in 2008 is 7.8%, and in 2009 it reaches 2.8%. During this year we expect the inflation to remain low under the impact of recession in the country. However, in the context of development of petroleum and other energy products prices during the last years, it is expected that the high prices will affect the inflation expectations in the country. Considering the commitments and the desire of the country to become member of the ECU as well, and the related requirements for inflation, we may expect measures on behalf of BNB and the government to maintaining the inflation within specific frames (the Maastricht criteria for ECU membership).

2.4.6. Currency risk

This risk is related to the opportunity for impairment of local currency. For Bulgaria in particular, this is the risk of early refusal from the monetary board conditions with fixed exchange rate of the national currency – BGN 1.95583 per EUR 1. Considering the policy adopted by the government and the Central Bank, we expect that the monetary board will exist until the admission of the country in the ECU.

The company purchases and sells in foreign currencies – euro and US dollar. The main part of these operations is carried out in euro. As the BGN/EUR exchange rate is fixed to 1.95583, the currency risk due to the euro expositions of the Company is minimum.

The company carries out different amount transactions in US dollars. Therefore, it is exposed to considerable currency risk in relation to the changes in the BGN/USD exchange rate.

2.4.7. Interest risk

The interest risk is related with the opportunity for change of prevailing interest levels in the country. This would affect the Company's business as far as the change of interest levels, in equal other conditions, causes change in the price of the financial resource used by the Issuer when implementing different projects.

The company is exposed to a risk of change in market interest rates mainly in relation to its short- and long-term financial liabilities with changing (floating) interest rate. The Company's policy is to manage the costs for interest through financial instruments both with fixed and floating interest rates.

2.4.8. Tax risk

Taxes paid by Bulgarian business subjects include withholding tax, local taxes and charges, tax on corporate profit, value added tax, excises, import and export duties and property taxes. The taxation system in Bulgaria is still developing thus causing contradictory tax practice both at state and local level.

Furthermore, investors must take in consideration that the value of investment in ordinary share may be adversely affected by changes in the applicable tax legislation, including in its interpretation and implementation.

2.4.9. Normative risk

The normative risk is the possibility for changes in legislation, which results in deterioration of economic situation in the country.

Despite the greater part of the Bulgarian legislation is already harmonized with the EU legislation, the implementation of the law is subject to criticism by Bulgaria's European partners. The judicial and administrative practice are still problematic: Bulgarian courts are not able to effectively settle disputes in relation to title, violation of statutory and contractual obligations, etc., and therefore the systematic normative risk is quite high.

Regardless of the problems in the Bulgarian legal system, the Bulgarian commerce legislation is part of the European and thus it is relatively modern. The introduction of new normative acts in some sectors like the corporate law and securities, as well as the harmonization with the laws and regulations of the EU, are expected to result in reduction of normative risk in the near future.

3. CAPITALIZATION

The book capitalization and indebtedness of the Issuer for the period 2007 – 30.09.2010 is presented in the tables below.

Table №4 Book capitalization of the Issuer for the period 2007 – 30.09.2010, on individual basis

<i>in thousand BGN</i>	30.09.2010	2009	2008	2007
Shareholders' equity				
Share capital	1,199	1,199	1,199	1,199
Repurchased shares	-	-	(9)	(26)
Reserves	2,160	2,160	1,276	1,093
Retained earnings (net)	809	569	782	(12)
Shareholders' equity	4,168	3,928	3,248	2,254

Source: Audited annual individual financial statements of the Issuer for the period 2007 - 2009 and interim unaudited individual quarterly statement as at 30.09.2010

Table №5 Book capitalization of the Issuer for the period 2008 – 30.09.2010, on consolidated basis

<i>in thousand BGN</i>	30.09.2010	2009	2008
Shareholders' equity			
Share capital	1,199	1,199	1,199
Repurchased shares	-	-	(9)
Reserves	2,160	2,160	1,277
Retained earnings (net)	747	522	779
Shareholders' equity	4,106	3,881	3,246
Minority interest	55	64	76
Total shareholders' equity	4,161	3,945	3,322

Source: Audited annual consolidated financial statements of the Issuer for the period 2008 - 2009 and interim unaudited consolidated quarterly statement as at 30.09.2010.

Table №6 Issuer's obligations for the period 2007 – 30.09.2010, on individual basis

<i>in thousand BGN</i>	30.09.2010	2009	2008	2007
Liabilities				
Long term liabilities				
Financial lease	37	22	-	-
Total long term liabilities	37	22	-	-
Short term liabilities				
Bank loans	70	-	-	-
Short term lease	19	10	-	-
Trade and other liabilities	421	253	32	51
Related parties liabilities	25	47	85	-
Employees liabilities	95	71	13	33
Social security liabilities	24	21	2	10
Taxes payable	56	48	78	34
Total short term liabilities	710	450	210	128
Total liabilities	747	472	210	128

Source: Audited annual individual financial statements of the Issuer for the period 2007 - 2009 and interim unaudited individual quarterly statement as at 30.09.2010.

Table №7 Issuer's obligations for the period 2008 – 30.09.2010, on consolidated basis

<i>in thousand BGN</i>	30.09.2010	2009	2008
Liabilities			
Long term liabilities			
Financial lease	37	22	-
Total long term liabilities	37	22	-
Short term liabilities			
Bank loans	70	-	-
Short term lease	19	10	-
Trade and other liabilities	421	255	33
Related parties liabilities	8	6	-
Employees liabilities	96	72	14
Social security liabilities	24	21	2
Taxes payable	53	48	78
Total short term liabilities	691	412	127
Total liabilities	728	434	127

Source: Audited annual consolidated financial statements of the Issuer for the period 2008 - 2009 and interim unaudited consolidated quarterly statement as at 30.09.2010.

The Issuer's equity for 2009 increased with 20.93% and reached BGN 3,945 thousand on consolidated basis, mainly due to additionally accrued reserves (BGN 883 thousand) and the accrued profit. As at 30.09.2010 the equity is in the amount of BGN 4,161 thousand.

The current liabilities of the Issuer are BGN 37 thousand as at 30.09.2010. This is due to concluded automobile leasing contracts.

4. BUSINESS REVIEW

4.1. HISTORY AND DEVELOPMENT OF THE ISSUER

4.1.1. Legal and trade name of the Issuer

Investor.BG AD is a joint stock company with public status within the meaning of article 110, paragraph 1 of the Law for Public Offering of Securities. At the time of drafting the present document, the Company is entered in the Trade Register at the Registry Agency with the name Инвестор.БГ (transliterated in English as “Investor.BG” AD).

4.1.2. Place of registration of the Issuer and its register number

The company is registered in the register of Sofia City Court with Sofia City Court decision № 1 of 19.04.2000, batch № 56035, book 609, reg. I, page 53, under corporate file № 5692/2000.

At present, pursuant to the Law for the Trade Register, the company is entered in the Trade Register at the Registry Agency with identification code /UIC/ 130277328.

4.1.3. Date of establishment and duration of Issuer’s business

The company is registered in the register of Sofia City Court with Sofia City Court decision № 1 of 19.04.2000, batch № 56035, book 609, reg. I, page 53, under corporate file № 5692/2000. The company is established for unlimited time.

4.1.4. Seat and legal form of the Issuer, legislation under which the Issuer operates, country of registration, address and phone at its seat

The legal form of the Issuer is Joint Stock Company. Investor.BG AD is a public company within the meaning of article 110, paragraph 1 of LPOS.

Investor.BG AD operates in compliance with the requirements of the Bulgarian legislation, with the provisions of the Commerce Law and the Law for Public Offering of Securities in particular, which impose specific requirements in relation to public companies.

The seat and the registered address, phone and e-mail of the Company are as follows:

Country	Bulgaria
Seat	Sofia
Registered address	Region Krasna Polyana, 31 Vazkresenie Blvd.
Office address	Sofia, 205 Aleksandar Stamboliyski Blvd., 8 th floor
Phone	+359 2 812 98 12
Fax	+359 2 812 98 53
E-mail	info@investor.bg
Website	www.ibg.bg

4.1.5. Important events in the development of the Issuer's business

1. Establishment of the company and initial entry in the register of business companies at Sofia City Court – April 2000.

- Name – INTERNETDATA.BG OOD;
- Capital – BGN 5,000;
- Manager – Gergana Zlatanova-Lekova.

2. Transformation of the limited liability company to joint stock company – October, 2003.

- Name – Investor.BG AD;
- Capital – BGN 100,000 divided into 100,000 ordinary registered shares with voting right, with nominal value of BGN 1 each;
- Managing body – Board of Directors;
- Executive member of the BD – Gergana Zlatanova-Lekova.

3. Mr. Lyubomir Lekov is appointed Chairman of BD and representative of the Company - February 2004.

4. Capital increase – March 2004

- From BGN 100,000 to BGN 280,030 through issue of new shares.

5. Acquisition of public status – August 2004

- Organizing the first primary public offering of newly issued shares at BSE – Sofia AD;
- Capital increase from BGN 280,030 to BGN 599,730 through the issue of 319,700 new shares.

6. Capital increase - January 2005

- From BGN 599,300 to BGN 1,199,460 with money from the Reserve Fund.

7. Involving 3TS Cisco Growth Fund (Technology in Central and Eastern Europe S.C.A. SICAR) as strategic investor holding 16.77% of the Company's capital – February 2009.

8. Appointing Mr. Jozsef Köver – representative of 3TS Cisco Growth Fund, a member of the board of directors – April 2009

9. Appointment of Procurator – Mr. Ivaylo Krasimirov Lakov – June 2009.

10. Appointment of new executive director – current member of BD – Mr. Stuart Allen Till – March 2010.

11. Issue of warrants by the Company

On the basis of resolution adopted by Issuer's BD on 25.02.2010, the Company has made an issue of warrants. Within the period of public offer of warrants, 79,963 warrants are subscribed. The issue of warrants is registered at the Central Depository on 07.10.2010 and is admitted for trading on regulated market organized by BSE – Sofia AD on 17.11.2010. The basic asset of the warrant issue is the future issue of ordinary, non cash, registered, freely transferable shares, with the right to one vote at the General Meeting of Shareholders (GMS). Each holder of warrants is entitled to exercise the rights thereof within 5 years from the date of registry of the issue at CD AD, whereas subscribing shares from the basic asset at issue value of BGN 12.40 per share.

The rights conferred by the warrants issued by the Issuer, as well as the terms and conditions for exercising thereof are described in details in the Prospectus for public offering of warrants that can be downloaded from the Issuer's website and from the website of the Financial Supervision Commission.

On the official website of the Trade Register - www.brra.bg, the entire information about the issuer's legal status, history, registered circumstances and documents on the basis of which entries are made, may be seen.

4.2. ORGANIZATIONAL STRUCTURE

Investor.BG AD is part of an economic group within the meaning of §1, item 7 of Additional Provisions of Regulation № 2 for the Prospects for Public Offering and Admission to Trading on Regulated Securities Market and Disclosure of Information from Public Companies and other Issuers of Securities. Pursuant to the above mentioned provision, the economic group comprises the parent-company and its subsidiaries.

Pursuant to the definition of article 1, paragraph 1, letter "a" of Directive 83/349/EEC, "a subsidiary" is a company in which the parent company holds the majority of the shareholders' or members' voting rights.

With view of the above, Investor.BG AD is the parent-company of Investor Puls OOD, with a holding of 50.1% of shares. Similar information about the business scope of the subsidiary and the economic group of Investor.BG AD is presented in item 4.11. *Investments* of the present Prospectus.

4.3. MISSION AND STRATEGY

The mission of Investor.BG AD is: *"Investor – pure information: we share it and reflect it accordingly, in more precise and attractive appearance than the others, making it part of the future digital media platforms on the Bulgarian market."*

Investor.BG AD tries to affirm its positions as a leading provider of financial-information services on the Internet in the country through constant improvement and expansion. Furthermore, the Issuer plans to expand the scope of

offered information and service services that will lead to increase of proceeds upon realizing economies from scale.

Investor.BG AD strategy includes development and acquisition of many specialized websites covering a large part of the Internet services spectrum, and the aim is to make managed websites one of the most frequently visited ones within the Bulgarian internet space. The Issuer aims to establish the brand Investor.BG and thus to make the group a major factor on the Bulgarian internet market.

In midterm, efforts of the management are directed to successful positioning and realization of proceeds from internet advertising. Investor.BG AD is aimed at increasing its market share to more than 20% of the on-line advertising markets in Bulgaria during the next 3 years. Investor.BG AD works for increasing the proceeds from additional internet services. In particular:

- Aggressive increase of advertising proceeds – establishment and promotion of a group of specialized information websites;
- Maximizing of additional services proceeds, including from other consultancy-information services, as well as from launching paid information services.

4.4. ECONOMIC ENVIRONMENT

Bulgaria's economy register a 5% decline of GNP in 2009, the most severe crisis after the economic recession at the end of the 90s. Despite the economic growth for the second and third quarter of 2010 is 0.5% (which technically means the end of recession), the Bulgarian market still has difficulties when trying to increase the domestic consumption of population, since the GNP growth at present is maintained by the increased export. EC expects an unemployment rate of 9.8% until the end of 2010, and afterwards a reduction to 9.1% in 2011, and the inflation is expected to fall at levels of about 2.5% - 3% for 2010, being the lowest levels since 2003. The balance of payments expects rather smaller direct foreign investments for 2010, whereas the EC foresees a growth for 2011 and 2012, and for the first time since 1997 now the state budget suffers a deficit of 4.7% in 2009 and it is expected such deficit to reach about 4% in 2011. The EC forecasts a minimum GNP growth of 2.6%, and a budget deficit below 3%. The improved trading balance is a positive fact, especially with view of reduction of import in 2009.

Table №8 Main macroeconomic indicators and forecasts for the period 2007 - 2012.

Indicator	2007	2008	2009	9M 2009	9M 2010	2010F	2011F	2012F
GDP (%)	6.2	6.0	-5.0	-5.4	0.5	-0.1	2.6	3.7
Trade balance (% of GDP)	-22.5	-22.9	-9.6	-10.4	-4.6	-2.6	-4	-4.5
Inflation (%)	7.6	12.0	2.5	0.2	3.6	2.3	2.7	3
Unemployment (%)	6.9	5.6	6.8	6.7	9.5	9.8	9.1	8.0
Budget deficit (%)	0.1	1.8	-3.9	n.a.	-2.1	-4.0	-2.8	-1.1
USD:BGN exchange rate (average)	1.43	1.33	1.40	1.43	1.49	1.51	1.64	1.7
EUR:BGN exchange rate	Currency board: Fixed exchange rate of BGN 1.95583 for EUR 1							
Prime interest rate (%)	3.9	5.1	2.4	2.9	0.2	0.2	1.3	1.8

Source: BNB, NSI, Economic Intelligence Unit 2010, EU - European Economic Forecast - Autumn 2010

There is a political consensus for preserving the Currency Board until the accession to ERM II, as well as the possibility for a loan from the ICB or EU if needed, which to a great extent reduces the risk from change of the fixed exchange rate to euro. Significant currency reserves accrued from budget surpluses during the last years, including the low level of state debt give additional grounds for security.

The interest levels show comfort but the spread over the EU levels has increased as compared to the levels in 2007, which gives pressure on business and shows the conditions of monetary markets are still restrictive.

4.5. INDUSTRY AND COMPETITIVE ENVIRONMENT

Investor.BG AD is a company operating in Internet. The main market the company operates on is the internet market in Bulgaria.

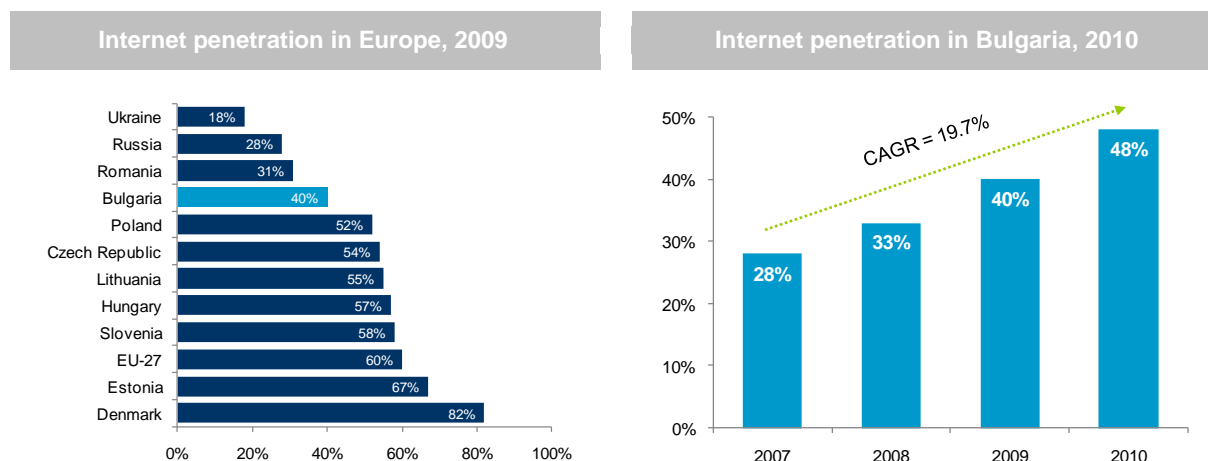
4.5.1. Internet market in Bulgaria

The use of Internet in Bulgaria is gradually increasing during the recent years. Nevertheless, the perception of Internet in Bulgaria is still very low, and the greater part (53%) of the population has never used internet. The use of internet services is very low, respectively. The most popular services are the most commonly used ones in the EU. For example – searching information for goods and services; download/ listening/ watching music and/ or films, is also very popular. The e-commerce is still developing, whereas Bulgaria is ranking last within the EU.¹

As at October, 2010 the number of internet users is 3.3 million, according to Gemius data, whereas in big cities (Sofia, Varna) users exceed 60% of the population. For the last four years the penetration of internet among population has drastically increased; the average annual growth rate is 19.7%, and at the end of 2009 the penetration in Bulgaria is 48%. Bulgaria is still lagging behind the EU countries as far as penetration is concerned, which is 60% on average for EU-27 (See **Figure №1**)

¹

ICT Country Profiles, Commission staff working document, Volume 2, Brussels, 17.5.2010, SEC(2010) 627

Figure №1 Internet penetration in Europe and Bulgaria

Source: EC, www.internetworldstats.com

The internet business meets two key needs of companies under the conditions of financial crisis:

- Requires less expense;
- Gives opportunity for considerable increase of sales.

What companies seek for in crisis conditions is an increase of efficiency at lower costs, and the presence in the internet may provide them both. Furthermore, starting a business on the web is quite faster, the speed is a key factor for the success of every company. The global web allows already existing companies to reach new audiences, and start-up companies to achieve quicker return of funds. The trend in increased on-line demand of different products and services is better expressed.

One of the reasons why some of the companies have not stepped to on-line business is the impression that this is a high cost investment.

The new expression of the global economic crisis or the sharp political shocks and natural disasters in Bulgaria give rise to pessimistic scenarios, which might result in stagnation in the development of internet business. However, Internet is a mean to lower costs of business entities and households, also having in mind that the access becomes cheaper. This is why and with view of its undisputable advantages for facilitating communications and easy and quick finding of information, internet in Bulgaria is expected to develop dynamically even in a situation of users' incomes decline.

The expectations for future years include higher development of internet commerce and payments, paid distribution of information and internet services, as well as bigger and varied advertising market in the internet. The increase of household incomes will allow for the increase of the percentage of people with personal computers and access to the internet. The increase of the amount of internet advertising and e-commerce will provide internet companies such as Investor.BG AD a resource for development of their products and for increase of their profits.

4.5.2. High speed internet in Bulgaria

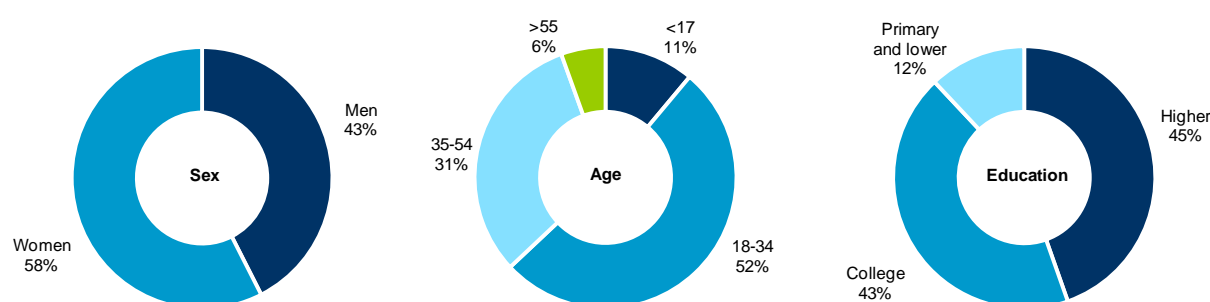
According to the European Commission's data, Bulgaria falls behind in the use of high speed internet. Despite the penetration of wide band access increases, the growth rate is not sufficient to rank Bulgaria together with the leading European countries. The current penetration is 13%, or one of the lowest in the EU. For the purposes of comparison, the penetration of wide band access in Denmark is 37.8%, in Belgium – 29.1%, Germany – 30.4%, Hungary – 18.7%, and the average for EU-27 – 24.8%. The low penetration in Bulgaria is valid both for individual users and for the business. There is a positive trend in the development of wide band internet speed – Bulgaria is above the average level for the EU by percentage of clients with wide band access with at least 2 Mb speed for downloading data from the internet. This shows that Bulgaria “jumps over” the narrow band and low speed access as separate stages for Internet connection.²

More than 68% of provided internet connection has a speed of more than 10 megabits per second (mbps). In this relation only Greece shows better result than Bulgaria, and the average level for the EU is hardly 29.2%. 1.3% of the Bulgarians in total have internet with speed at least 100 mbps, LAN is the preferred type of technology. About one third of Bulgarians use DSL technology for internet access, which is provided by Vivacom.

4.5.3. Internet audience

In 2009, 52% of internet users in the country are at the age between 18 and 34 years, whereas the visits in the global web are daily or at least once a week as per data of Nielsen Online (See **Figure №2**). The second most active group is between 35 and 54 years, which is 31% of the internet users. The educational status of consumers is predominantly of people with secondary or higher education – 88% in total of the internet users for 2009. Women are the predominant share of internet users – 58%.

Figure №2 Profile of internet audience in Bulgaria



Source: Piero 97, Nielsen Online

According to a survey of the National Institute of Statistics, the Internet users are located countrywide, even though they are concentrated mainly in towns. Most of the users are in the Southwestern region. This can be easily explained with the presence of a big city like Sofia in this region, where the internet users from the above groups are more concentrated. The South Central region comes next with half less users, followed by the Southeastern region. In the other three regions /Northwestern, North Central and Northeastern/, the total number

²

ICT Country Profiles, Commission staff working document, Volume 2, Brussels, 17.5.2010, SEC(2010) 627

of internet users is less than the users in the Southwestern region. We can explain this with the lower development of the regions in question and the lower incomes of the population living there.

More than 33.8% of the population using Internet makes connection with the global web on their working place while performing their official obligations, whereas the users of internet from home are 86%.

About 81% of the internet users have visited the global web for making different communications (sending/receiving e-mails, internet telephony, video conferences, chat sites, etc.). About 41% of the users have visited internet to download information and online services.

During the recent years, the job search via the web has increased significantly, together with the search of information related to healthcare. Data for 2009 reveal about 21% and 23.5% of the population using the internet.

The options of the web for purchase and sale of goods and services are used by hardly 1.6% of the population, and for bank services – these options are used only by 4.4% of the population using Internet.

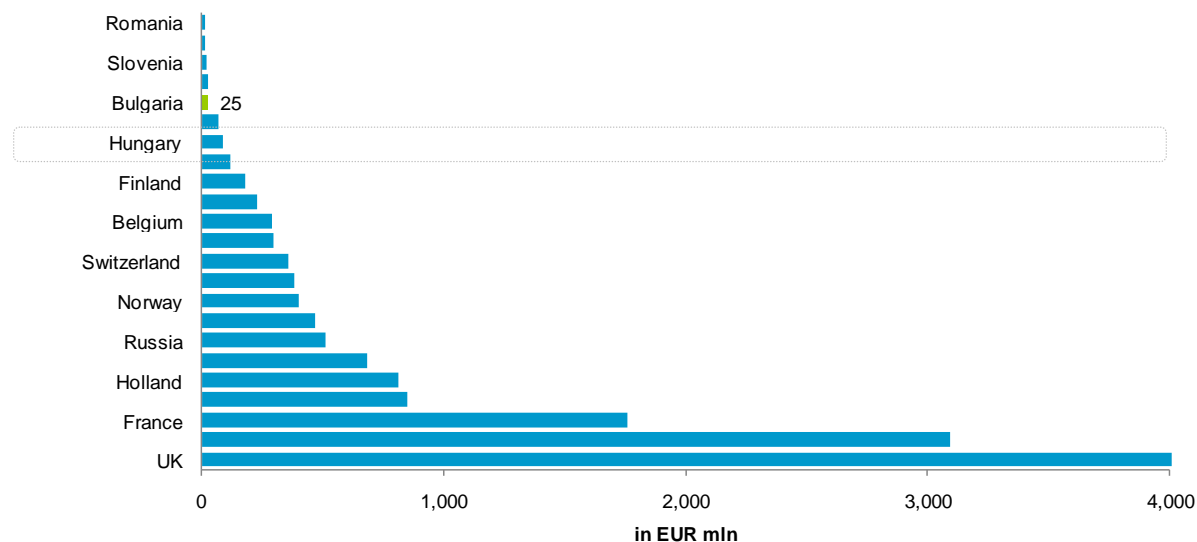
4.5.4. Development of advertising market on the internet

Internet becomes more and more attractive place for advertisers. The reasons are the profitability of this media and its strong effect on consumers, as well as the precision when analyzing the cover of the respective advertising campaign within the respective market segment. Specialists say that in 2009 the online market in Europe has exceeded EUR 12 billion. World trends in the development of internet advertising do not skip Bulgaria. The market stakeholders forecast that the less developed markets, such as the Bulgarian one, will keep the trend in 2011.

The internet advertising costs in Bulgaria have reached BGN 50 million in 2009; our country falls behind in comparison with the EU average levels, whereas Germany and the United Kingdom have spent more than EUR 3 billion for internet advertising (see **Figure №3**). According to the e-Academy – a Bulgarian center for professional education, the expected growth in internet advertizing would be between 8% and 9% for 2010.³

³ <http://www.investor.bg/news/article/107557/261.html>

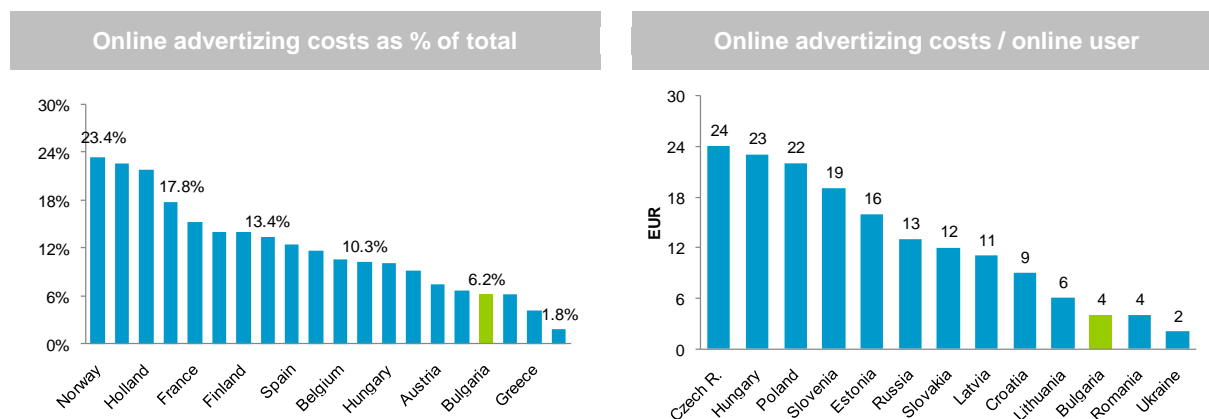
Figure №3 Internet advertising costs by countries in 2009



Source: IAB Europe/Screen Digest

Bulgaria registers growth in the share of costs for online advertising within the general advertising mix. In 2007, the share has been hardly 3%, whereas increasing twice up to 6% in 2008. In 2009, we witness slight growth up to 6.2% of the total advertising costs, whereas it is expected that the internet advertising will overtake radio advertising in the overall communication mix in the country. (see **Figure №4**). Nevertheless, Bulgaria falls behind the developed CEE countries, where such share is about 12-13%. This suggest an opportunity for Bulgaria to catch up under this indicator with the leading CEE economies in mid- and long-term perspective, which of course suggests a growth in online advertising during the next few years. An internet user in Bulgaria has EUR 4 and according to that indicator the country ranks among the last in Europe. However, with the increase of the internet advertising costs in the overall mix, we expect this indicator to grow too. Investor.BG expects 10% growth of the internet advertising market in 2010, and 15% growth in 2011.

Figure №4 Internet advertising costs as % of the overall advertising mix and online advertising costs/ user 2009



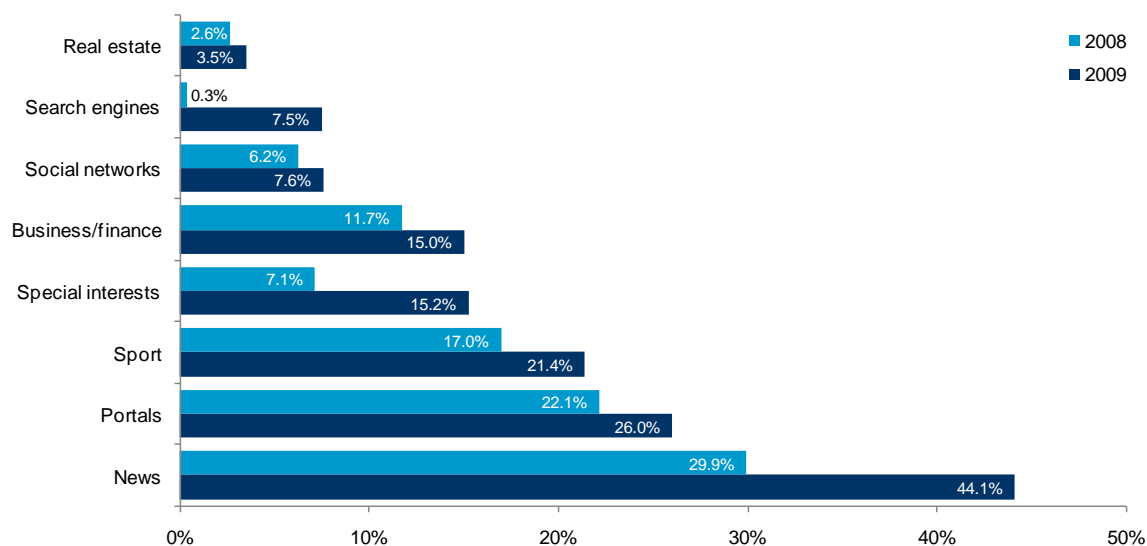
Source: IAB Europe/WARC, Gemius

At the end of September, 2009, the association “Interactive Association Bulgaria” was established, which unites the leading internet media covering 90% of the internet audience in Bulgaria and collect more than 80% of the market of online advertising in the country: Investor.BG, Net Info, Econmedia, Darik News, Dir.BG, Mail.BG. They are expected to be the core and the driver of the Interactive Advertising Bureau (IAB) in the country.

The traditional Bulgarian advertisers direct greater part of their advertising budgets to the Web. At the same time, as an advertising mean internet is used both by leading companies (Nestle, Hewlett Packard, Vivacom, Zagorka, Kamenitsa, Svoge-Suchard, Nivea, Rossignol, etc.), and by a great number of small companies. The internet audience is quite different and both large scale products and goods and services for a narrower circle of consumers may be advertised.

The most popular websites where Bulgarian companies prefer advertising their products and services, are the news sites. In 2009, they have attracted 44.1% of the total advertising budgets, whereas for the last two years the growth of their share is about 100%. The other categories that register significant growth, are websites with rich content (26% share) and websites for hobby and special interests (15.2% share) – see **Figure №5**.

Figure №5 Categories of websites by attracted advertising budgets for 2009



Source: Piero 97

4.5.5. Competitors on the Bulgarian internet market

According to Piero 97 analysis, a leading media agency in Bulgaria, 10 media groups attract about 80% of the annual budgets for internet advertising in the country – bTV, Darik Web, Dir.bg, Investor BG, Mail BG, MSKEY, NEG, Net Info BG, Sanoma, and Web Ground Group. These media groups manage more than 120 websites, some of which are in the Top 20 by visits in Bulgaria. The three leading internet media in Bulgaria, which are direct competitors of Investor.BG AD are presented below.

Netinfo Company – the biggest internet group in Bulgaria in relation to the internet users cover. The company is owner of the largest Bulgarian mail – abv.bg, as well as the site analogue to youtube.com - Vbox7.com. For October 2010, the company has a cover of 79.3% of internet users in Bulgaria. Since 2008 the company is owned

by the international media group Sanoma, which inputs fresh money and the company shows desire for development and growth.

Dir.bg – a leading internet portal in Bulgaria, which is one of the pioneers on the internet market. The group manages websites and internet services, including news, catalogues, entertainment, forums, ads, communication tools, etc. As per Gemius data Dir.bg has 38.6% cover of internet users in Bulgaria for October 2010.

DarikWeb – the group is part of Darik Radio. It has 34.5% cover of internet audience for October, 2010. During the last years the company acquired some niche projects from the Bulgarian internet space (lex.bg, album.bg, gong.bg), demonstrating its desire to be presented among the leading internet groups on the Bulgarian online market. The company has a strong support by Darik Radio, through which it promotes its projects and acquires already established image.

4.6. MAIN BUSINESS

Investor.BG has a leading position among media groups in Bulgaria by proceeds generated from internet advertising and number of internet users in Bulgaria. The survey of the Bulgarian media agency Piero 97 reveals that the top 10 medias and media groups in Bulgaria has attracted about 80% of the budgets for online advertising in 2009. The websites managed by Investor.BG (14 websites) are specialized in different internet segments, most of them being among the leaders by visits in the respective segment. **Figure №6** herein below represents the 14 websites of the Issuer, as well as the market segments they operate in.

Figure №6 Leading media and media groups as per proceeds from online advertising in Bulgaria and websites of Investor.BG by segments



Note: The companies are listed in alphabetical order. The websites of Investor.BG are grouped in three segments, whereas each segment – by site visits.

Source: Gemius, Piero 97, Investor.BG AD

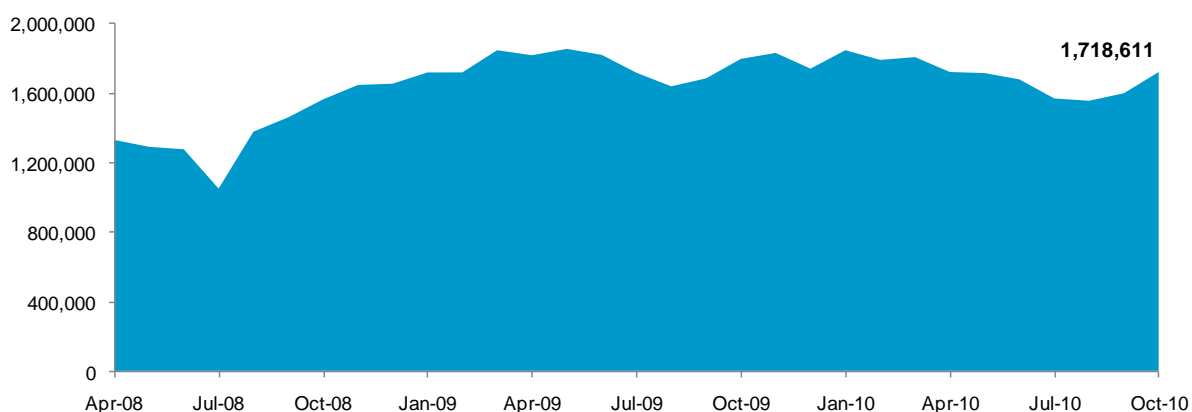
Investor.BG ranked at the prestigious 5th place in the rank list of Deloitte for most dynamically developing technological companies in Central and Eastern Europe – Fast 50, and at 87th place in Technology Fast 500 EMEA (for Europe, Near East and Africa), realizing 1,633% growth of incomes for the period 2004-2009. The annual initiative of Deloitte for Central and Eastern Europe evaluates the most dynamically developing technological companies for the region on the basis of average growth of proceeds for a period of up to five years.

At the beginning of 2009, Cisco's fund acquired 16.77% of the capital, and a representative of the fund became a member of the Board of Directors of Investor.BG AD. As at the date of the present prospectus, the fund holds 21.34% of the capital.

At present, the Company's proceeds are mainly from the internet.

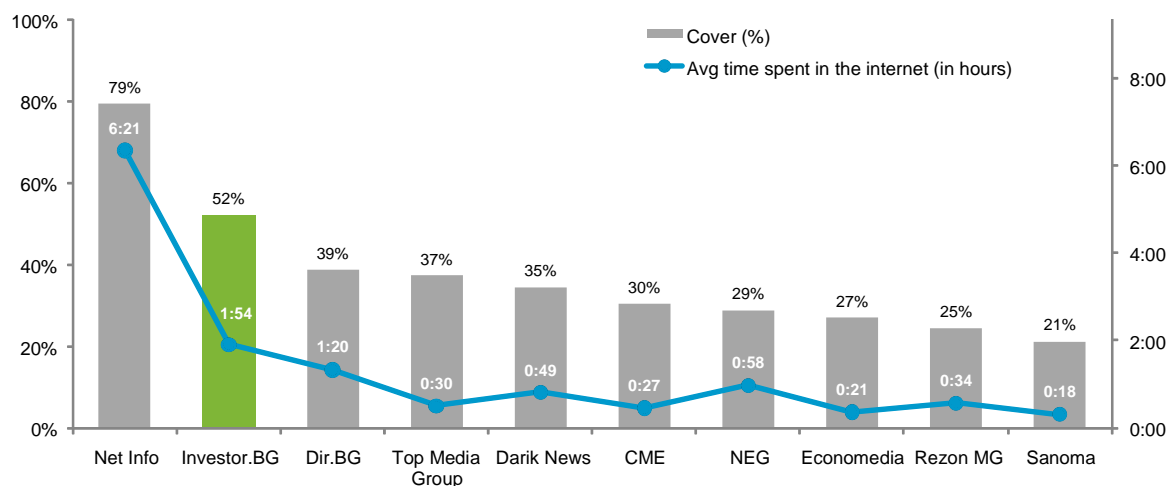
The group of Investor.BG websites has more than 1.7 mln of users (unique users, monthly average for the period 01.01.2010 – 30.10.2010), which represents 52% cover of internet audience (as per Gemius data) in Bulgaria for October 2010. For the period 10.2008-10.2010 the internet users of Investor.BG have increased with about 30% (See **Figure №7**).

Figure №7 Internet users of Investor.BG for the period 04.2008 – 10.2010



Source: Gemius

For October 2010, Investor.BG has a 52% cover of internet market in Bulgaria. The leading internet media in Bulgaria – Net Info, which manages 10 websites, has a cover of 79.3% (see **Figure №8**). Data are obtained from the monthly survey of Gemius Bulgaria, which is based on total internet audience of 3,305,777 users.

Figure №8 Internet penetration and time spent on the Internet for October 2010⁴

Source: Gemius, Investor.BG

Investor.BG AD stakes on the power of its products, on its extraordinary style of media reflection, on communication with users, partners and shareholders, and mostly on the unique team of people who stand behind the company and are its driver.

The information about the major markets of the Issuer is not affected by unexpected factors.

4.7. PRODUCT PORTFOLIO

The 14 websites managed by Investor.BG are grouped in three internet segments – (1) **internet media** - Dnes.bg, Investor.bg, Tialoto.bg, Gol.bg, Automedia.bg, Teenproblem.net, Mp3.bg, and Puls.bg; (2) **online services** – Start.bg, Snimka.bg, Rabota.bg, NasamNatam.com; and (3) **social networks** – Blog.bg, Aha.bg. Most of the websites take leading positions by visit frequency statistics among internet users in Bulgaria. Below you can find information about each of the websites, including competitive position on the market, historical development of visit frequency statistics, as well as the profile of the internet audience.

⁴

Note: (1) Number of internet users: 3.3 million; (2) CME includes: btv; jazzfmbg.com; melodybg.com; njoybg.com; novinitepro.bg; probg.bg; profm.bg; ring.bg; zrockbg.com; (3) Top Media Group includes: topigri.bg; topobiavi.com; (4) NEG includes: bg-mamma.bg, dtrailer.com and winner.bg. AutoForum.bg, SportForum.bg and StudentForum.bg are not included to this publisher; (5) The visits on MSKEY websites – another leading Bulgarian media, are measured neither by Gemius, nor by Nielsen.

4.7.1. Internet media

Dnes.bg



Dnes.bg started in January 2005. Today, it is the most visited news site in the Bulgarian internet market, source of serious and entertaining news presented in personal style. It covers topics from Bulgaria and the world, policy, show business, art, technologies. Unique author's columns, reference information – TV program, weather forecast, horoscope, opportunities for listening to the radio online.

Strengths

- News site №1 in the segment – “in every computer and mobile device”;
- A team familiar with the specificities of the website and its audience;
- Stronger policy to work with external authors, including from abroad;
- Recognizability from the public, advertisers and other media, as well as in social communities and networks;
- Very good feedback with readers;
- Daily video contents with opportunity for better development of own production;
- Competitive design and technical parameters;
- Mobile version with video;
- Well developed section for comments;
- Lack of censorship and auto censorship;
- Free and frank style of speaking;
- Sense of affiliation of readers to *Dnes.bg*.

Opportunities

- Increase of audience;
- Initiating social campaigns.

Threats

- All new and already established news sites;
- Small team.

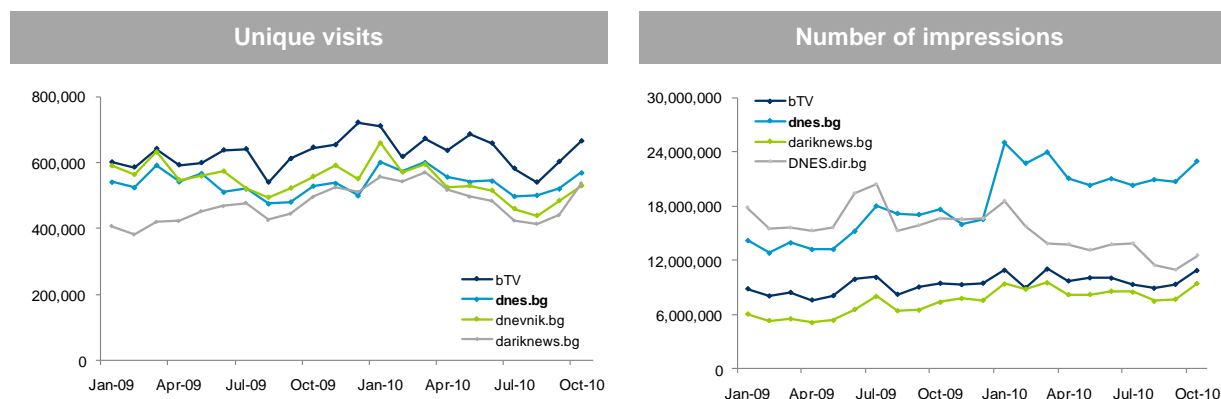
Direct competitors

Websites in segment “General Media” – DarikNews, Vesti.bg, Focusnews, Standartnews, Dnevnik.bg, paper.standartnews.com, Trud.bg, 24chasa.bg.

Site visits

In October 2010 *Dnes.bg* has 569,842 internet users (17.2% cover) and 22.9 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №9**.

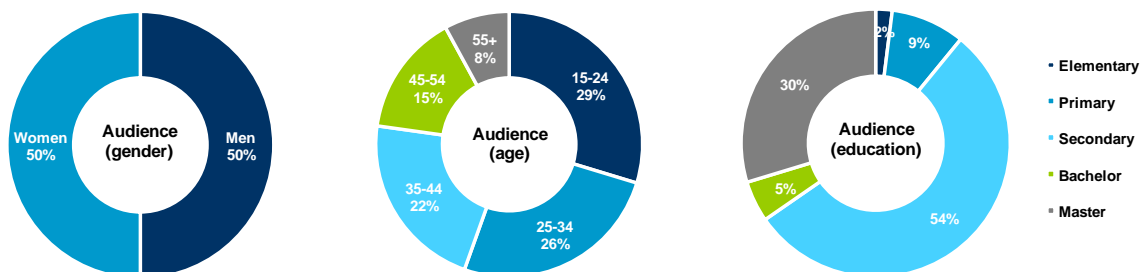
Figure №9 Unique users and number of impressions on monthly basis of Dnes.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №10 Audience of Dnes.bg for October 2010



Source: Gemius

Teenproblem.net



Teenproblem.net started in September 2002 and in July 2007 it became a part of Investor.BG. For 8 years Teenproblem.net has been established as extremely strong online society of young people finding answers to their “taboo” questions and information for a number of other topical issues.

Strengths

- Unique in nature not only in Bulgaria but in the world as well;
- Loyal audience.

Opportunities

- Enrichment of existing functionalities;
- Extraordinary techniques for attracting advertisers.

Threats

- The new version of the site might reject part of the users.

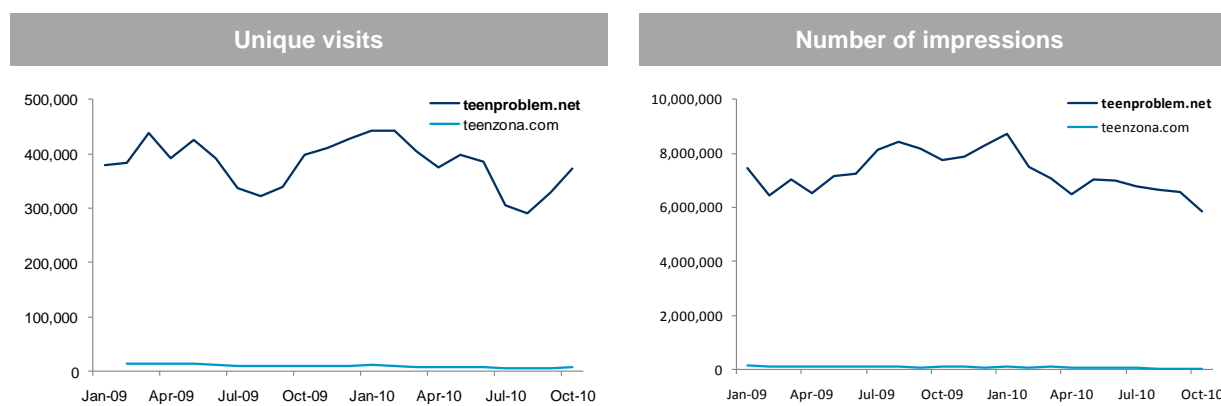
Competitors

Websites in segment “Youth websites” – teenzona.com, teentopic.net, bgteen.us.

Visit frequency statistics

In October 2010 Teenproblem.net has 372,661 internet users (11.3% cover) and 5.8 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №11**.

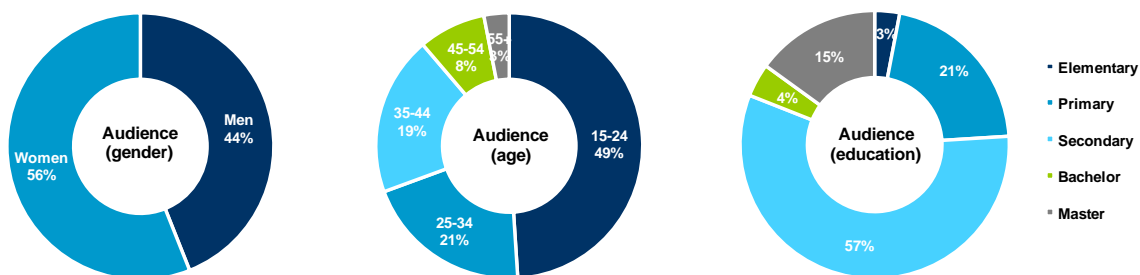
Figure №11 Unique users and number of impressions on monthly basis of Teenproblem.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №12 Audience of Teenproblem.net for October 2010



Source: Gemius

Puls.bg



Puls.bg started in January 2007 and in January 2009 it became part of Investor.BG. *Puls.bg* is the most visited Bulgarian website for health. It answers professionally to every question related to health. The website is original encyclopedia providing variety of understandable materials devoted to healthy way of living, the news in medicine, the different diseases and the ways for diagnosing and treating them. *Puls.bg* has a concept for understandable, competent and exhaustive information – educational materials and author's articles written by physicians practitioners and leading specialists in different fields of medicine. This makes the website reliable reference point both for the audience and for physicians.

Strengths

- Daily update of contents with high quality author's materials containing current information;
- Interviews with leading physicians and experts in the field of healthcare;
- Well developed forum used by physicians – specialists and loyalty of most of the consumers;
- Weekly dissemination of the most important and current materials and enquiries;
- Strongly specialized contents (focus is put on diagnostics and treatment of diseases), reference and rich database for diseases and conditions;
- Constant activities related to different diseases of social importance and topical issues in the field of healthcare and health reform;
- Quality certificate of contents from Health On the Net Foundation (HON), which is a significant advantage in front of the competitive websites.

Opportunities

- Attracting new consumers and dissemination of contents through social networks;
- Due to the specificity of contents, *puls.bg* may be sold quite better and may become more attractive among advertisers;
- To become a platform for meetings and discussions of physicians and specialists.

Threats

- Appearance of competitors due the perspective in this sector.

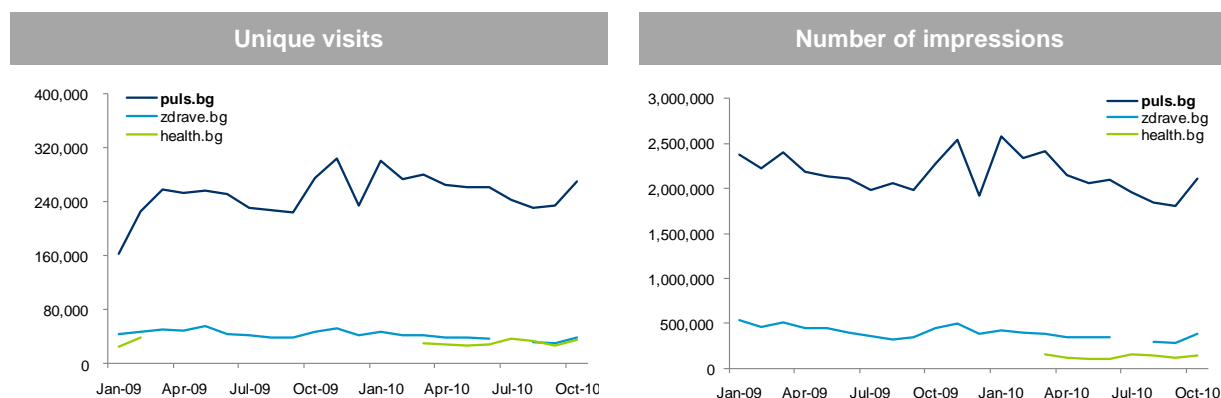
Direct competitors

Websites in segment "Health Websites" - zdrave.bg, health.bg, zdrave.net.

Visit frequency statistics

In October 2010 Puls.bg has 269,565 internet users (8.2% cover) and 2.1 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №13**.

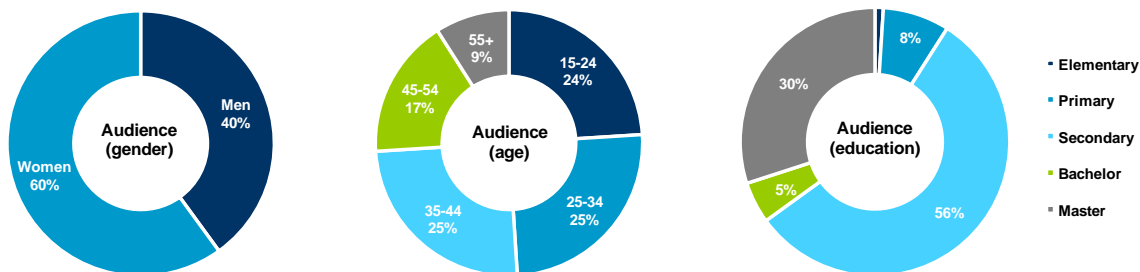
Figure №13 Unique users and number of impressions on monthly basis of Puls.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №14 Audience of Puls.bg for October 2010



Source: Gemius

Tialoto.bg



Tialoto.bg started in June 2004. The website gives advice for maintaining woman beauty and health, directed to young actively living women. It combines current lifestyle topics for leisure time and useful recommendations for spirit and body, cultural news, fashion trends, anti-stress programs, advice for happy family life, recipes. The unique way of writing and communication with the audience make Tialoto.bg one of the most visited and preferred lifestyle editions for every modern woman.

Strengths

- Well known website;
- Unique style of writing and communication with the audience.

Opportunities

- Improvement of functionalities and usefulness;

- Expansion of the website's focus.

Threats

- Aggressive behavior by the competitors;
- Copying our successful practices and quicker integration thereof.

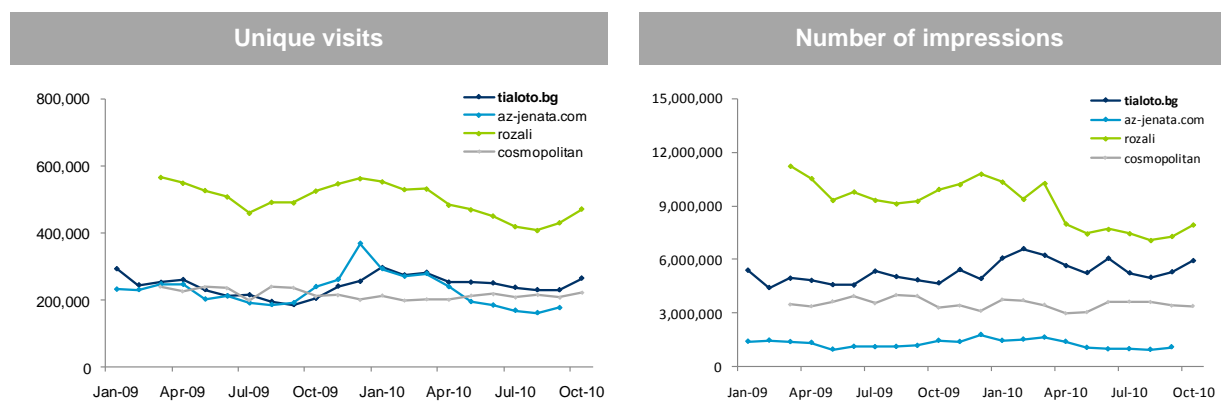
Direct competitors

Websites in segment "Women media" - Rozali.com, Viewsofia.com, az-jenata.com, cosmopolitan.bg.

Visit frequency statistics

In October 2010 Tialoto.bg has 265,353 internet users (8.0% cover) and 5.9 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №15**.

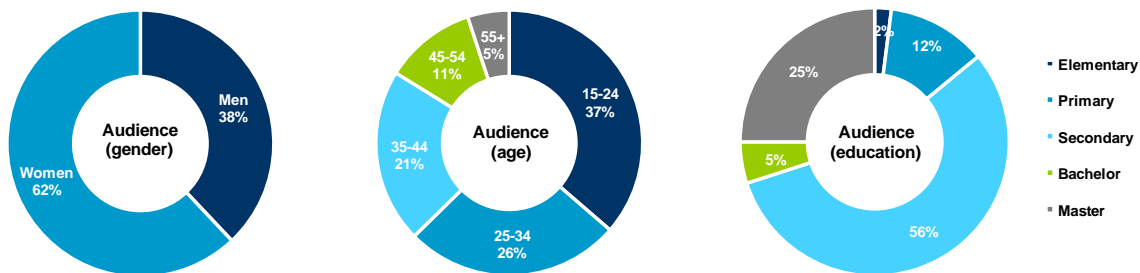
Figure №15 Unique users and number of impressions on monthly basis of Tialoto.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №16 Audience of Tialoto.bg for October 2010



Source: Gemius

Investor.bg

Investor.bg started in October 2000. Today it has a status of one of the most visited Bulgarian websites in the field of economy and finance, and gained popularity as an authoritative and objective source of news from this field and is one of the most frequently quoted sources in the press. *Investor.bg* is the most visited financial forum.

Investor.bg is a reliable source of business and financial information – news, analyses, stock exchange, financial statements. Specialized categories are integrated in the website – Forex, Properties, Companies, Training, Communications (PR, marketing, advertising and information technologies). Recently a lifestyle application was added to the website – *Investor Style*. Furthermore, *Investor.bg* publishes information about financial indexes in real time, quoting and futures.

Strengths

- Editorial policy;
- Brand;
- forum;
- bulletin;
- participation in a big group of websites.

Opportunities

- hindering the way before competitors with unique services;
- reinforcement of the brand;
- expansion of user base.

Threats

- technological delay;
- losing the hard users;
- decreasing the attractiveness of different services;
- loss of market share.

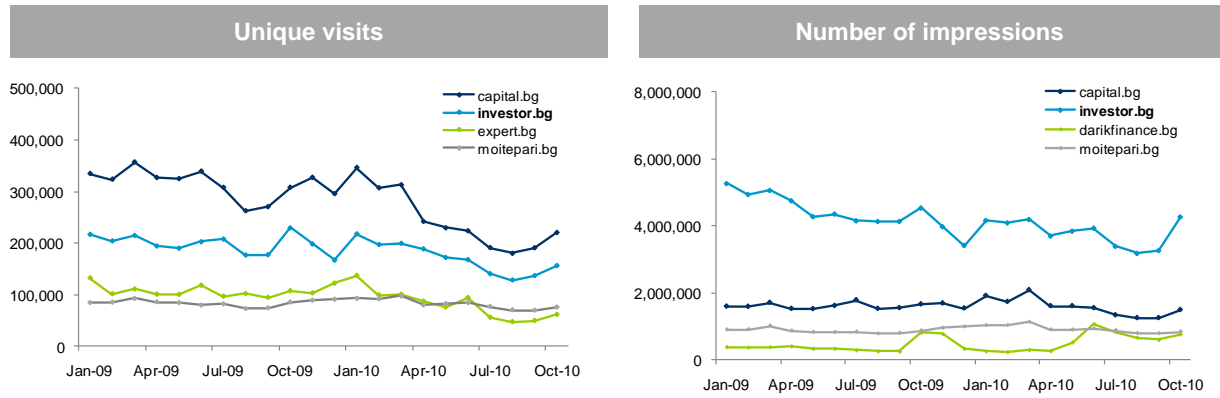
Direct competitors

Websites in segment “Financial Media” - Capital.bg, Darikfinance.bg, Moitepari.bg, Expert.bg, Lev.bg, Ipo.bg.

Visit frequency statistics

In October 2010 Investor.bg has 156,523 internet users (4.7% cover) and 4.3 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №17**.

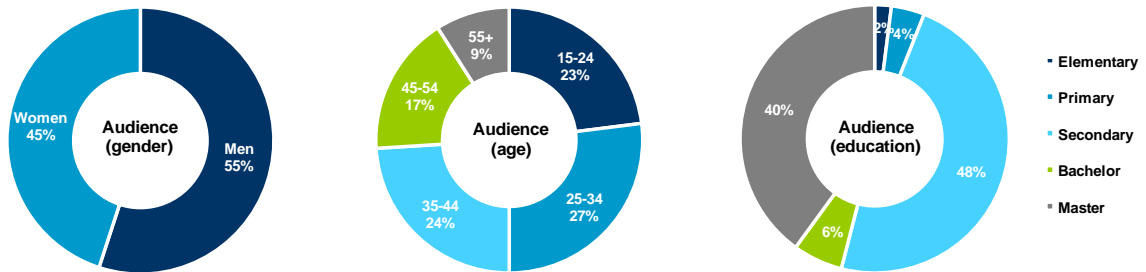
Figure №17 Unique users and number of impressions on monthly basis of Investor.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №18 Audience of Investor.bg for October 2010



Source: Gemius

Gol.bg

Gol.bg started in November 2005. The website provides exclusive information about the most popular sport events in Bulgaria and in the world, emphasizing on football news. It offers interest statistics and forecasts, calendar of forthcoming sport events, special fan sites of leading football teams from the country and abroad. *Gol.bg* reflects the most interesting from the world of tennis, volleyball, as well as the major sport events (Winter and Summer Olympic Games, big track and field tournaments, Formula 1 starts, etc.).

Strengths

- established name;
- approved niches – foreign football;
- part of the contents is generated automatically, which does not require big resources – results, classification, goalers.

Opportunities

- increase of the automatically generated contents;
- involvement of users in generation of contents;
- reinforcing communication among users;
- establishment of social network.

Threats

- strengthening competition and more aggressive approach on their side;
- dilution of gol.bg layout among many competitive websites.

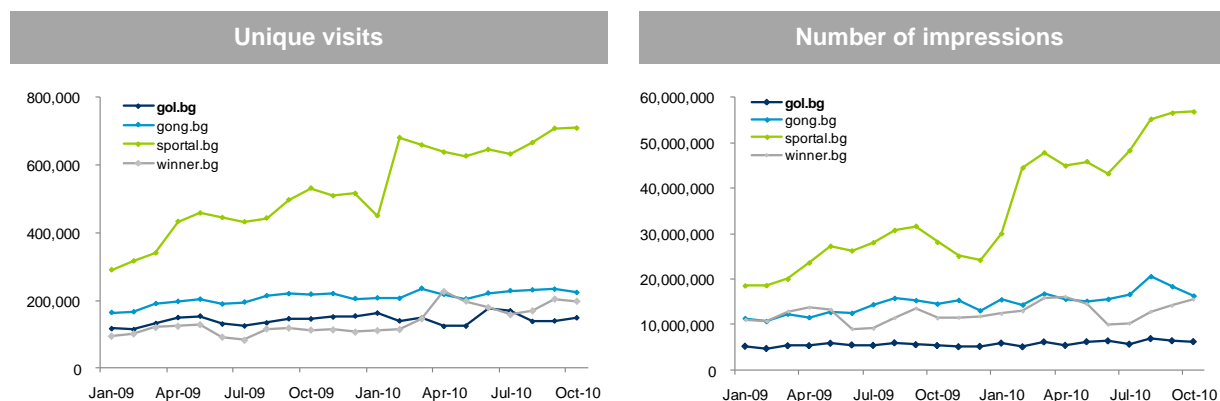
Direct competitors

Websites in segment “Sport media” - topsport.bg, sportal.bg, gong.bg.

Visit frequency statistics

In October 2010 Gol.bg has 149,151 internet users (4.5% cover) and 6.2 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №19**.

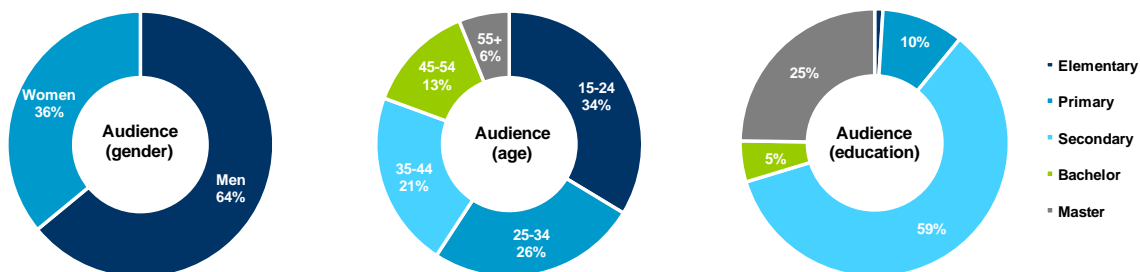
Figure №19 Unique users and number of impressions on monthly basis of Gol.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №20 Audience of Gol.bg for October 2010



Source: Gemius

Automedia.bg



Automedia.bg started in November 2005, and in April 2007 became part of Investor.BG. The website is an online media reflecting the technological innovations, interesting designer’s solutions and all curious for the automobile industry. Automedia.bg gives opportunities to the users to share their experience in different brands and models of cars through establishment of their own test drive, opportunity for discussions in the forum and comparison of brands and models of cars. It created the first Bulgarian internet reality in the world of automobiles – video online test-drive.

Strengths

- quick and updated daily news
- big database of brands and models
- user’s test drive
- video contents
- very rich photo gallery
- възможност за прецизно филтриране информацията по марки

- active audience – comments
- presence of loyal core in the audience

Opportunities

- increase of the traffic from *Google*;
- adding new services;
- larger contents;
- reinforcing of audience loyalty by means of bonus programs;
- reinforcing the importance of forum through attracting external writing associates.

Threats

- theft of contents.

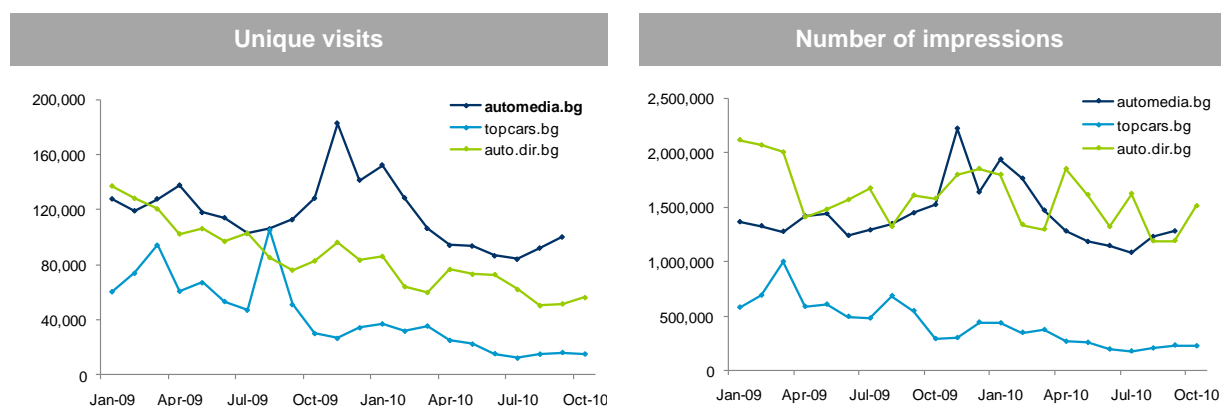
Direct competitors

Websites in segment “Auto news” - topcars.bg, auto.bg, auto.dir.bg, specialized automobile forums.

Visit frequency statistics

In October 2010 Automedia.bg has 100,384 internet users (8.4% cover) and 1.3 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №21**.

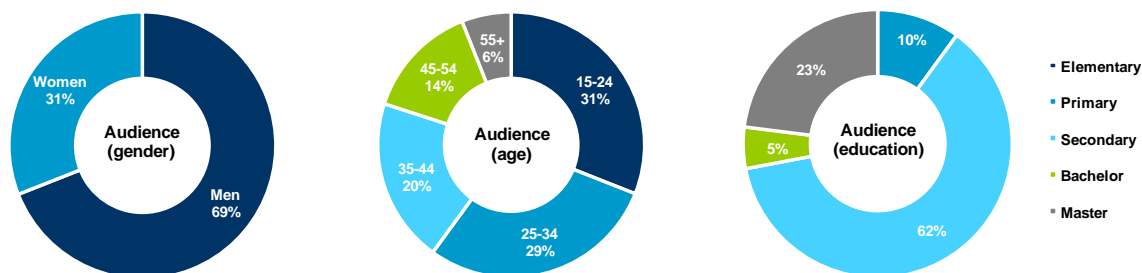
Figure №21 Unique users and number of impressions on monthly basis of Automedia.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №22 Audience of Automedia.bg for October 2010



Source: Gemius

Mp3.bg



Mp3.bg started in February 2006. The website is a musical media with fully legal contents and presents information about the newest albums, forthcoming concerts, latest video clips, some gossips. *Mp3.bg* “found” for Bulgaria groups long before they become popular in the West. The website provides opportunity for creation of profiles of artists and groups that upload what’s new from/ for them alone. The prevailing part of the music contents of *Mp3.bg* consists of Bulgarian groups and artists, and the website catalogues gives free of charge albums under the protection of creative common license. *Mp3.bg* is exclusive online partner of the concerts of AC/DC, Metallica, Rammstein, etc.

Strengths

- specialized video catalogue, free of charge audio;
- varied music news.

Opportunities

- expanding to other entertainment areas except music;
- option for creating play lists by consumers with their own music.

Threats

- expanding competition.

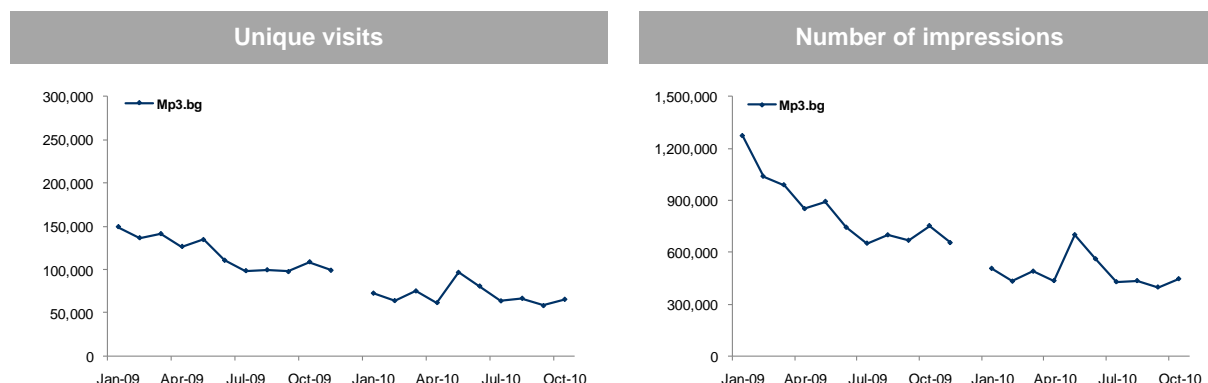
Direct competitors

Websites in segment “Music” - Avtora.com, mono.bg, Mysound.bg, radiotangra.com, stroeja.com, 359hiphop.com, hcspirit.com.

Visit frequency statistics

In October 2010 Mp3.bg has 65,724 internet users and 445,418 impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №23**.

Figure №23 Unique users and number of impressions on monthly basis of Mp3.bg for the period 01/2009 – 10/2010

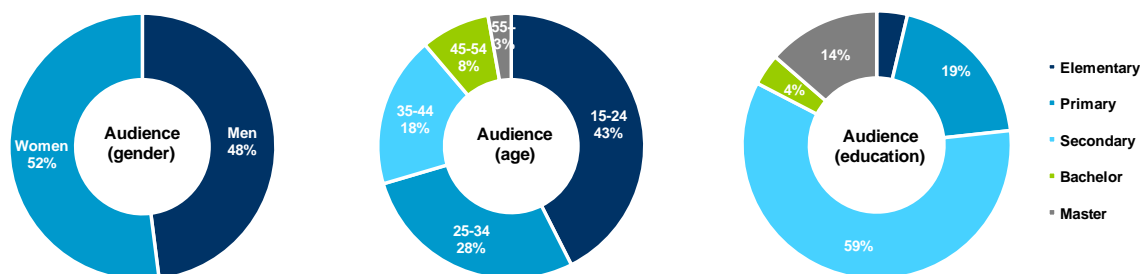


*Note: Since 12.2009 the data for visits to Mp3.bg, presented by Gemius, are accounted to the visits of Dnes.bg.

Source: Nielsen Online

Profile of internet audience

Figure №24 Audience of Mp3.bg for October 2010



Source: Gemius

4.7.2. Online services

Start.bg



Start.bg is online catalogue of links classified in 22 categories and in about 2,100 different topics. The website theme is extremely varied and helps for choosing window frames, searching hotels, car repairs stations, horoscopes, shops, hair dresses, SEO-optimizers. Each topic is developed by an associate – editor external for the project Start.bg. The websites maintain section “Thin Offers” with promotional brochures, etc.

Strengths

- well structured and high quality contents;
- established loyal audience, which is constantly increasing;
- huge opportunities for selling both advertising aimed at larger audience, and extremely targeted advertising;
- good, user-friendly and easy software for creation of pages;
- it has a core of active editors, who initiate the creation of new topics upon their own wish;

- well optimized at subpage level;
- strong presence in internet search engines and in *Google* especially.

Opportunities

- to make the catalogue home page the home page preferred by users;
- introducing of pay-per-click advertising and attracting new advertisers;
- attracting new editors – specialists and professionals in specific fields who will increase the level of developed pages.

Threats

- changes in algorithms for classification of Google engine;
- loss of editors.

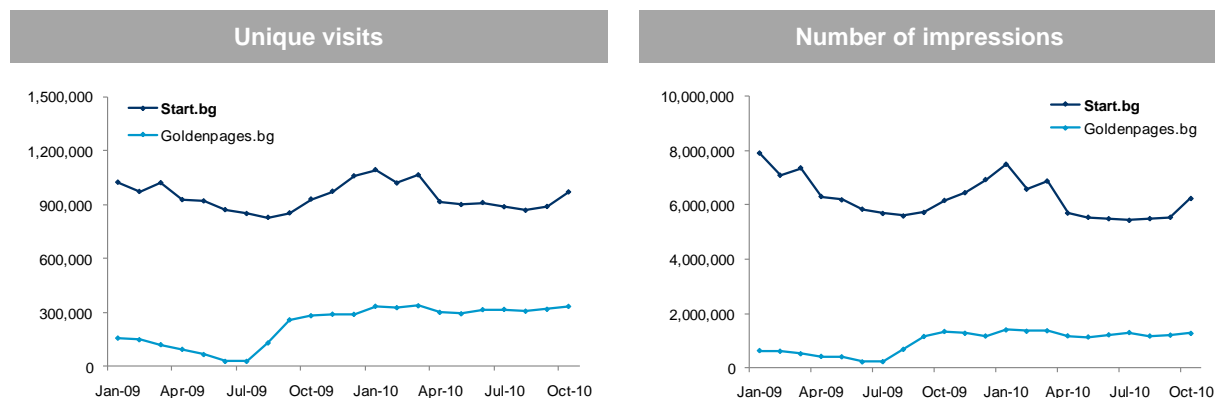
Direct competitors

Web sites in segment “Catalogues” - Informer.bg, vlez.bg, startirai.bg.

Visit frequency statistics

In October 2010 Start.bg has 968,989 internet users (13.2% cover) and 6.2 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №25**.

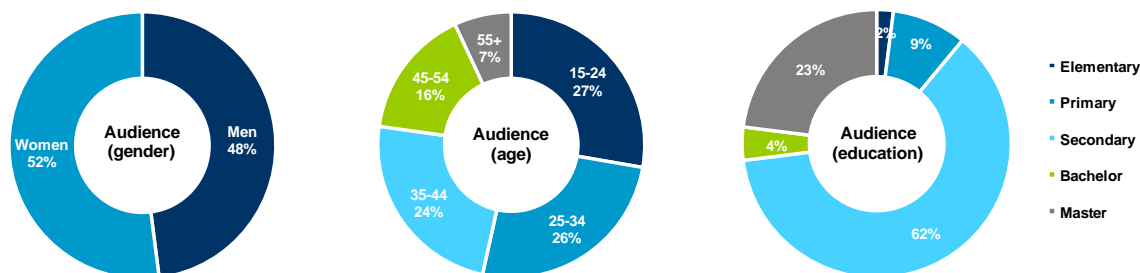
Figure №25 Unique users and number of impressions on monthly basis of Start.bg for the period 01/2009 – 10/2010



Source: Nielsen Online

Profile of internet audience

Figure №26 Audience of Start.bg for October 2010



Source: Gemius

Snimka.bg



Snimka.bg started in April 2005. Today it has more than 190,000 registered users, who safe keep their experience in the form of pictures in personal and public albums. *Snimka.bg* maintains extremely quick upload – hundreds of pictures per minute. Easy share, options for following friends and sending by e-mail, etc.

Strengths

- well known brand;
- quick upload of pictures;
- user-friendly navigation;
- user-friendly share.

Opportunities

- attracting new users;
- strengthening the social elements in the website;
- binding the users with the website and their friends in it.

Threats

- competitive websites, which become more and more social and functional.

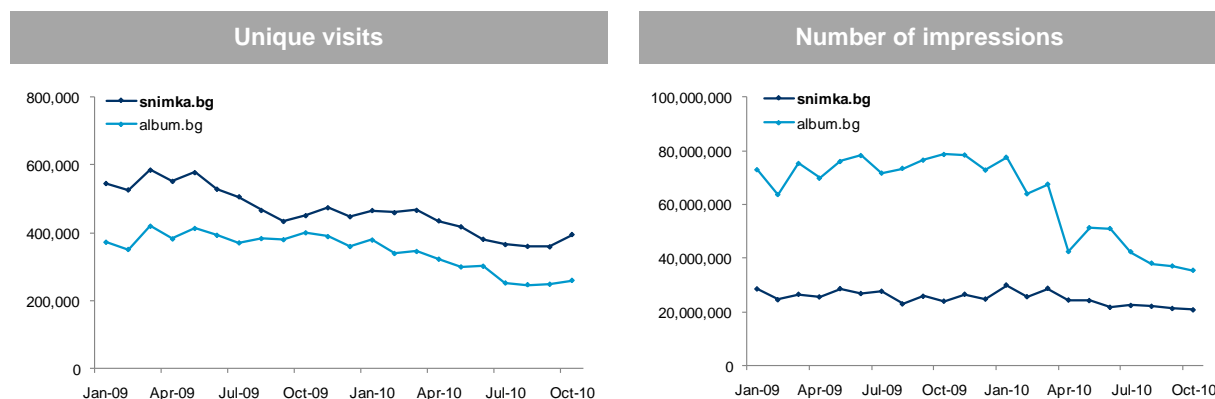
Direct competitors

Websites from segment “Personal photo albums” - album.bg, flickr.com, picasa.com, facebook.com

Visit frequency statistics

In October 2010 *Snimka.bg* has 395,129 internet users (12.0% cover) and 20.7 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №27**.

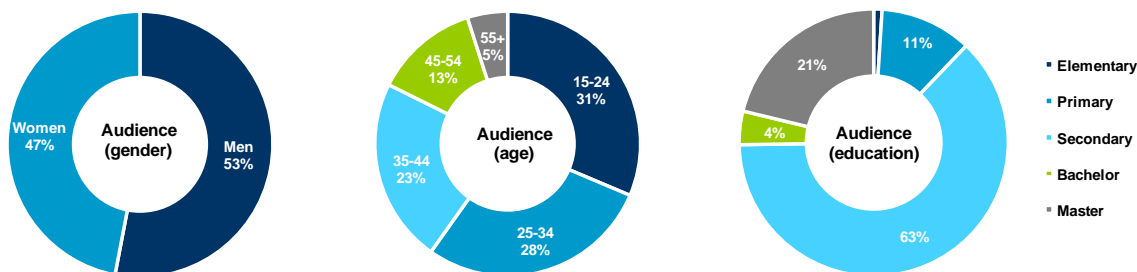
Figure №27 Unique users and number of impressions on monthly basis of Snimka.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №28 Audience of Snimka.bg for October 2010



Source: Gemius

Rabota.bg



Rabota.bg started in October 2004 and in July 2006 it became part of Investor.BG. Rabota.bg is interactive website for seeking and offering jobs. The website is extremely quick and user friendly, it may be used as an online organizer of seeking/ offering jobs. VIP offers in the website are also displayed in the banners of Rabota.bg and other websites of Investor.BG, which greatly increases the chances to notice the offer by inactive job seekers. Monthly newsletters are sent to more than 150,000 subscribers.

Strengths

- strong and rememberable brand;
- low competitive prices;
- part of big media group;
- RSS banners through which the ads go to the 13 other websites of the group.

Opportunities

- Update with new functions, which have competitive advantages;

- Introduction of new price packages and ways for payment;
- More intensive advertising of the website in the other websites of ours;
- Direct presentation of the website in universities and in front of big employers and HR agencies;
- Making the website in the so called “personal organizer” for each Employer/ candidate in relation to offering and finding job;
- Accumulating larger database of CV and employers;
- Establishment of recognition of the brand;
- Establishment of relations with thematically connected authoritative organizations or websites for the purposes of mutual benefit;
- Increasing the dissemination of Newsletter, which guarantees high level of confidence in users, prestige, positioning of the brand.

Threats

- quick competition;
- market conditions – high unemployment rate 10%;
- weak activity on behalf of employers and HR agencies;
- lack of high quality ads due to the shrunk labor market.

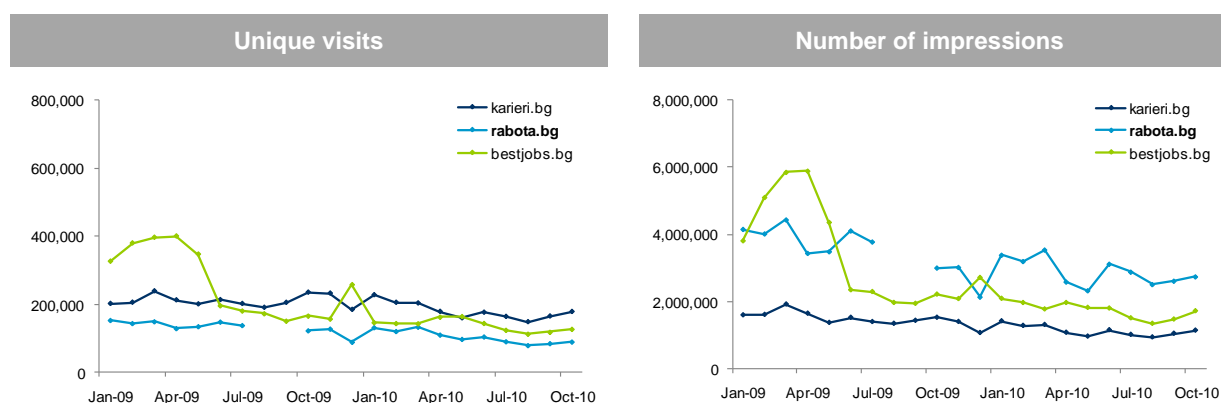
Direct competitors

Websites in segment “Job Offers” - jobs.bg, zaplata.bg, karieri.bg.

Visit frequency statistics

In October 2010 Rabota.bg has 88,846 internet users (2.7% cover) and 2.7 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №29**.

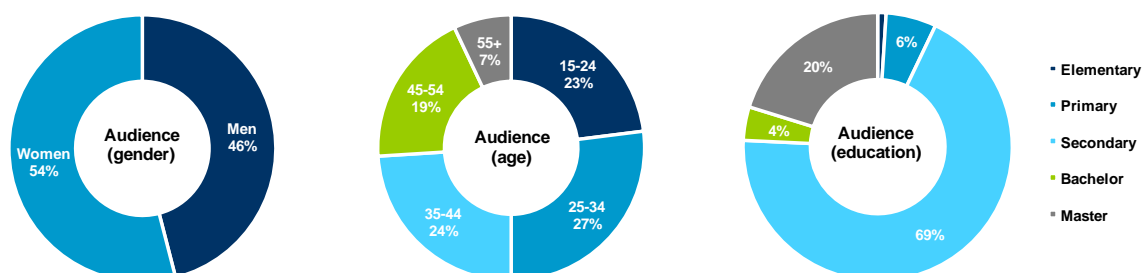
Figure №29 Unique users and number of impressions on monthly basis of Rabota.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №30 Audience of Rabota.bg for October 2010



Source: Gemius

NasamNatam.com



NasamNatam.com started in November 2006 and in January 2008 it became part of Investor.BG. Today, the website is the largest tourist portal in Bulgaria. *NasamNatam.com* offers useful information about every destination, interesting itineraries, travelogues, different offers for holidays, excursions, hotels, opportunity for reservation of tickets.

Strengths

- leading position;
- the best tourist portal for advertising;
- confidence in tourist sector.

Opportunities

- creation of media part;
- establishment as a leading project in the tourist sector, consultant for presenting every tourist company on the internet;
- creation of high quality information for destinations from authors and implementation of reservation system.

Threats

- creation of specialized websites by competitors;
- quick development of smaller competitors.

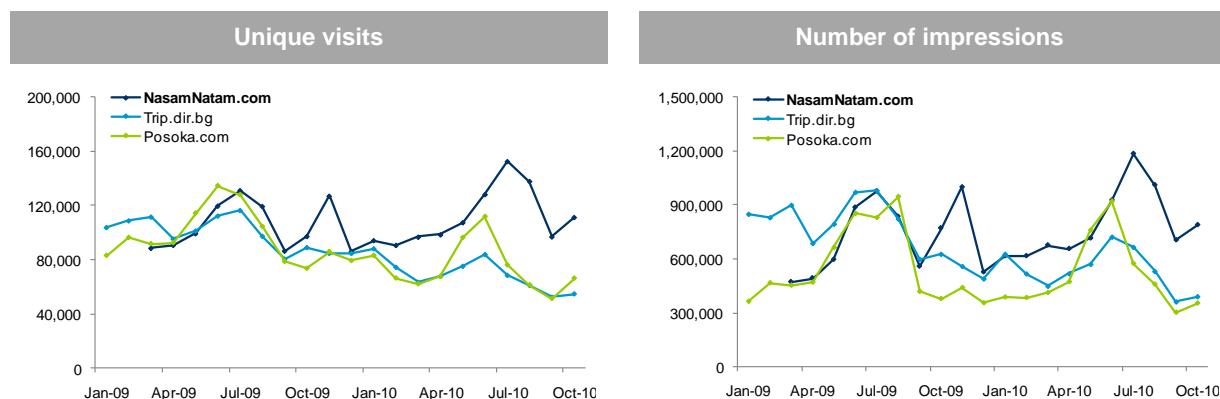
Direct competitors

Websites in segment "Trips, Tourism" - Journey.bg, Bghotelite.com, Bultourism.com, Visit.bg, Disagi.com, Okolosveta.com, Bulgariainside.com, Idi.bg.

Visit frequency statistics

In October 2010 *Nasamnatam.com* has 111,351 internet users (3.4% cover) and 0.8 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №31**.

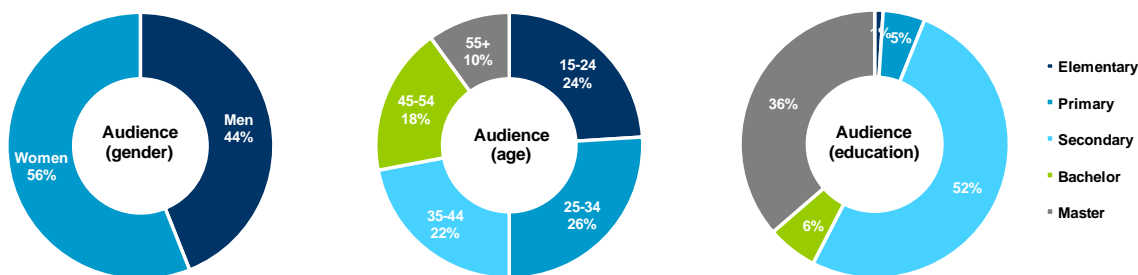
Figure №31 Unique users and number of impressions on monthly basis of NasamNatam.com for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №32 Audience of NasamNatam.com for October 2010



Source: Gemius

4.7.3. Social networks

Blog.bg

Blog.bg started in October 2006. The website is the most popular Bulgarian blog platform giving the users the opportunity for creation of their own blog. Blog.bg has about 60,000 blogs and approximately 300,000 postings with personal opinions, experiences, emotions and comments on current events, sharing professional experience, stories, poetry. The website maintains active and influential audience.

Strengths

- homepage with dynamic development and new information;
- user-friendly menu;
- quick options for creation of personal page;
- easy communication with the website team and among the bloggers themselves;
- well knowing the brand and the overall layout;
- gives lots of opportunities and has many different useful functions;
- there is no well presented Bulgarian equivalent to Blog.bg in Bulgaria.



Opportunities

- penetration among younger visitors;
- development of corporate blogs and writing postings of greater importance for the audience;
- new or updated functionalities;
- introduction of more languages (English, German, French, Spanish, etc.) and the penetration of the brand in foreign countries, respectively.

Threats

- Expansion of smaller blog-platforms.

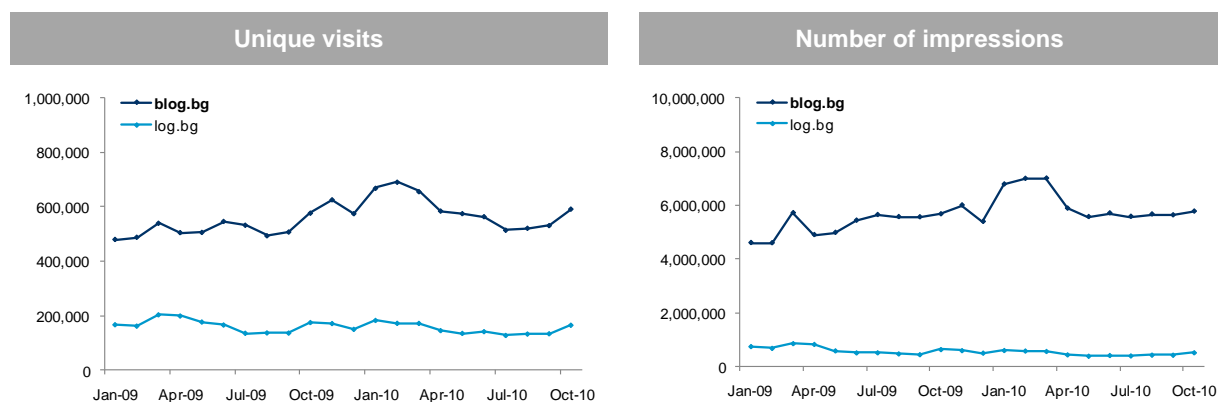
Direct competitors

Websites in segment “Blogs” - Bglog.net, Log.bg, Myblog.bg, Bgreporter.com, Blogger.com, Livejournal.com, blogspirit.com, wordpress.com.

Visit frequency statistics

In October 2010 Blog.bg has 591,921 internet users (17.9% cover) and 5.7 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №33**.

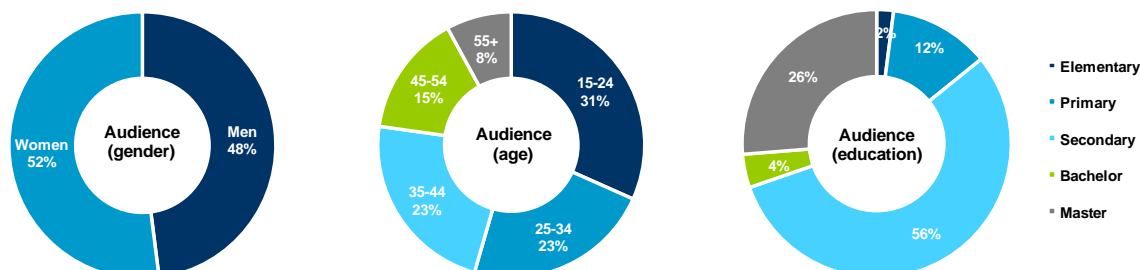
Figure №33 Unique users and number of impressions on monthly basis of Blog.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №34 Audience of Blog.bg for October 2010



Source: Gemius

Aha.bg



Aha.bg started in October 2006. The website is a popular social network with more than 700,000 registered users countrywide. The audience is different, most of the users being at the age of 19-35. The website offers options for exchange of messages, music video clips, comments, options for making lists of friends. *Aha.bg* is the first website in the segment having the option to send signals to a hotline.

Strengths

- Lots of registered users, high level of visits and interest to the website;
- Easy and user-friendly navigation;
- Well measured and developed functionalities;
- Working social elements.

Opportunities

- Promotion of some of the options among users – residential districts, schools, videos, classification;
- Establishment of paid options, which increase the proceeds of the website and provides interesting opportunities for the users;
- Reinforcing the community element through introduction of clubs and other similar functionalities;
- Integration among different websites of ours;
- Applications of aha.bg in many other social websites.
- Mobile version and greater penetration of aha.bg on mobile devices

Threats

- quickly developing competitors;
- seizing shares of other's networks appearing on our market.

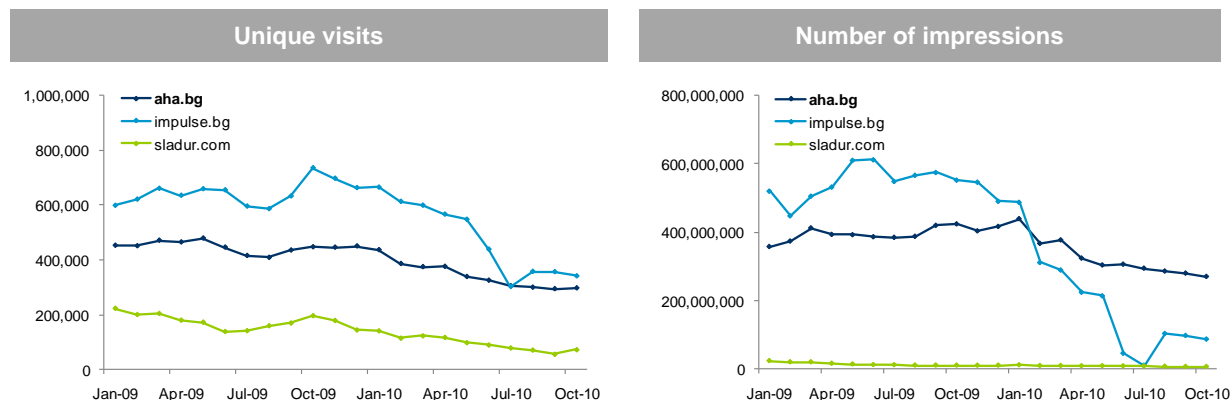
Direct competitors

Website in segment "Dates" - Impuls.bg, Elmaz.bg, Sladur.bg, Gepime.com (18+), Facebook.com.

Visit frequency statistics

In October 2010 Aha.bg has 297,645 internet users (9.0% cover) and 269.1 million of impressions. The historical development of unique views and the number of impressions of the website and those of some of its direct competitors, according to the monthly survey of Gemius, are presented in the next **Figure №35**.

Figure №35 Unique users and number of impressions on monthly basis of Aha.bg for the period 01/2009 – 10/2010



Source: Gemius

Profile of internet audience

Figure №36 Audience of Aha.bg for October, 2010

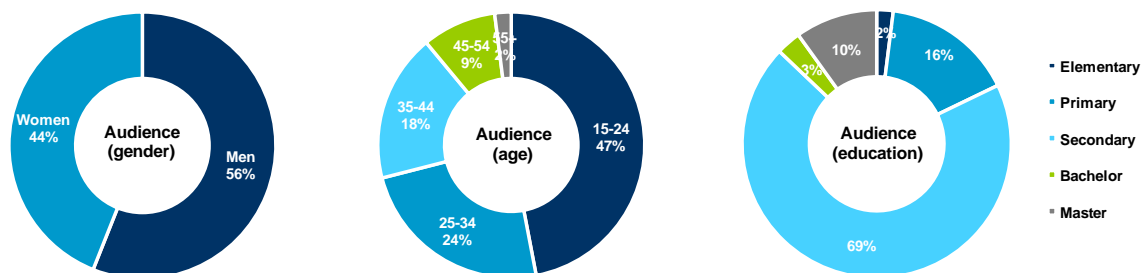


Table №9 below represents detailed statistics for the 14 websites of Investor.BG AD for October, 2010 according to Gemius survey.

Table №9 Websites of Investor.BG AD and visits for October, 2010

№	Website	Market segment	Unique visits	Impressions	Market share
Internet media					
1	Dnes.bg	General media	569,842	22,944,691	17.2%
2	Teenproblem.net	Youth sites	372,661	5,843,128	11.3%
3	Puls.bg	Health sites	269,565	2,113,507	8.2%
4	Tialoto.bg	Women sites	265,353	5,927,984	8.0%
5	Investor.bg	Financial media	156,523	4,262,160	4.7%
6	Gol.bg	Sports media	149,151	6,195,152	4.5%
7	Automedia.bg *	Auto news	100,384	1,279,427	3.1%
8	Mp3.bg	Music	65,724	445,418	n.a.
Online services					
9	Start.bg	Catalogues	968,989	6,237,421	13.2%
10	Snimka.bg	Personal photo albums	395,129	20,763,775	12.0%
11	Rabota.bg	Jobs	177,947	1,132,349	5.4%
12	Nasamnatam.com	Travel & tourism	111,351	788,015	3.4%
Social networks					
13	Blog.bg	Blogs	591,921	5,763,393	17.9%
14	Aha.bg	Dating sites	297,645	269,109,533	9.0%

Source: Gemius, Nielsen Online

For the period from 30.09.2010 until the date of the prospectus, the Issuer has not introduced significant new products.

4.8. RESEARCH AND DEVELOPMENT, PATENT AND LICENSES

Investor.BG AD does not carry out research activity.

During the recent years, a team of programmers of Investor.BG AD has developed a common type of operational system for establishment of information websites. The above system is created by Issuer's employees for its needs only; it is not granted and will not be granted to third persons, so it has not been assessed by independent evaluator and its value cannot be fixed. The creation of new specialized technologies in the internet gives a serious competitive advantage to the company for the development and implementation of new internal projects.

Investor.BG AD holds the following brands:

Table №10 Brands held by Investor.BG AD as at 20.12.2010

No	Brand	Registration №	Date of application	Expiry of security
1	AHA.BG	55903	04.10.2004	04.10.2014
2	Automedia.bg	65266	14.09.2006	14.09.2016
3	Blog.bg	70915	25.03.2005	25.03.2015
4	Blog.bg	71693	31.08.2007	31.08.2017
5	Dnes.bg	55902	04.10.2004	04.10.2014
6	Gol.bg	69564	19.08.2005	19.08.2015
7	Gol.bg	74844	15.10.2008	15.10.2018
8	Investor.bg	42214	28.02.2001	28.02.2021
9	LoGo.bg	66006	17.10.2006	17.10.2016
10	MANUTD.BG	66054	11.10.2006	11.10.2016
11	Mp3.bg	62108	12.05.2005	12.05.2015
12	NasamNatam	71408	17.01.2008	17.01.2018
13	Netkelner.bg	56461	22.11.2004	22.11.2014
14	Novini.bg	54423	31.05.2004	31.05.2014
15	Page.bg	52276	08.01.2004	08.01.2014
16	Piron.bg	75605	26.02.2009	26.02.2019
17	Poznati.bg	64550	20.06.2006	20.06.2016
18	Puls.bg	67268	07.12.2006	07.12.2016
19	Rabota.bg	66771	31.10.2006	31.10.2016
20	RSS.bg	68808	12.01.2007	12.01.2017
21	Snimka.bg	57199	11.02.2005	11.02.2015
22	Snimki.bg	59194	28.06.2005	28.06.2015
23	Start.bg	54422	31.05.2004	31.05.2014
24	Starttravel.bg	56462	22.12.2004	22.12.2014
25	TeenID	74063	10.07.2008	10.07.2018
26	TeenProblem	72474	18.04.2008	18.04.2018
27	Tegli.bg	73205	01.07.2008	01.07.2018
28	Tialoto.bg	56476	23.12.2004	23.12.2014
29	Zip.bg	65269	14.09.2006	14.09.2016

Source: *Investor.BG AD*

The Issuer is in process of registration of the following two brands – GiG.bg and adpower.

The brands described below, which are held by the company, do not result in a product, which bears proceeds for the company. They are bought for the purposes of future use thereof in order to generate proceeds, and are part of the long-term strategy of the Company.

- LoGo.bg
- MANUTD.BG
- Netkelner.bg
- Novini.bg
- Page.bg
- Piron.bg
- Poznati.bg
- RSS.bg
- Snimki.bg
- Starttravel.bg
- TeenID

- Tegli.bg
- Zip.bg

Item 4.7. Product Portfolio provides detailed information about the projects – websites, managed by the Issuer, that generate proceeds – 14 of 18 websites.

We must note that “projects” do not mean “brands”, i.e. one or more brands correspond to all projects, but not all brands are relevant to developed project generating proceeds.

4.9. PROPERTY

Investor.BG AD does not hold real estate properties. The Issuer owns equipment and movables related to its main business, as provided in the tables below:

Table №11 Assets of Investor.BG AD for the period 01.01.2007 – 30.09.2010, on individual basis

<i>in thousand BGN</i>	30.09.2010	2009	2008	2007
Fixed tangible assets	189	163	177	181
Furnishing and equipment	50	47	66	78
Motor vehicles	66	39	-	7
Computer equipment	73	77	111	96
Fixed intangible assets	3,219	2,773	2,291	1,568
Copyrights	2,998	2,510	1,990	1,432
Software products	221	263	301	136
Total fixed assets	3,408	2,936	2,468	1,749

Source: Audited annual financial statements and unaudited interim financial statements of the Issuer

Table №12 Assets of Investor.BG AD for the period 2008 – 30.09.2010, on consolidated basis

<i>in thousand BGN</i>	30.09.2010	2009	2008
Fixed tangible assets	189	164	177
Furnishing and equipment	50	47	66
Motor vehicles	66	39	-
Computer equipment	73	78	111
Fixed intangible assets	3,391	2,843	2,343
Copyrights	3,070	2,578	2,042
Software products	321	265	301
Total fixed assets	3,580	3,007	2,520

Source: Audited annual financial statements and unaudited interim financial statements of the Issuer

As at the date of Prospectus, the Issuer has the required FTA for its normal operations and implementation of activities under already concluded contracts.

There are no encumbrances over the fixed tangible assets.

The Issuer's management has made investments in tangible and intangible fixed assets for 2011, which will be fully funded by Issuer's working capital:

- Intangible assets – copyrights – BGN 802 thousand.
- Other tangible assets – BGN 84 thousand.

The Issuer plans to fund the purchase of fixed tangible assets with working capital only, which includes the proceeds from capital increase through the present issue of shares.

If new assets will be needed, the management of the company will analyze the need for purchase thereof in compliance with the applicable internal rules.

Issuer's management has not made a commitment for planned material investments in fixed tangible assets, including leasing property.

4.10. ENVIRONMENTAL ISSUES

Investor.BG AD does not undertake activities, which might damage the environment. The company's operations are not related to environmental hazards. Nevertheless, while operating, the company tries to give its contribution for the protection of the environment and resource saving observing "the green office" practices.

4.11. INVESTMENTS

The investments of Investor.BG AD are directed to the purchase and development of group of websites with different orientation. The company has and develops a group of 14 websites described in details in item 4.7. *Product Portfolio*.

The subsidiary Investor.puls OOD, UIC 200409561, is part of the Issuer's group. Investor.puls OOD holds and manage the website www.puls.bg. The company is established on 11.08.2008 by the partners of Investor.BG AD and Dr. Nikolay Stefanov Gabrovski with statutory capital of BGN 5,000. On 17.10.2008 the partners adopt a

resolution for capital increase through issue of new 500 shares with issue value of BGN 300 per share. The capital increase is covered by the partner Investor.BG AD.

At present, the capital of Investor Puls OOD is BGN 10,000 distributed between the parties as follows: Investor.BG AD – 501 shares of BGN 10 each; Dr. Nikolay Gabrovski – 499 shares of BGN 10 each.

Ivaylo Lakov /Procurator of Investor.BG AD/ and Dr. Nikolay Gabrovski are managers of Investor.puls OOD.

The project puls.bg is described in details together with the other projects of the Issuer in item 4.7. *Product Portfolio* of the present section.

Tables №13 and №14 below represent information about the costs for investments made by the Issuer during the period 01.01.2007 – 31.12.2009, on individual and consolidated basis.

Table №13 Issuer's investments for the period 2007 – 2009 on individual basis

Investment <i>thousand BGN</i>	Costs for investments		
	2009	2008	2007
Plants, machines and equipment			
Furnishing and equipment	-	6	71
Computer equipment	16	58	68
Motor vehicles	48	-	-
Total plants, machines and equipment	64	64	139
Intangible assets			
Copy rights	527	558	549
Software products	22	202	67
Total intangible assets	549	760	616
Investments in subsidiaries, including Investor Puls OOD	51	65	-
	51	65	-

Source: Investor.BG AD

Table №14 Issuer's investments for the period 2008 – 2009, on consolidated basis

Investment <i>thousand BGN</i>	Costs for investments	
	2009	2008
Copyrights	534	610
Software products	25	202
Tangible assets	64	64
Total:	623	876

Source: Investor.BG AD

The total amount of investments in the subsidiary Investor Puls OOD is within the amount of BGN 150 thousand, being finalized at present, whereas the final contributions to subscribed shares within the amount of BGN 34 thousand, are paid during the first quarter of 2010 (see **Table №15**).

Table №15 Investments of the Issuer in Investor Puls OOD from 2008 until 15.12.2010

Date	Amount, in BGN
20.10.2008	5,000
17.10.2008	10
28.10.2008	45,000
23.12.2008	15,000
23.03.2009	15,000
16.06.2009	18,000
17.09.2009	18,000
15.01.2010	26,000
31.03.2010	8000
Total	150,010

Source: *Investor.BG AD*

Table №16 presents information about Issuer's investments as at 15.12.2010.

The Issuer has not made new investments from 15.12.2010 until the date of drafting the present Prospectus.

Table №16 Other investments of the Issuer for the period 01.01.2010 – 15.12.2010 on consolidated and non-consolidated basis

Investments, BGN thousand	01.01.2010 - 15.12.2010
Copyrights	616
Software products	17
Tangible assets	164
Общо	797

Source: *Investor.BG AD*

The Issuer holds copyrights, which include development of author's materials, articles, analyses and software and design products for new applications or overall replacement of specific product software. They are constant works and are funded with the company's operational capital.

As at the date of drafting the prospectus, there are no investments being in process of implementation both at non-consolidated and consolidated basis, excluding the current budgeted investments in copyrights, software and other tangible assets as provided herein below.

The Issuer's management has made investments in tangible and intangible fixed assets for 2011, which will be fully funded by Issuer's working capital, which also include the proceeds from the present issue of shares:

- Intangible assets – copyrights – BGN 802 thousand.
- Other tangible assets – BGN 84 thousand.

No investments in Investor Puls OOD are made since 31.03.2010 and no more new investments in Investor Puls OOD are planned for 2010. Due to the fact there are no planned investments in the subsidiary Investor Puls OOD, the above investments for 2010 are equal both on non-consolidated and consolidated basis.

4.12. EMPLOYEES

4.12.1. Number of employees

As at the date of Prospectus, Investor.BG AD has 96 employees working under employment agreements. As at the date of drafting the present prospectus there are 99 employed workers under employment agreements on consolidated basis.

Table №17 Number and distribution of employees of Investor.BG AD for the period 2007 – 2010, on individual basis, and for the period 2008 – 2010 on consolidated basis

Number of employees on unconsolidated basis	31.12.2007	31.12.2008	31.12.2009	20.12.2010
Senior employees and managers	12	13	10	18
Analysis specialists	33	44	36	58
Technicians and other applied specialists	12	8	14	17
Administrative staff	5	10	17	9
Total number of employees	62	75	77	99
Average enlisted number of employees	57	73	75	96
Number of employees on consolidated basis	31.12.2008	31.12.2009	20.12.2010	
Senior employees and managers		15	12	20
Analysis specialists		44	36	58
Technicians and other applied specialists		8	14	17
Administrative staff		10	17	9
Total number of employees		77	79	99
Average enlisted number of employees		73	79	99

Source: *Investor.BG AD*

The company has no practice to employ workers under term employment agreement.

Pursuant to the provisions of the Labor Code, upon termination of employment agreement of an employee who has reached age for retirement, the entities in the country are obliged to pay compensation as a lump sum within the amount of 2 to 6 salaries depending on his length of service at the Issuer. The companies from the Group has calculated the probable amount of such compensation but due to its minor size, as well as the turnover and the low average age of the employees, no provisions have been charged in the current financial statement. The Issuer and its subsidiary do not allocate other amounts for retirement or other similar compensations.

To a great extent, the future success of the Issuer depends on the personal contribution of the Chairman of the Board of Directors, Lyubomir Lekov, and of the Executive Director Stuart Till, and on the work of the procurator Ivaylo Lakov and Gergana Zlatanova Lekova – administrative director.

There are no other senior officers in the company, whose knowledge and experience are crucial for the Issuer, except those in the preceding sentence.

4.12.2. Share holdings and stock options

At the time of drafting the present Prospectus, no options for acquisition of shares from the Issuer's capital are issued in favor of the members of the Issuer's Board of Directors, procurator, administrative director and other senior officers.

The company has made an issue of warrants based on resolution of the Issuer's BD adopted on 25.02.2010. During the period of public offer of warrants, 79,963 warrants are subscribed. The issue of warrants is registered at the Central Depository on 07.10.2010 and is admitted for trading on regulated market organized by BSE – Sofia AD on 17.11.2010. The basic asset of the warrant issue is the future issue of ordinary, non cash, registered, freely transferable shares, with the right to one vote at the General Meeting of Shareholders (GMS). Each holder of warrants is entitled to exercise the rights thereof within 5 years from the date of registry of the issue at CD AD, whereas subscribing shares from the basic asset at issue value of BGN 12.40 per share.

The rights conferred by the warrants issued by the Issuer, as well as the terms and conditions for exercising thereof are described in details in the Prospectus for public offering of warrants that can be downloaded from the Issuer's website and from the website of the Financial Supervision Commission.

Excluding the rights of the above warrants, there are no persons who hold options over the Issuer's capital or over the capital of the company member of the economic group; there are no persons who are promised to options in their favor to be issued conditionally or unconditionally.

4.12.3. Description of any arrangements for participation of employees in the issuer's capital

At the time of drafting the present Prospectus, there are no arrangements for participation of the employees in the Issuer's capital.

4.13. MANAGEMENT

4.13.1. Board of Directors

The Board of Directors is the managing body of the Company. The Board of Directors comprises of 5 natural persons. The entity's operations are managed by a procurator, and the operational management is performed by administrative director.

1. Stuart Allen Till – Executive Director

Business address and functions at the Issuer

Stuart Allen Till is member of the Board of Directors of the Company. Effective on 01.03.2010 he is executive member and representative of the Company.

The Business address of Stuart Allen Till is in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor.

Main activities carried out outside the Issuer, which are material in relation to the Issuer.

Mr. Till is member of the BD of Pirin Mayfair Investment Limited and Reka Mesta EAD.

Family relationships

At the time of drafting the present document, there are no kinship and family relationships between Mr. Till and another member of the BD of the Company and its procurator and administrative director.

Managerial experience and knowledge

Stuart Allen Till has a bachelor degree in Business Administration, University of Florida, Gainesville, FL (1990) with a specialty in the field of “finance and marketing”, and a master’s degree in Business Administration, Case Western Reserve University, (2002) with a specialty in the field of international management and finance. Since 2007 until the beginning of 2010 Mr. Till has been ERP Systems and Services manager for Royal Dutch Shell. Since 2003 until 2007 Stuart Till has been a consultant regarding financial projects of Shell International Renewables (SIR-Royal Dutch Shell), the Hague, Netherlands. From 2000 to 2001, Stuart Till had been a major financial employee at the office in Budapest, Hungary of Advanced Electric Systems, Inc. (AES). In 1996-1998 Stuart Till had been financial manager, and in 1998-2000 – Director Strategic and Financial Planning at Hungarian Telephone and Cable Corp. (HTCC), Budapest, Hungary. In 1994 he had been a financial and investment consultant at Coopers & Lybrand/Private Ownership Fund (POF), Brashov, Romania. From 1993-1995 Stuart Till had been an Investment Director at Somerset Venture Management Kft., Budapest, Hungary. In 1992 he had been an investment valuations consultant at the International Finance Corporation (IFC), Budapest, Hungary, and in 1991 – financial analyst at First Hungarian Investment Fund (FHIF), Budapest, Hungary.

Data about every conviction, sanctions, insolvency during the last five years before drafting the prospectus.

During the last five years Stuart Allen Till is not:

- convicted for fraud;
- related to insolvency, management by receiver or liquidation.
- Officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including specific professional authorities);
- Deprived by court from the right to be a member of administrative, managing or supervisory bodies of an issuer or from the right to take positions in the management and performance of the operations of any issuer.

2. Lyubomir Kostadinov Lekov – Chairman of the BD**Business address and functions at the Issuer**

Lyubomir Kostadinov Lekov is chairman of the Board of Directors of the Issuer. The Business address of Mr. Lekov is in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor.

Main activities carried out outside the Issuer, which are material in relation to the Issuer.

Mr. Lekov is member of the BD of Reka Mesta EAD and manager of Datanet EOOD and Ses Margalides Bulgaria OOD.

Family relationships

Mr. Lekov is spouse of the administrative director of the Company – Gergana Zlatanova Lekova. At the time of drafting the present document, there are no kinship and family relationships between Mr. Lekov and another member of the BD of the Company and its procurator.

Managerial experience and knowledge

Lyubomir Lekov has a master’s degree in Computer Science from the Technical University of Sofia (1995). He has the legal capacity as a “stock broker” due to a certificate issued by the Shares and Stock Exchange Regulatory Commission (1998). He had finished a course as a “stock exchange broker” at the University of

Delaware Bulgaria, Sofia, (1998) and a course for “Financial Analysts” (2000) at the United State Agency for International Development (USAID) – Sofia. He is a founder of Internetdata.bg OOD (2000-2003), whose successor Investor.BG AD is. He had worked as a head of Capital Markets Department at Unionbank AD (1997-2001). He had also worked as a Portfolio Manager (1994-1996) and executive director (1996-1997) at the Bulgarian Investment Company (an affiliate of the international investment company Interpharos, Luxembourg).

Data about every conviction, sanctions, insolvency during the last five years before drafting the prospectus.

During the last five years Lyubomir Lekov is not:

- convicted for fraud;
- related to insolvency, management by receiver or liquidation.
- Officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including specific professional authorities);
- Deprived by court from the right to be a member of administrative, managing or supervisory bodies of an issuer or from the right to take positions in the management and performance of the operations of any issuer.

3. Nikolay Angelov Martinov

Business address and functions at the Issuer

Nikolay Angelov Martinov is member of the Issuer’s BD. The Business address of Mr. Martinov is in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor.

Main activities carried out outside the Issuer, which are material in relation to the Issuer.

Mr. Martinov is manager of Yunicom Konsult EOOD, Online Media OOD and Yunicom Net OOD;

Family relationships

At the time of drafting the present document, there are no kinship and family relationships between Mr. Martinov and another member of the BD of the Company and its procurator and administrative director.

Managerial experience and knowledge

Nikolay Angelov Martinov (born in 1969) has graduated secondary education in the High School of Mathematics “Nikola Obreshkov”, town of Kazanlak, with grade 5.56 and specialty “Operator – Programmer of Computer Systems”. He has a master’s degree in Computer Science from the Technical University of Sofia (2004). From 1991 to 1993 he had been a stock broker at Sofia Stock Exchange. He has a legal capacity as a “stock broker” due to a certificate issued by the Shares and Stock Exchange Regulatory Commission (2000). From 1997 to 2006 he had been a stock broker at Karol AD. Member of the BD of Karol Capital Management EAD, which is a managing company of Advance Invest AD (stock code 5AZ) for the period 2003 -2006. He is a partner and a manager of Yunicom Konsult OOD (1996), a company that held the rights for Finance.News.BG – a financial website since its foundation in 1997 till 1 March 2003. From April 2009, he is an investment manager at Bulgarian Property Developments EOOD.

Data about every conviction, sanctions, insolvency during the last five years before drafting the prospectus.

During the last five years Mr. Martinov is not:

- convicted for fraud;
- related to insolvency, management by receiver or liquidation.
- Officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including specific professional authorities);
- Deprived by court from the right to be a member of administrative, managing or supervisory bodies of an issuer or from the right to take positions in the management and performance of the operations of any issuer.

4. Alexi Petrov Andonov

Business address and functions at the Issuer

Alexi Petrov Andonov is member of the Board of Directors. The Business address of Mr. Andonov is in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor.

Main activities carried out outside the Issuer, which are material in relation to the Issuer.

Mr. Andonov is manager of Sole Proprietor Petar Andonov – Alexi Andonov and member of the BD and executive director of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest).

Family relationships

At the time of drafting the present document, there are no kinship and family relationships between Alexi Andonov and another member of the BD of the Company and its procurator and administrative director.

Managerial experience and knowledge

Alexi Andonov has graduated from the Budapest Economic University, major International economic relations and marketing communications. He has certificates as a broker at the Budapest stock and commodity exchanges. Since February 2003 Alexi Andonov has been a deputy chairman of the Bulgarian Republic Self-Government in Hungary. Since March 2001, he has been a chairman of Pro Cultura Bulgarica Foundation and member of the Board of Directors of the Bulgarian society in Hungary. Since March 1999, he has been a member of the Board of Directors of the society for defending the investors in Hungary and since May 1998 – a chairman of the Board of Directors and executive director of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest).

Data about every conviction, sanctions, insolvency during the last five years before drafting the prospectus.

During the last five years Mr. Andonov is not:

- convicted for fraud;
- related to insolvency, management by receiver or liquidation.
- Officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including specific professional authorities);
- Deprived by court from the right to be a member of administrative, managing or supervisory bodies of an issuer or from the right to take positions in the management and performance of the operations of any issuer.

5. Jozsev Köver

Business address and functions at the Issuer

Jozsev Köver is member of the Board of Directors. The Business address of Mr. Köver is in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor.

Main activities carried out outside the Issuer, which are material in relation to the Issuer.

Mr. Köver is manager of Saturn Invest Üzleti Tanácsadó Kft and Technology in Central and Eastern Europe Lux Sàrl

Family relationships

At the time of drafting the present document, there are no kinship and family relationships between Jozsev Köver and another member of the BD of the Company and its procurator and administrative director.

Managerial experience and knowledge

Jozsev Köver is born on 16th of July 1962 in Jaszbereny, Hungary. At present he is Investment Director at 3TS Capital Partners. Mr. Köver joined 3TS Capital Partners in 2007 and is working on investment transactions in several countries in Central and Easter Europe. Previously, he was a private investor and legal and business advisor at several early stage businesses in Hungary. In 1990's he was Managing Director of a Hungarian company from the structure of Advent International and as an investment banker with CA-IB Securities in Budapest. Mr. Köver has a legal degree from the University of Szeged in Hungary and Graduate Certificate of Business Administration from the Swinburne University of Technology in Melbourne, Australia.

Data about every conviction, sanctions, insolvency during the last five years before drafting the prospectus.

During the last five years Mr. Köver is not:

- convicted for fraud;
- related to insolvency, management by receiver or liquidation.
- Officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including specific professional authorities);
- Deprived by court from the right to be a member of administrative, managing or supervisory bodies of an issuer or from the right to take positions in the management and performance of the operations of any issuer.

4.13.2. Contracts of the members of the Board of Directors, the Procurator and the Administrative Director

Contracts for management enforced on 01.04.2009 are concluded with all existing members of the Board of Directors. The contracts are valid until the end of the term of office of the Board of Directors - 01.04.2014.

Management contracts concluded between the Company and the members of the Board of Directors, provide for the payment of compensation for members of the Board for termination of contracts by the company amounting to one gross monthly salary. For the last year, members of the Board of Directors (except Mr. Kyover who does not receive remuneration) were paid wages amounting to 500 BGN per month, and the Chairman of the Board of Directors Lubomir Lekov - 520 per month.

At present, each member of the Board of the Directors qualifies for an independent member, in accordance with Art. 116a, Para. 2 of POSA.

A contract has been signed with the procurator of the Issuer - Ivaylo Lakov. The contract is duly registered in the Commercial Register. The contract between the Issuer and Ivaylo Lakov provides for the payment of compensation to the procurator in case of contract termination, conversion, liquidation or bankruptcy of the company, amounting to no more than his monthly salary under the contract. The monthly salary under the contract with Ivaylo Lakov is BGN 520.

Ivaylo Lakov manages the subsidiary company Investor.Puls Ltd. under a management and control contract. The signed management and control contract does not provide payment of compensation to Ivaylo Lakov in respect to termination of the contract. The contract does not provide for payment of compensation to Ivaylo Lakov.

A labor contract has been signed with the financial and administrative director of the company Gergana Zlatanova – Lekova, which is subject to the arrangements provided for in the Labour Code and does not provide for payment of benefits upon termination of employment, different from those payable under employment legislation. Payable monthly gross salary contract Gergana Zlatanova - Lekova amounts to BGN 3,300.

On 06/01/2011, the Board of Directors of the Issuer has decided to withdraw the authorization of Ivaylo Lakov as Procurator of the Company and authorized Gergana Zlatanova - Lekova as procurator.

On 07/01/2011, a procurator contract has been signed with Gergana Zlatanova - Lekova.

The above legal events have been claimed for entry into the Commercial Register to the Registry Agency on the 12/01/2011. After recording the withdrawal of authorization in respect to Ivaylo Lakov and the authorization of the new procurator of the Issuer - Gergana Zlatanova - Lekova, the Issuer will notify the FSC, pursuant to Art. 85, Para. 1 of POSA. Corrections in this Prospectus are not required because the required information for Gergana Zlatanova - Lekova is provided in the document relating to her capacity of Financial and Administrative Director of the Company.

At an extraordinary General Meeting of shareholders of Investor.Puls Ltd. held on 07/01/2011, Ivaylo Lakov was released as Manager of the company. Gergana Zlatanova – Lekova was elected Manager of Investor.Puls Ltd. The legal events are claimed for entry into the Commercial Register to the Registry Agency on 12.01.2011.

4.13.3. Procurator – Ivaylo Lakov

Business address and functions at the Issuer

Ivaylo Lakov is procurator of the Company since 04.06.2009. The Business address of Mr. Lakov is in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor.

On 06/01/2011, the Board of Directors of the Issuer has decided to withdraw the authorization of Ivaylo Lakov as Procurator of the Company and authorized Gergana Zlatanova - Lekova as procurator.

On 07/01/2011, a procurator contract has been signed with Gergana Zlatanova - Lekova.

The above legal events have been claimed for entry into the Commercial Register to the Registry Agency on the 12/01/2011. After recording the withdrawal of authorization in respect to Ivaylo Lakov and the authorization of the new procurator of the Issuer - Gergana Zlatanova - Lekova, the Issuer will notify the FSC, pursuant to Art. 85, Para. 1 of POSA. Corrections in this Prospectus are not required because the required information for Gergana Zlatanova - Lekova is provided in the document relating to her capacity of Financial and Administrative Director of the Company.

Main activities carried out outside the Issuer, which are material in relation to the Issuer.

Mr. Lakov is manager of Investor.Puls OOD and representative of Investor.BG AD in Interactive Association Bulgaria.

At an extraordinary General Meeting of shareholders of Investor.Puls Ltd. held on 07/01/2011, Ivaylo Lakov was released as Manager of the company. The legal event has been claimed for entry into the Commercial Register to the Registry Agency on 12.01.2011.

Family relationships

At the time of drafting the present document, there are no kinship and family relationships between Ivaylo Lakov and another member of the BD of the Company and its administrative director..

Managerial experience and knowledge

Mr. Lakov has graduated higher education – major International Relations at Sofia University “St. Kliment Ohridski”. Before being appointed a procurator at the Issuer, he has been an operations director in the company for the period January 2007 until July 2009. Mr. Lakov has a rich experience as a journalist and editor in economic radio and television broadcasts. He has been presenter and editor of the economic shows “Business Breakfast” and “Week”. Since September 2009 he is a member of the managing board of Interactive Association Bulgaria.

Data about every conviction, sanctions, insolvency during the last five years before drafting the prospectus.

During the last five years Mr. Lakov is not:

- convicted for fraud;
- related to insolvency, management by receiver or liquidation.
- Officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including specific professional authorities);
- Deprived by court from the right to be a member of administrative, managing or supervisory bodies of an issuer or from the right to take positions in the management and performance of the operations of any issuer.

4.13.4. Administrative director

Business address and functions at the Issuer

Gergana Zlatanova – Lekova is administrative director of the company. The Business address of Gergana Lekova is in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor.

On 06/01/2011, the Board of Directors of the Issuer has decided to withdraw the authorization of Ivaylo Lakov as Procurator of the Company and authorized Gergana Zlatanova - Lekova as procurator.

On 07/01/2011, a procurator contract has been signed with Gergana Zlatanova - Lekova.

The above legal events have been claimed for entry into the Commercial Register to the Registry Agency on the 12/01/2011. After recording the withdrawal of authorization in respect to Ivaylo Lakov and the authorization of the new procurator of the Issuer - Gergana Zlatanova - Lekova, the Issuer will notify the FSC, pursuant to Art. 85, Para. 1 of POSA. Corrections in this Prospectus are not required because the required information for Gergana Zlatanova - Lekova is provided in the document relating to her capacity of Financial and Administrative Director of the Company.

Main activities carried out outside the Issuer, which are material in relation to the Issuer.

Gergana Zlatanova – Lekova is manager of Datanet EOOD and member of the BD and executive director of Reka Mesta EAD, as well as a member of the Board of Directors of Pirin Mayfair Investment Limited.

At an extraordinary General Meeting of shareholders of Investor.Puls Ltd. held on 07/01/2011, Ivaylo Lakov was released as Manager of the company. Gergana Zlatanova – Lekova was elected Manager of Investor.Puls Ltd. The legal events are claimed for entry into the Commercial Register to the Registry Agency on 12.01.2011.

Family relationships

Gergana Zlatanova – Lekova is a spouse of the chairman of the BD of the Company – Lyubomir Lekov. At the time of drafting the present document, there are no kinship and family relationships between Gergana Zlatanova – Lekova and another member of the BD of the Company and its procurator.

Managerial experience and knowledge

Gergana Zlatanova – Lekova has graduated master's degree at the Technical University – Sofia in 1997, major Heating Equipment and PhD in Refrigeration Machines and Equipment until 2001.

She is co-founder and manager of Investor.BG AD (2000) and Financial Administrative Director at the company since 2003. In this capacity she takes part in the preparation for the first initial public offering (IPO) in Bulgaria. She is responsible for the presentation of Investor.BG AD as a public company and the obligations for transparency of information, accounting control and regular financial reporting before investors and state control authorities resulting from its status. She takes part in the adoption of strategic and investment resolutions, including resolutions for the financial business relations of the company with other parties, including management and control of legal service. Gergana Lekova has an administrative experience related to the human resources recruitment and management. She takes part in the establishment of the administrative structure of Investor.BG AD.

Data about every conviction, sanctions, insolvency during the last five years before drafting the prospectus

During the last five years Gergana Lekova is not:

- convicted for fraud;
- related to insolvency, management by receiver or liquidation.
- Officially publicly incriminated and/or sanctioned by legal or regulatory authorities (including specific professional authorities);
- Deprived by court from the right to be a member of administrative, managing or supervisory bodies of an issuer or from the right to take positions in the management and performance of the operations of any issuer.

4.13.5 Holdings of the members of the BD, procurator and the administrative director in the management and capital of companies outside the issuer during the previous 5 years and at present.

1. Holding in the capital of companies during the last 5 years

Stuart TII

- None

Lyubomir Lekov

- Sole owner of the capital of Datanet EOOD
- 1/3 of the capital of Ses Margalides Bulgaria OOD

Nikolay Martinov

- Sole owner of the capital of Unicom Consult EOOD
- 60 per cent of the capital of Unicom Net OOD
- 30 per cent of the capital of Global Media OOD
- Holding in the capital of Druster AD until 11.11.2008

Alexi Andonov

- Sole owner of the property of Sole Proprietor Petar Andonov – Alexi Andonov
- 5 per cent of the capital of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest)

Jozsev Köver

- 33 per cent of the capital of Interdox Informatikai Kft
- 90 per cent of the capital of Saturn Invest Üzleti Tanácsadó Kft

Ivaylo Lakov

- 20 per cent of the capital of Diesar EOOD

Gergana Zlatanova – Lekova

- None

2. Holding in the capital of companies at present**Stuart TII**

- None

Lyubomir Lekov

- Sole owner of the capital of Datanet EOOD
- 1/3 of the capital of Ses Margalides Bulgaria OOD

Nikolay Martinov

- Sole owner of the capital of Unicom Consult EOOD
- 60 per cent of the capital of Unicom Net OOD
- 30 per cent of the capital of Global Media OOD

Alexi Andonov

- Sole owner of the property of Sole Proprietor Petar Andonov – Alexi Andonov
- 5 per cent of the capital of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest)

Jozsev Köver

- 33 per cent of the capital of Interdox Informatikai Kft
- 90 per cent of the capital of Saturn Invest Üzleti Tanácsadó Kft

Ivaylo Lakov

- 20 per cent of the capital of Diesar EOOD

Gergana Zlatanova – Lekova

- None

3. Participation in management of companies during the previous 5 years**Stuart TII**

- Member of the BD of Pirin Mayfair Investment Limited.
- Member of the BD of Reka Mesta AD

Lyubomir Lekov

- Manager of Datanet EOOD
- Manager of Ses Margalides Bulgaria OOD
- Member of the BD of Reka Mesta EAD

Nikolay Martinov

- Manager of Unicom Consult EOOD
- Manager of Unicom Net OOD
- Manager of Online Media OOD

Alexi Andonov

- Manager of Sole Proprietor Petar Andonov – Alexi Andonov
- Member of the BD and executive director of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest)

Jozsev Köver

- Manager of Technology in Central and Eastern Europe Lux Sàrl

Ivaylo Lakov

- Manager of Investor.Puls OOD
- Representative of Investor.BG in Interactive Association Bulgaria.

Gergana Zlatanova – Lekova

- Manager of Datanet EOOD

- Member of the BD and Executive Director of Reka Mesta EAD.
- Member of the BD of Pirin Mayfair Investment Limited.

4. Participation in the management of companies at present

Stuart TII

- Member of the BD of Pirin Mayfair Investment Limited.
- Member of the BD of Reka Mesta EAD

Lyubomir Lekov

- Manager of Datanet EOOD
- Manager of Ses Margalides Bulgaria OOD
- Member of the BD of Reka Mesta EAD

Nikolay Martinov

- Manager of Unicom Consult EOOD
- Manager of Unicom Net OOD
- Manager of Online Media OOD

Alexi Andonov

- Manager of Sole Proprietor Petar Andonov – Alexi Andonov
- Member of the BD and executive director of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest)

Jozsev Köver

- Manager of Technology in Central and Eastern Europe Lux Sàrl

Ivaylo Lakov

- Manager of Investor.Puls OOD (released from the position pursuant to GM's decision from 07.01.2011)
- Representative of Investor.BG in Interactive Association Bulgaria.

Gergana Zlatanova – Lekova

- Manager of Datanet EOOD
- Member of the BD and Executive Director of Reka Mesta EAD.
- Member of the BD of Pirin Mayfair Investment Limited.
- Elected Manager of Investor Puls OOD with decision dated 07.01.2011.

4.13.6 Holdings of the members of the BD, the procurator and the administrative director in the Issuer's capital.

Stuart Till

- 60,383 shares directly representing 5.03 per cent of the Issuer's capital, whereas 30,000 of this shares are subject to repo-transaction.

Lyubomir Lekov

- 186,221 shares directly representing 15.53 per cent of the Issuer's capital.
- Through his spouse Gergana Zlatanova – Lekova – 62,386 shares representing 5.20 per cent of the Issuer's capital.
- In total directly and through related parties – 20.73 per cent of the Issuer's capital.

Nikolay Martinov

- 97,411 shares directly representing 8.12 per cent of the Issuer's capital.
- Through related parties as a sole owner of the capital of Unicom Consult EOOD – 90,454 shares representing 7.54 per cent of the Issuer's capital.
- In total directly and through related parties – 15.66 per cent of the Issuer's capital.

Alexi Andonov

- 77,964 shares directly representing 6.50 per cent of the Issuer's capital.
- Through related parties in his capacity of member of the BD and executive director of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest) – 21,284 shares representing 1.77 per cent of the Issuer's capital.
- In total directly and through related parties – 8.27 per cent of the Issuer's capital

Jozsef Köver

- Does not hold shares from the Issuer's capital, either directly or through related parties. Manager of Technology in Central and Eastern Europe Lux Sàrl, holding 255,920 shares representing 21.34 per cent of the Issuer's capital.

Ivaylo Lakov

- Does not hold shares from the Issuer's capital, either directly or through related parties.

Gergana Zlatanova – Lekova

- 62,386 shares directly representing 5.20 per cent of the Issuer's capital.
- Through her spouse Lyubomir Lekov 15.53 per cent of the Issuer's capital.
- In total directly and through related parties – 20.73 per cent of the Issuer's capital.

4.13.7. Remunerations

Members of the Board of Directors (except Mr. Kyover who does not receive remuneration) were paid salaries amounting to BGN 500 per month for last year, and the Chairman of the Board of Directors Lubomir Lekov – BGN 520 per month.

The Procurator Ivaylo Lakov was paid a monthly salary of BGN 520 for last year. Ivaylo Lakov was not paid a remuneration for the last year under the management and control contract with the Issuer's subsidiary - Investor.Puls LTD. The management and control contract does not provide for payment of remuneration.

The Financial and Administrative Director of the Issuer - Gergana Zlatanova - Lekova was paid a monthly gross salary of BGN 3,300 for last year and received a bonus for 2010 in the gross amount of BGN 1,005.44

On 06/01/2011, the Board of Directors of the Issuer has decided to withdraw the authorization of Ivaylo Lakov as Procurator of the company and authorizing Gergana Zlatanova - Lekova as procurator. On 01/07/2011, a procurator contract was signed with Gergana Zlatanova - Lekova. The contract provides for payment of a monthly salary to the procurator in the amount of BGN 500.

At an extraordinary General Meeting of Shareholders of Investor.Puls Ltd. held on 07.01.2011, Ivaylo Lakov was released as a Manager of the company. Gergana Zlatanova – Lekova was elected a Manager of Investor.Puls Ltd. A management and control contract was signed with Gergana Zlatanova - Lekova and Investors. Pulse Ltd., which does not provide for a payment of remuneration. The circumstances are claimed for entry into the Commercial Register to the Registry Agency on 12.01.2011.

4.13.8. Conflict of Interests

There are potential conflicts of interests between the obligations of the members of the Board of Directors, the Procurator and the administrative director of Investor.BG AD to the Issuer and their private interests and/or other obligations.

At the time of drafting the present document, the Issuer is not aware of arrangements or agreements between the major shareholders, clients, suppliers, etc. pursuant to which any member of the Board of Directors, the procurator and the administrative director of Investor.BG AD is elected for member of administrative, managing or supervisory bodies of the superior management.

There are no restrictions adopted by the members of the Board of Directors, the Procurator and the administrative director of Investor.BG AD for disposition with their assets in Issuer's securities within specific period of time.

4.13.9. Practices of the managing bodies

Term of office of the members of the BD

The term of office of the present members of the Board of Directors of the Issuer expires on 01.04.2014.

The Procurator contract concluded between the Issuer and Ivaylo Lakov has been entered in the Commercial Register kept by the Registry Agency on 04.06.2009. The contract was concluded for a period of six months from the date of entry of the Procurator contract in the Commercial Register kept by the Registry Agency, and contains a clause for automatic extension of in the event that none of the Parties declares in writing, one month before the deadline, not wanting to renew the contract.

On 06/01/2011, the Board of Directors of the Issuer has decided to withdraw the authorization of Ivaylo Lakov as Procurator of the company and authorizing Gergana Zlatanova - Lekova as Procurator.

On 01/07/2011, a Procurator contract was signed with Gergana Zlatanova - Lekova. The contract was concluded for a period of 6 months from its entry in the Commercial Register kept by the Registry Agency, and contains a clause of automatic extension in the event that none of the Parties declares in writing, one month before the expiry of the period, the wish to renew the contract.

The above legal events have been claimed for entry into the Commercial Register to the Registry Agency on the 12/01/2011. After recording the withdrawal of authorization in respect to Ivaylo Lakov and the authorization of the new procurator of the Issuer - Gergana Zlatanova - Lekova, the Issuer will notify the FSC, pursuant to Art. 85, Para. 1 of POSA. Corrections in this Prospectus are not required because the required information for Gergana Zlatanova - Lekova is provided in the document relating to her capacity of Financial and Administrative Director of the Company.

At an extraordinary General Meeting of Shareholders of Investor.Puls Ltd. held on 07.01.2011, Ivaylo Lakov was released as a Manager of the company. Gergana Zlatanova – Lekova was elected a Manager of Investor.Puls Ltd. A management and control contract was signed with Gergana Zlatanova - Lekova and Investors. Pulse Ltd., which does not provide for a payment of remuneration. The circumstances are claimed for entry into the Commercial Register to the Registry Agency on 12.01.2011.

Indemnities upon termination of employment

The contracts for management concluded between the Company and the members of the Board of Directors provide for payment of compensations to the members of the Board of Directors upon termination of the contracts on behalf of the company within the amount of one gross monthly remuneration.

The Procurator contract with Ivaylo Lakov provides for the payment of compensation to the Procurator in case of termination of the contract by mutual consent, termination, reorganization, liquidation or bankruptcy of the Company, amounting to no more than his monthly salary of BGN 520.

Ivaylo Lakov manages the subsidiary company Investor.Puls Ltd. under a management and control contract. The contract does not provide for a payment of compensation to Ivaylo Lakov in case of contract termination.

A labor contract has been signed with the financial and administrative director of the company Gergana Zlatanova – Lekova, which is subject to the arrangements provided for in the Labour Code and does not provide for payment of benefits upon termination of employment, different from those payable under employment legislation.

On 06/01/2011, the Board of Directors of the Issuer has decided to withdraw the authorization of Ivaylo Lakov as Procurator of the Issuer and to authorize Gergana Zlatanova - Leakova as Procurator.

On 07.01.2011, a Procurator contract was signed with Gergana Zlatanova - Lekova. The contract provides for a payment of compensation to the Procurator in case of termination of the contract by mutual consent, termination, reorganization, liquidation or bankruptcy of the Company, amounting to no more than his monthly salary under the contract of BGN 500.

The above legal events have been claimed for entry into the Commercial Register to the Registry Agency on the 12/01/2011. After recording the withdrawal of authorization in respect to Ivaylo Lakov and the authorization of the new procurator of the Issuer - Gergana Zlatanova - Lekova, the Issuer will notify the FSC, pursuant to Art. 85, Para. 1 of POSA. Corrections in this Prospectus are not required because the required information for Gergana Zlatanova - Lekova is provided in the document relating to her capacity of Financial and Administrative Director of the Company.

At an extraordinary General Meeting of Shareholders of Investor.Puls Ltd. held on 07.01.2011, Ivaylo Lakov was released as a Manager of the company. Gergana Zlatanova – Lekova was elected a Manager of Investor.Puls Ltd. A management and control contract was signed with Gergana Zlatanova - Lekova and Investors. Pulse Ltd., which does not provide for a payment of compensation to Gergana Zlatanova – Lekova in case of contract

termination. The circumstances are claimed for entry into the Commercial Register to the Registry Agency on 12.01.2011.

Audit committee

At the general meeting of shareholders of Investor.BG AD held on 01.04.2009, pursuant to article 40e of the Law for Independent Financial Audit, it adopted a resolution that the functions of audit committee of Investor.BG AD will be performed by the Board of Directors. The resolution is confirmed on the GMS held on 12.04.2010. The Audit Committee is appointed for an indefinite period to exercise its power until released by the General Assembly of the Issuer, according to Art. 18 of the Issuer's Statute.

Corporate management

On its session on 25.02.2010 the Board of Directors adopted a Program for good corporate management of the company. Considering the fact that Investor.BG AD is a public company within the meaning of article 110 of the LPOS the adopted program is in due compliance with the principles provided for the national code for corporate management. On the company's corporate website <http://ibg.bg/id-239/> the program, the rules and policies for good corporate management applied by the company may be downloaded.

4.14. TRENDS

Information about the trends of the internet market are presented in item 4.5. *Industry and competitive position* and in item 4.6. *Main business*, of the present Prospectus.

5. FINANCIAL REVIEW

5.1. FINANCIAL POSITION

Investor.BG AD drafts financial statements on individual and consolidated basis. The audited individual financial reports for the financial 2007, 2008 and 2009, the audited consolidated financial reports for 2008 and 2009, and the interim financial statements as at 30.09.2009 and as at 30.09.2010 are used for the analysis of financial position.

Since the end of the final reporting financial period (30.09.2010), and for any financial information published, no material change in the financial or trading position of Investor.BG AD has occurred.

The results of Investor.BG AD on individual basis are relatively similar to these on consolidated basis, since the single subsidiary Investor Puls OOD has generated proceeds of BGN 19 thousand from advertising services provided to Investor.BG AD. The total assets of Investor Puls OOD are within the amount of BGN 123 thousand or hardly 2.52% of the total assets of Investor.BG AD on consolidated basis. Due to this reason, the financial analysis presented below is only on consolidated basis.

5.1.1. Revenues and expenses

For 2009 the consolidated revenues of the Issuer are BGN 2,927 thousand, which means a growth of 10.3% in comparison to 2008, due to the increased operating proceeds – revenues from online advertising, information and technical services related to the maintenance of the websites. For the period 2008 - 2009, the revenues grew by 10.3%.

The operating expenses increased by 32.7% in 2009 as compared to 2008 mostly due to the increase of external services expenses by 66.5%, in particular expenses for consultancy services (BGN 238 thousand) and advertising expenses (BGN 506 thousand). Due to the higher growth of operating expenses, the operating profit of the Issuer before amortization, interests and taxes decreases with 29.8% in 2009 to BGN 669 thousand BGN. The net profit as at 31.12.2009 is BGN 510 thousand, which means a decline of 34.5% in comparison with the same period of 2008.

At the end of the third quarter of 2010, the consolidated incomes are BGN 2,380 thousand, which means of growth of 20.1% in comparison to the same period in 2009. The operating revenues are almost 100% of the total revenues.

The Company's operating expenses increased by 31.0% in the first nine months of 2010 compared to the same period of 2009, with personnel expenses registering the most significant growth (BGN 940 thousand as at 30.09.2010 compared to BGN 668 thousand as at 30.09.2009) among others. Due to the higher growth rate of the operating expenses compared to revenues, the Company's operating income decreased by 30.6% as at 30.09.2010 compared to the same period of 2009. The net income after tax for the first nine months of 2010 was BGN 225 thousand, or 35.3% decrease from the same period of 2009.

Table №18 Income statement of Investor.BG AD for the period 2008 – 30.09.2010, on consolidated basis

<i>thousands of BG</i>	30.09.2010	30.09.2009	2009	2008
Revenues	2,380	1,982	2,927	2,654
Sales of services	2,375	1,976	2,921	2,654
Other revenues	5	6	6	-
Operating expenses	(2,035)	(1,554)	(2,258)	(1,701)
Cost of services	(42)	(18)	(22)	(41)
Cost for external services	(961)	(816)	(1,199)	(720)
Personnel expense	(940)	(668)	(954)	(790)
Other	(92)	(52)	(83)	(150)
EBITDA	345	428	669	953
<i>EBITDA Margin %</i>	<i>14.5%</i>	<i>21.6%</i>	<i>22.9%</i>	<i>35.9%</i>
D&A	(118)	(101)	(138)	(105)
EBIT	227	327	531	848
<i>EBIT Margin %</i>	<i>9.5%</i>	<i>16.5%</i>	<i>18.1%</i>	<i>32.0%</i>
Financial expenses (net)	(2)	21	42	19
Financial income	17	25	49	23
Financial expenses	(19)	(4)	-7	-4
EBT	225	348	573	867
<i>EBT Margin %</i>	<i>9.5%</i>	<i>17.6%</i>	<i>19.6%</i>	<i>32.7%</i>
Tax expense	-	-	(63)	(88)
Net profit after tax	225	348	510	779
<i>Net profit margin %</i>	<i>9.5%</i>	<i>17.6%</i>	<i>17.4%</i>	<i>29.4%</i>
Other comprehensive income	-	-	2	-
Total comprehensive income	225	348	512	779
Net profit attributed to:	225	348	510	779
Company's shareholders	240	366	522	780
Minority interest	(15)	(18)	(12)	(1)
Total comprehensive income attributed to	225	348	512	779
Company's shareholders	240	366	523	780
Minority interest	(15)	(18)	(11)	(1)

Source: Audited consolidated annual financial statement of the Issuer for the period 2008 – 30.09.2010 and unaudited consolidated statements as at 30.09.2009 and as at 30.09.2010

5.1.2. Assets, liabilities, equity

On consolidated basis, the total assets of Investor.BG AD at the end of the third quarter of 2010 are within the amount of BGN 4,889 thousand, or growth of 11.6% since the beginning of 2010. The greater part of the Issuer's assets are fixed intangible assets (67.4%), including copyrights and software products related to the management of the 14 websites of the Issuer. Copyrights are assessed by fair value with limited term of use and are periodically tested for impairment. By assessment of licensed evaluators, the value of Issuer's copyrights as at 30.09.2010 is within the amount BGN 3,293 thousand.

The trade receivables of the Issuer have a growth of 51.4% for 2009, in comparison to 2008. As at 30.09.2010, the trade receivables are BGN 631 thousand, which is a growth of 70.1% since the beginning of 2010. This growth is quite higher than the growth of Investor.BG AD incomes on consolidated basis, which increases the risk

of striking-off uncollectible receivables. The Issuer's trade receivables are not interest bearing and usually have 10 days period for repayment. During the third quarter of 2010, the Issuer has initiated litigations against two of its clients for collection of receivables of BGN 104 thousand, which have delay of more than 180 days. The impairment of hardly collectible receivables is BGN 7 thousand as at 30.09.2010. In 2008 and 2009 the impairment of hardly collectible receivables was BGN 9 thousand and BGN 9 thousand, respectively.

The total liabilities of the Issuer as at 30.09.2010 are within the amount of BGN 728 thousand or growth of 67.7% since the beginning of 2010. The greater part of the liabilities are trade payables within the amount of BGN 421 thousand as at 30.09.2010, whereas 77.7% of them are due to advance payments for advertising services to be recognized as an income within one year. For 2008 and 2009 the advance payments for advertising services are within the amount of BGN 22 thousand and BGN 155 thousand, respectively.

For the historic period in consideration, Investor.BG AD has not used considerable obligation funding. The total amount of interest bearing debt (long- and short-term) as at 30.09.2010 is BGN 126 thousand or growth of 62.5% since the beginning of the year.

The Issuer's equity as at 30.09.2010 is within the amount of BGN 4,161 thousand or growth of 5.5% in comparison with the beginning the year, whereas for the last 3 years it increases due to the good financial results of the Issuer and the accrual of reserve funds.

Table №19 Balance sheet of the Issuer for the period 2008 – 30.09.2010 on consolidated basis

<i>in thousand BGN</i>	30.09.2010	2009	2008
Assets			
Long term assets			
Plants, machines and equipment	189	164	177
Fixed intangible assets	3,293	2,843	2,343
Goodwill	72	72	72
Deferred taxes	3	3	2
Total long term assets	3,557	3,082	2,594
Short term assets			
Trade and other receivables	631	371	245
Cash and cash equivalents	489	862	597
Other financial assets	212	64	13
Total short term assets	1,332	1,297	855
Total assets	4,889	4,379	3,449
Liabilities			
Long term liabilities			
Financial lease	37	22	-
Total long term liabilities	37	22	-
Short term liabilities			
Bank loans	70	-	-
Short term lease	19	10	-
Trade and other liabilities	421	255	33
Related parties liabilities	8	6	-
Employees liabilities	96	72	14
Social security liabilities	24	21	2
Taxes payable	53	48	78
Total short term liabilities	691	412	127
Total liabilities	728	434	127
Shareholders' equity	126	32	
Share capital	1,199	1,199	1,199
Repurchased shares	-	-	(9)
Reserves	2,160	2,160	1,277
Retained earnings (net)	747	522	779
Shareholders' equity	4,106	3,881	3,246
Minority interest	55	64	76
Total shareholders' equity	4,161	3,945	3,322
Total liabilities and shareholders' equity	4,889	4,379	3,449

Source: Audited consolidated annual financial statements of the Issuer for the period 2008 – 30.09.2010 and interim unaudited consolidated statements as at 30.09.2009 and as at 30.09.2010

5.1.3. Financial ratios

The Issuer's financial position is measured most effectively through the financial ratios as provided in the **Table 20**.

In 2009 we can see a change in the positive trend in the development of the Issuer. For this period, on consolidated basis, the profitability indicators of Investor.BG AD mark relative decline. The decline is witnessed

for all profitability indicators of the company. The main reason is the decline in the profit, which to a greater extent is due to the worse economic situation in the country, which affects the Issuer's results. The equity profitability (ROE) decreases with 49.5% on average annual basis during the period 2008 – 2009 and reaches the value of 14.3% at the end of 2009.

Despite the relative decline of liquidity indicators during the last year, the economic group of Investor.BG AD maintains stable overall liquidity, which allows it to cover its payables to suppliers within the agreed terms. The working capital of the Company, on consolidated basis, marks a growth of 21.6% in 2009 in comparison to 2008. as at 30.09.2010 the coefficient for overall liquidity is 2.4.

The issuer maintains good capitalization with attracted debt (long-term debt + short-term debt) within the amount of 1.9% of the equity as at 30.09.2010 – indicator for financial stability and protection of the interests of the Issuer's major shareholders.

Table №20 Financial coefficients of the Issuer for the period 2008 – 30.09.2010, on consolidated basis

Financial ratios	30.09.2010	30.09.2009	2009	2008
Profitability ratios				
Operating expenses / Revenues	9.5%	17.6%	17.4%	29.4%
ROA	4.9%	9.0%	13.0%	26.7%
Return on liabilities	38.7%	116.6%	181.8%	611.0%
ROE	5.6%	10.0%	14.3%	28.3%
Activity ratios				
Revenues / Operating expenses	1.1	1.2	1.2	1.5
Operating expenses / Revenues	0.9	0.8	0.8	0.7
Liquidity ratios				
Current ratio	2.4	3.7	4.0	5.8
Quick ratio	1.5	2.3	2.8	4.0
Cash ratio	1.2	2.3	2.7	3.5
Financial ratios				
Financial leverage	1.16	1.10	1.1	1.1
Debt / Total capital	1.9%	0.5%	0.0	0.0
Debt / Assets	0.02	0.00	0.0	0.0
Interest coverage ratio	124.7	266.0	387.0	0.0

Source: Analysis of KBC Securities on audited annual and unaudited interim consolidated financial statements of the Issuer for the period 2008 – 30.09.2010

5.2. CAPITAL RESOURCES

5.2.1. Issuer's capital resources

For funding its operations, the Issuer uses the following external sources:

- Share capital;
- Leases;
- Loan agreements with financial institutions.

Table №21 Capital structure of Investor.BG AD for the period 01.01.2007 – 30.09.2010, on consolidated basis

Capital structure (BGN thousand)	30.09.2010	30.09.2009	2009	2008
Short term assets	1,332	1,290	1,297	855
Short term liabilities	691	448	412	127
Net working capital	641	842	885	728
Total assets	4,889	4,251	4,379	3,449
Shareholders' equity	4,161	3,781	3,945	3,322
Total debt (short term + long term)	126	34	32	-
Long term liabilities	37	22	22	-
Financial ratios	30.09.2010	30.09.2009	2009	2008
D / E	0.03	0.01	0.01	0.00
D/ A	0.03	0.01	0.01	0.00
Financial leverage	1.17	1.12	1.11	1.04
Shareholders' equity / Total capital	0.85	0.89	0.90	0.96
Long term debt / Equity	0.01	0.01	0.01	0.00

Source: Audited consolidated annual financial statements of the Issuer for the period 2008 – 30.09.2010 and interim unaudited consolidated statements as at 30.09.2009 and 30.09.2010

On consolidated basis, a change of the capital structure of Investor.BG AD is witnessed only for 2009 and as at 30.09.2010. This is due to the lack of long-term obligations for 2007 and 2008. The long-term obligations of the Issuer as at the end of 2009 are due to the long-term part of leasing installments under financial leasing contracts for automobiles concluded during the year, for 4 years term of repayment, which are within the amount of BGN 22 thousand. The Issuer's equity for the last year increases in comparison to the previous one mainly due to the allocation of the 2008 profit in the Reserve Fund.

The main indicator affecting the Issuer's capital is the debt/ equity ratio, or the so called gearing, whereas the equity of Investor.BG AD exceed the attracter resource from financial institutions manifold. This indicator shows the ability of a company to service greater fixed obligations. During the period in consideration, the indicator is 0.03 as at 30.09.2010, which is 0.009 growth as at the end of 2009. Despite this growth, at present the Issuer has highly capitalized structure and has no difficulties for payment of its short- and long-term obligations.

In 2009 Investor.BG AD has concluded two contracts for acquisition of two cars under the conditions of financial leasing. Allianz Bulgaria AD is the lesser under the two contracts. The term of the contracts is four years. The due leasing installments under the two contracts until the end of the period are within the amount of BGN 31,924.

Investor.BG AD has a rented property under the conditions of operating leasing with a term of one year. The total amount of future minimum leasing installments is BGN 100 thousand.

On 19.07.2010 Investor.BG AD signed with ProcreditBank AD contract for credit line for working funds within the amount of BGN 1 million, the initial date of granting being 26.07.2010 with interest equal to the three months SOFIBOR + 3.5%, but not less than 8%. The term of the credit line is one year with option for renewal for another two years. The credit line is secured with two pledges of current and future receivables under advertising contracts and one pledge of deposit at Procredit Bank within the amount of BGN 400 thousand.

5.2.2. Issuer's cash flows

Table №22 below present data for Issuer's cash flows for the period 2008 – 30.09.2010.

Table №22 Issuer's cash flows for the period 2008 – 30.09.2010, on consolidated basis

<i>in BGN thousand</i>	30.09.2010	30.09.2009	2009	2008
Cashflow from operations	164	427	788	830
Cashflow from investments	(589)	(421)	(622)	(869)
Cashflow from financing	52	101	99	334
Net increase in cash	(373)	107	265	295
Cash and cash equivalents , beginnig of period	862	597	597	302
Cash and cash equivalents , end of period	489	704	862	597

Source: Audited consolidated annual financial statements of the Issuer for the period 2008 - 2009 and interim unaudited statements as at 30.09.2009 and as at 30.09.2010

On consolidated basis, during the last two years we witness dynamics in the Issuer's cash flows. In 2008 the generated operating cash flow is positive and reaches amounts of BGN 830 thousand, whereas in 2009 it decreases to BGN 788 thousand. As at 30.09.2010 the operating cash flow is BGN 164 thousand.

The investment cash flow for 2009 is negative within the amount of BGN 622 thousand formed by Investor.BG AD due to investments for acquisition of assets (investment in Investor Puls OOD and rights over intellectual property). For the purposes of comparison, in 2008 the investment cash flow is BGN 869 thousand. As at 30.09.2010 the investment cash flows are negative at the amount of BGN 589 thousand also formed by investments in the subsidiary Investor Puls OOD and in rights over intellectual property.

The net financial cash flows in 2009 are within the amount of BGN 99 thousand, which is a decline of 70% in comparison with 2008. The main reasons for this is the lack of proceeds from sale of financial assets in comparison to 2008, almost twice less proceeds from sale of own shares and less attracted bank loans.

As a result of the above operations, the Issuer's cash at the end of 2009 reach BGN 862 thousand or a growth of 44.4% in comparison to 2008. As at 30.09.2010, cash decline with BGN 215 thousand in comparison to the same period of 2009, mainly due to the increase payments to employees, the acquisition of rights over intellectual property and the decline of financial cash flows.

At present, there are no restrictions imposed for the use of Company's capital resources. Such restrictions are not imposed in the period within the scope of the historic financial information.

6. MATERIAL CONTRACTS

During the last two years before the drafting of the present document, Investor.BG AD and its subsidiary have not been parties under material contracts different from the contracts concluded during the usual operations, excluding the contract described in the next paragraph for credit line.

On 19.07.2010 Investor.BG AD signed with Procredit Bank AD contract for a credit line for working funds within the amount of BGN 1 million, the initial date of granting being 26.07.2010 with interest equal to the three months SOFIBOR + 3.5%, but not less than 8%. The term of the credit line is one year with option for renewal for another two years. The credit line is secured with two pledges of current and future receivables under advertising contracts and one pledge of deposit at Procredit Bank within the amount of BGN 400 thousand.

During the period in consideration, Investor.BG AD and its subsidiary have not concluded contracts outside their usual operations, which contain provisions pursuant to which any of the members of the economic group undertakes the obligation or acquires a right, which is material for the group.

7. LEGAL AND ARBITRATION PROCEEDINGS

At present, Investor.BG AD is not a party under pending judicial, administrative or arbitration proceedings.

For a period of 12 months prior the preparation of the present document, the Issuer has not been a party under finalized judicial, arbitration and administrative proceedings, which might or have had significant effect on the Issuer or the financial position or profitability of its economic group.

The issuer is not aware of any possibilities for initiating future arbitration and administrative proceedings that might have significant effect on the Issuer or the financial position or profitability of its economic group.

8. SHAREHOLDERS

8.1. DATA FOR SHAREHOLDERS HOLDING MORE THAN 5 PER CENT OF THE VOTING SHARES

The Issuer's shareholders holding more than 5% of the shares with voting right are presented in the following **Tables №23 and 24.**

Table №23 Issuer's shareholders directly holding 5% of the shares with voting rights

No	Name	# of shares	Share of capital / votes at GMS:
1	TECHNOLOGY IN CENTRAL AND EASTERN EUROPE	255,920	21.34%
2	Lyubomir Kostadinov Lekov	186,221	15.53%
3	Nikolay Angelov Martinov	97,411	8.12%
4	Unicom Consult EOOD	90,454	7.54%
5	Filip Atanasov Pashov	83,285	6.94%
6	Alexi Petrov Andonov	77,964	6.50%
7	Gergana Zlatanova-Lekova	62,386	5.20%
8	Stuart Allen Till*	60,383	5.03%
Total:		853,641	71.17%

Source: *Investor.BG AD*

***Note:** *The holding of Stuart Till as provided for in the table includes 30,383 directly held shares and 30,000 shares which are subject to repo-transaction.*

Table №24 Issuer's shareholder holding more than 5% of the shares with voting rights including to related parties

No	Name	no of shares	Share of capital / votes at GMS:
1	Lyubomir Kostadinov Lekov	248,607	20.73%
2	Nikolay Angelov Martinov	187,865	15.66%
3	Alexi Petrov Andonov	99,248	8.27%
4	Gergana Zlatanova-Lekova	248,607	20.73%
Total:		784,327	65.39%

Source: *Investor.BG AD*

Lyubomir Kostadinov Lekov holds through related party (his spouse Gergana Zlatanova-Lekova) 5.20 per cent of the issuer's shares with voting rights.

Gergana Zlatanova-Lekova holds through related party (her spouse Lyubomir Kostadinov Lekov) 15.53 per cent of the issuer's shares with voting rights.

Alexi Petrov Andonov holds through related party (in his capacity of Chairman of the Board of Directors and executive director of Vitosha Bulgarian Hungarian Investment Partnership AD (Budapest)) – 21,284 shares being 1.77% of the company's capital.

Nikolay Angelov Martinov holds through related party Unicom Consult EOOD 90,454 shares representing 7.54 per cent of the issuer's shares with voting rights.

There are no other persons except the above, who indirectly hold, through related persons, more than 5 per cent of the Issuer's capital.

None of the shareholders above holds different rights to vote at the GM of the Company.

8.2. PERSONS CONTROLLING THE ISSUER

Pursuant to the definition of paragraph 1, item 13 of the Additional Provisions of LPOS "control" is implemented when a person:

- Holds, including through subsidiary or by virtue of agreement with another person, above 50% of the number of shares in the general meeting of a company or another legal entity; or
- May directly or indirectly appoint more than half of the members of the managing or controlling body of a legal entity; or
- May otherwise decisively affect the adoption of resolution in relation to the legal entity operation.

Pursuant to the above provision, at the time of drafting the present document, there is no person who controls the issuer.

The issuer has not implemented special measures against the abuse with control.

The Issuer is not aware of arrangements whose effect may cause change in the control on a further date.

9. RELATED PARTY TRANSACTIONS

In compliance with International Accounting Standard 24 “Related Party Disclosures” a party is considered related when:

- a) directly or indirectly, through one or more intermediaries, the party:
- controls or is controlled, or is under the general control of the entity (the latter includes parent companies, subsidiaries and fellow subsidiaries);
 - has a holding in the entity, which allows him to have substantial influence on the entity; or
 - implements general control over the entity.
- b) the party is associate entity (as per the definition in IAS 28 Investments in Associates) to the entity;
- c) the party is a joint entity, in which the entity is a controlling partner;
- d) the party is member of key managerial staff of the entity or its parent company;
- e) the party is close member of the family of an individual as provided for in letters a) and d) above;
- f) the party is an entity, which is controlled, jointly controlled or significantly affected by the party under letter d) or e), or has material powers to vote in this entity, directly or indirectly;
- g) the party presents plan for incomes when entity’s or each entity’s associate’s employee leaves his job.

Pursuant to the same standard, related party transaction occurs when there is transfer of resources, services or obligations between related parties, regardless any price applies. The related party information for the period within the scope of the historical financial information, is presented in the Tables below.

Table №25 Issuer's related parties

Company	Type of relationship
Investor Puls OOD	Controlling subsidiary - 50.1% holding in the capital
Pirin Mayfair Investment Limited	Holding of the executive member of BD as a member in the managing body
Reka Mesta EAD	Holding of two of the members of the BD as members in the managing body
Datanet EOOD	Holding of a member of the BD as manager and sole owner of the capital
Ses Margalides Bulgaria OOD	Holding of a member of the BD as manager and and owner of 1/3 of the capital
Unicom Consult EOOD	Holding of a member of the BD as manager and sole owner of the capital
Online Media OOD	Holding of a member of the BD as manager
Unicom Net OOD	Holding of a member of the BD as manager and and owner of 60% of the capital
Vitoshka BG - HU Investment Partnership AD(Budapest)	Holding of a member of the BD as member of the managing body and executive director
ET Petar Andonov – Alexi Andonov	Holding of a member of the BD as manager and sole owner of the capital
Interdox Informatikai Kft	Holding of a member of the BD as an owner of 33% of the capital
Saturn Invest Uzleti Tanacsado Kft	Holding of a member of the BD as manager and and owner of 90% of the capital
Technology in Central and Eastern Europe Lux Sarl	Holding of a member of the BD as manager

Source: *Investor.BG*

There are no other related parties owned by major shareholders, as well as the entities, in which different individuals controlling the Issuer have direct or indirect significant holdings.

At present, the Issuer has concluded transactions with its subsidiary Investor Puls OOD and the related party Reka Mesta EAD, providing the companies technical, marketing and administrative services, advertising services and has advertised its business on the website maintained by Investor Puls OOD. **Table №26** below presents information about the transactions during the period within the scope of the historical financial information as presented herein.

Table №26 Transactions between the Issuer and related parties for the period 2007 to 15.12.2010

In thousand BGN	2007	2008	2009	15.12.2010
Sales to related parties, including:	-	-	64	32
Investor Puls OOD – provided technical, administrative and marketing services	-	-	38	25
Investor Puls OOD – provided advertising services	-	-	17	1
Investor Puls OOD – sale of assets and materials	-	-	9	-
Reka Mesta EAD – provided technical services	-	-	-	6
Purchases from related parties, including	-	-	19	29
Investor Puls OOD - provided advertising services	-	-	19	29

Source: Investor.BG AD

For the period from 15.12.2010 until the date of drafting the present Prospectus, no transactions between the Issuer and related parties are made.

The transactions between the two companies are not unusual by type or conditions and there are no deviations from the market prices.

During the reporting period, the Company has fully repaid its obligations in relation to subscribed but unpaid shares in the subsidiary within the amount of BGN 34 thousand.

10. DIVIDEND POLICY

Within the period falling in the scope of the presented financial historical information, the Issuer has not allocated dividends in favor of shareholders.

The Issuer's general meeting of shareholders has not approved specific practice for allocation the company's profit.

11. USE OF PROCEEDS

Issuer's management intends to use the net proceeds from the issue of shares in two main directions:

- **Investments and development of the 14 websites managed by Investor.BG AD** – investments in new services offered by the websites, investments for improving the technical infrastructure and capacity, improvement of design, etc.
- **Expansion of the portfolio of websites** – Depending on the economic and market environment, the Issuer intends to expand its portfolio of websites both through development of new own sites and through acquisition of existing websites within existing and new market segments.

12. INFORMATION ABOUT OFFERED SECURITIES

12.1. DESCRIPTION OF TYPE AND CLASS

Pursuant to the present document, investment securities – shares, are offered for initial subscription by their issuer Investor.BG AD.

The shares of the present issue are ordinary, non cash, freely transferable and registered shares.

The total amount of offered issue is 239,892 shares.

All shares of the present issue give equal rights to their holders and form one class of securities.

At the time of drafting the present Prospectus, the future issue has no ISIN code assigned. This code will be assigned after the end of subscription and the entry of the issue of shares at Central Depository AD. At present, the ordinary shares issued by the Issuer giving the same rights to the shareholders as the shares of the present issue, are traded on unofficial market of shares BSE – Sofia AD, segment A, with ISIN code BG1100019048. With view of the provision of article 27 of the Rules of Procedure of Central Depository AD, which stipulates that no ISIN codes are assigned for securities giving the same rights to their holders, issued by one issuer, and the shares from the present issue should be assigned ISIN code identical to the above one.

12.2. LEGISLATION

The present issue of shares is issued by Investor.BG AD in compliance with the legislation of the Republic of Bulgaria in due observance of the provisions of CL and LPOS. After admitting the issue to trading on regulated market organized by BSE – Sofia AD, the requirements of the Law for Markets of Financial Instruments (LMFI) and the acts for the implementation thereof will be fully applied in relation to share trading.

The following normative acts regulate the offer of the present issue:

- Commerce Law;
- Law for Public Offering of Securities;
- Law for the Financial Supervision Commission;
- Regulation №22 of 29.07.2005 on the terms and conditions for entry and deletion of public companies, other issuers of securities in the register of FSC;
- Regulation №2 of 17 September 2003 on the Prospects for Public Offering of Securities and for disclosure of information by public companies and other issuers of securities (promulgated in SG, no 90 of 2003, as amended and supplemented, SG no 12 and 101 of 2006);
- Commission Regulation (EC) № 809/2004 implementing Directive 2003/71/EC of the European Parliament and the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements. The regulation has direct effect on the territory of Bulgaria.

The normative acts regulating the trading of the present issue on regulated market are as follows:

- Law for the Markets of Financial Instruments;
- Law for Market Abuse with Financial Instruments;

- Law for the Financial Supervision Commission;
- Regulation №38 on the requirements to the investment agents' operations;
- Regulation №8 for the Central Depository of securities.

The rules in relation to the entry, admission to and trading with the offered issue of shares on BSE – Sofia AD, are provided for the Rules of Procedure of BSE – Sofia AD and the Rules of Central Depository AD.

12.3. FORM

The offered shares are registered and non cash shares. These are rights, which are registered to account in the name of their holder at Central Depository AD.

The issue and disposition with shares apply after they are registered at Central Depository AD.

The seat and the registered address of Central Depository AD are as follows: Bulgaria, Sofia, 10 Tri Ushi St., 4th floor, phone: (+359 2) 939 1970 and (+359 2) 4001 254 – to contact “Registers” Department and (+359 2) 939 1992 and (+359 2) 4001 253 – to contact “Settlement” Department.

12.4. CURRENCY

The nominal and issue value of the present issue of shares are in Bulgarian leva (BGN).

12.5. RIGHTS

Every subscribed share of the present issue gives the holder thereof two main groups of rights – property and non-property rights:

- *The property rights* of the shareholder are the right to dividend and the right to liquidation quota;
- *The non-property rights* of the shareholder may be divided into three groups: managing, controlling and protective.

Shareholder's managing rights comprise of the voting right, the right to participate in management and the right to appoint and to be appointed in the Issuer's managing bodies.

Shareholder's controlling rights comprise the right to information for the shareholder (article 224 of CL)

Shareholder's protective rights are: the right to appeal the resolutions of the Company's bodies, the right to request the appointment of chartered accountant and minority rights.

Each share gives to its holder some additional rights which originate from the main rights and are directly or indirectly related thereto.

Shareholder's property rights:

1. **Right to dividend** – The right to dividend is main property right of the shareholder, expressed in his entitlement to receive part of the net profit of the Company in proportion to his share in the capital, provided the statutory prerequisites are available – audited annual financial statement adopted by the General Meeting of Shareholders, explicit resolution of the General Meeting for allocation of profit. The persons entered in the registers of Central Depository as shareholders of the Company on the 14th day after the date of the General

Meeting adopted the annual financial statement and the resolution for allocation of profit have the right to receive dividend. Central Depository submits to the Company a list of shareholders as at the above date. the presence of the person in this list is sufficient condition to receive a dividend after due identification. The Company is obliged to ensure payment of the dividend voted by the General Meeting within 3 months after being held, whereas the costs for payment shall be covered by the Company. The persons having the right to dividend may exercise this right until the expiration of the overall 5 years term, whereas the right will extinguish and the dividends not received remain for the Company being transferred to the Reserve Fund. The right to a dividend is subject to the following restrictions:

- Dividends are paid if the net value of property less than the dividends and interests subject to payment as per the certified and adopted annual financial statement, is not less than the amount of the Company's capital, Reserve Fund and the other funds, which the Company is obliged to form by law or by the Articles of Association;
- No dividend within an amount exceeding the profit for the respective year, retained profit from previous year, the part of the Reserve Fund and the other Company's funds exceeding the statutory minimum or the minimum fixed by the Articles, less the uncovered losses from previous year and the deductions for the Reserve Fund and the other Company's funds, may be allocated;
- Advance payment of dividends prior the adoption of the annual financial statement is not allowed;
- At least 1/10 part of the profit of the joint stock company must be allocated until the money in the Reserve Fund reaches 1/10 part of the Company's capital;
- The right to dividend extinguishes after 5 years period of limitation.

2. Right to liquidation quota – The right to liquidation quota is main property right of the shareholder expressed in his entitlement to obtain a quota in proportion to his holding the Company's capital from the remaining property of the Company upon dissolution of the Company through liquidation. Exercising the right to a liquidation quota suggests dissolved Company. This right is conditional – it occurs and may be exercised only in case (and as far as) there is a remaining property for allocation among the shareholders upon liquidation of the Company after satisfying all creditors, and not exceeding the amount of such property.

The right to a liquidation quota is conferred only to the persons who are shareholders of the Company at the time of dissolution thereof.

Non-property rights of the shareholder:

Managing rights

1. Right to vote – The right to vote is non-property right of the shareholders through which they take part in the management of the Company by means of participation in the decision making on issues under the jurisdiction of the General Meeting of Shareholders of the Company.

The Company may not issue shares with a right to more than one vote. If the share or shares are held by more than one person, they exercise the right to vote jointly by appointing an attorney.

In order to obtain the right to vote, the shareholder of the Company must have fully paid the issue value of share/s and the company, its capital increase respectively, should be entered in the trade register. The voting right is exercised by any persons who have acquired shares and are entered in the book of shareholders kept by Central Depository as shareholders not later than 14 days prior the date of the General Meeting. The presence of the person in the book of shareholders and his due identification are sufficient conditions for exercising the right

to vote. The shareholders having the right to vote take part in the General Meeting of Shareholders personally or by proxy authorized with explicit written power of attorney pursuant to article 116, paragraph 1 of LPOS.

2. Right of the shareholder to take part in the management of the Company, including the right to appoint and be appointed in managing bodies of the Company.

Controlling rights

The controlling rights of the shareholder comprise the right of the shareholder to information. The right to information entitles the shareholders to review all written materials relevant to the agenda of the convened general meeting, to obtain such materials free of charge upon request, as well as to obtain the minutes and the attachments thereto from previous general meetings, which the Company is obliged to keep. The right to information includes the right of the shareholder to receive detailed answers from the members of the Company's managing body to the questions raised during the General Meeting of Shareholders. At any time, shareholders have the right to request and obtain information about the financial-economic position of the Company from the Shareholders Relations Director.

Protective rights

1. Right to appeal the resolutions of the Company's bodies.

- Each shareholder may file a claim against the Company before the district court of domicile for repealing the resolution of the general meeting, whenever it is in contradiction to the imperative provisions of the law or the articles of association (article 74 CL);
- Each shareholder may file a claim before the district court of domicile of the Company in order to protect his right to membership and his different membership rights, whenever they are violated by Company's bodies (article 71CL);

2. Right to request appointment of registered auditors by the registration officer at the Registry Agency, when such are not appointed by the general meeting of shareholders – article 249 CL.

3. Minority rights (rights of shareholders having at least 5 per cent of the Company's capital):

- To convene the general meeting of shareholders;
- To request the appointment of controller;
- To put additional issues on the agenda of already convened general meeting as per the terms and conditions under article 223 of the Commerce Law.

Additional rights of the shareholder

1. The right to subscription of part of the new shares upon Company's capital increase, in proportion to the shares held until the increase. Pursuant to the provisions of article 112, paragraph 1 of the LPOS upon the increase of the capital of the Company, the existing shareholders have the right to acquire part of the new shares in proportion to their share in the capital before the increase. This right may not be repealed or restricted by virtue of articles of association, resolution of the general meeting or managing board of the Company.

2. The right to preferable acquisition of securities, giving the right to acquisition of shares from the same class of shares such as the shares of the present issue by means of converting them or exercising the rights attached thereto.

12.6 REDEMPTION CONDITIONS

During one calendar year, the Issuer may acquire more than 3 per cent of own shares with voting rights in the cases of capital decrease through invalidation of shares and redemption pursuant to the terms and conditions of tender offer under article 149b.

12.7. RESOLUTIONS, AUTHORIZATIONS AND APPROVALS

Article 13a of the Issuer's Articles of Association provides that the capital of the company may be increased by issuing new shares upon resolution of the Board of Directors. Pursuant to article 196, paragraph 1 of the Commerce Law, the Board of Directors is empowered to increase the company capital for a term of up to five years as from 12.04.2010. The Board of Directors is entitled to increase the company capital to a maximum nominal value of BGN 600,000 (six hundred thousand).

In compliance with the above provision, during its session on 22.11.2010, BD adopts a resolution for increase of the company's capital through initial public offering of shares with issue value of BGN 3,000,000 and appoints KBC Securities, N.V. – branch Bulgaria investment agent to service the capital increase.

On its session on 16.12.2010, the Issuer's BD adopted a resolution for defining the final parameters of the new issue of shares. Pursuant to the above resolution the capital will be increased by means of initial public offering of 239,892 ordinary, registered, non cash shares giving the right to one vote at GMS, with nominal value of BGN 1 and issue value of BGN 12.40 each. The total issue value of offered share is up to BGN 2,974,660.80. The capital will be increased by issue of rights within the meaning of article 112 of LPOS in favor of the Company's shareholders. One right is issued against each of the shares held. Upon capital increase, one new share may be subscribed against 5 (five) rights. The minimum number of shares to be subscribed in order to consider the subscription successful, is 71,967 (seventy one thousand nine hundred and sixty seven) shares. The total nominal value of the shares from the capital increase is BGN 239,892 and is fixed in full compliance with article 13a of the Company's Articles of Association empowering the BD to adopt resolutions for increase of the Company's capital up to the total nominal amount of BGN 600,000.

On its session held on 20.12.2010 the Issuer's BD adopted the present Prospectus for Public Offer of Shares.

12.8. DATE OF ISSUE

The increase of the Company's capital with the present issue of shares will be enforced upon the entry thereof in the Trade Register at the Registry Agency. The shares will be issued by entering the issue from the capital increase at Central Depository AD, expected at the end of April 2011.

12.9. DESCRIPTION OF RESTRICTIONS ON FREE TRANSFERABILITY

The shares of the present issue may be freely transferred pursuant to the provisions of the Law for Markets of Financial Instruments (LMFI), Regulation №38 on the requirements of investment agents' operations (Regulation №38), the Rules of Procedure of BSE – Sofia AD and the Rules of Central Depository AD (CD). CD registers the transactions for transfer of shares if the required financial instruments and the money due against such instruments are available, and updates the data in the book of non cash securities of the Issuer. The transfer is considered made at the time of registering the transaction at CD. The share buyer's rights are certified by depository receipt or another document of registration with equal legal effect issued by CD. The submission of

the document for registration and payment of the sales price is done through a licensed Investment Agent on the grounds of contract for investment services concluded with this agent.

Trading with shares of the company on regulated market will be done at BSE – Sofia AD through licensed Investment Agent member of the Stock Exchange. In order to purchase or sell shares at the Stock Exchange, the investors and shareholders submit the respective orders for purchase and sale to the investment agent they have a contract with. Upon making a stock exchange transaction, the investment agent undertakes the respective actions for registration of transaction at CD and for completion of the settlement, thus transferring the shares from the seller's account to the buyer's account.

Pursuant to article 35, paragraph 1 of Regulation №38 on the requirements for the investment agents' operations, the latter are obliged to require from their clients, their attorneys respectively, to declare if:

- They have internal information about the financial instruments the order refers to, and about their issuer;
- The financial instruments – subject of the order for sale or exchange, are blocked at the Depository Institution, they are kept at, if they are subject to pledge or distraint;
- The transaction – subject of the offer, is a concealed purchase or sale of financial instruments.

The investment agent checks at the depository institution if the financial instruments the order for trading refers to, are available in the client's sub-account (except in the statutory cases when there is an exception from the general rule), if they are blocked and if there is a pledge or distraint over them. The investment agent is not entitled to fulfill the order of a client, if the client or its representative, respectively, refuses to file the above statements, he has stated that he has internal information or has stated that the transaction – subject of the order, is a concealed purchase or sale of financial instruments. The refusal is certified by an explicit document signed by the client. The investment agent is not entitled to fulfill the order if stated or found that the financial instruments – subject of the order for sale, are not available at the client's account or are blocked in Depository Institution, as well as if they are subject to pledge or distraint. The financial instruments may be subject to pledge within the meaning of the Law for Special Pledges, and to contract for financial security with pledge within the meaning of the Law for Contracts for Financial Security.

The ban about pledged financial instruments does not apply in the following cases:

- the recipient is informed about the pledge and has expressed explicit consent to acquire the pledged financial instruments, there is an explicit consent of the pledge creditor in the events as provided for in the Law for Special Pledges;
- the pledge is established on a set within the meaning of the Law for Special Pledges.

The ban about the offer for sale of financial assets, which are not available at the client's account does not apply when the investment agent ensures in another way that the financial instrument subject to sale, will be provided at the day of the transaction settlement, as well as in other cases provided for in a Regulation.

The shares from the present issue may be subject to transactions made outside the regulated market organized by BSE – Sofia AD. The provisions of LMF I and the Rules of Procedure of BSE – Sofia AD will apply for the terms and conditions for making and disclosing transactions with shares from the issue completed outside the regulated market.

The parties under a contract for financial instruments transactions concluded in advance directly between the parties, respectively the persons who want transfer of non cash financial instruments in case of grant or heir, change of data for holders of non cash financial instruments, change of mistaken data, issue of duplicate of certifying documents, ect., will use the services of investment agent – registration agent at CD.

With view of the Issuer's capacity under the present issue as a public company, the requirement of article 145 of LPOS must be met. This provision requires that each shareholder who acquires or transfers directly and/or indirectly the right to vote at the general meeting of a public company, should inform the commission and the public company if upon acquisition or transfer, his voting right exceeds or falls below 5 per cent or a number divisible to 5 per cent of the number of votes in the company's general meeting.

The voting rights are calculated on the basis of the total number of shares with voting rights, regardless any restriction is imposed on exercising the right to vote. Calculation is done for each separate class of shares.

12.10. TAXATION

The income from shares may be in the form of positive difference between the sales price and the acquisition price (capital profit) or in the form of allocated dividends and paid liquidation quotas.

12.10.1. Taxation of capital profit

a) Local legal entities

Pursuant to article 44 of LPOS upon calculating the tax financial result, the book financial result is reduced with the profit from disposition with financial instruments within the meaning of § 1, item 21 of the additional provisions of the same law, defined as positive difference between the sales price and the documentary price of acquisition of these financial instruments.

Pursuant to § 1, item 21, letter "a" of the additional provisions of LPOS "Disposition with Financial Instruments" for the purposes of article 44, means the transactions with shares and rights on regulated market within the meaning of article 73 of the Law for Markets of Financial Instruments; "Rights" for the purpose of the first sentence, are the securities giving the right to subscribe specific number of shares in relation to a resolution for capital increase;

Therefore, the incomes realized from share transactions made on the regulated market, organized by BSE are not subject to corporate taxation.

The loss from share transactions on regulated market of financial instruments is not recognized as a cost for the purposes of taxation.

b) Foreign legal entities

Pursuant to article 196 of LPOS the incomes from disposition with financial instruments within the meaning of § 1, item 21 of the additional provisions of the same law are not subject to withholding tax.

Pursuant to § 1, item 21, letter "a" of the additional provisions of LPOS "Disposition with Financial Instruments" for the purposes of article 44, means the transactions with shares and rights on regulated market within the meaning of article 73 of the Law for Markets of Financial Instruments; "Rights" for the purpose of the first sentence, are the securities giving the right to subscribe specific number of shares in relation to a resolution for capital increase;

Therefore, the incomes from transactions with shares – subject the present offer, made on the regulated market, organized by BSE – Sofia AD are not subject to withholding tax.

c) Local natural persons

Pursuant to article 13, paragraph 1, item 3 of the Law for Taxes on Incomes of Individuals, in relation to §1, item 11 of the Additional Provisions of the Law for Taxes on Incomes of Individuals, the incomes from disposition with

financial instruments within the meaning of § 1, item 11 of the additional provisions are not subject to taxation; Pursuant to § 1, item 11, letter “a” of the additional provisions of the same law “Disposition with Financial Instruments” for the purposes of article 13, paragraph 1, item 3, means the transactions with shares of collective investment schemes, shares and rights, realized on regulated market within the meaning of article 73 of the Law for Markets of Financial Instruments; rights for the purpose of the first sentence, are the securities giving the right to subscribe specific number of shares in relation to a resolution for capital increase;

Therefore, the incomes of local natural persons from transactions with shares made on the regulated market, organized by BSE – Sofia AD are not subject to taxation.

d) Foreign natural persons

Pursuant to article 37, paragraph 1, item 12 of the Law for Taxes on Incomes of Individuals, the incomes of foreign natural persons from sale, exchange or another transfer of stocks, shares, compensatory instruments, investment bonds and other financial assets against payment are subject to final taxation.

Pursuant to article 37, paragraph 7, of the Law for Taxes on Incomes of Individuals the incomes under the preceding sentence, which are relieved from taxation pursuant to the Law for Taxes on Incomes of Individuals and are charged/ paid in favor of foreign natural persons taxable residents of an European Union Member State, and of another member state of the European Economic Area (EEA) are not subject to final taxation. Therefore the incomes from share transactions on regulated market of financial instruments within the meaning of article 73 of LPOS are not subject to taxation when charged in favor of foreign natural person, which is taxable resident in an EU or EEA member state.

When the person is resident of a country, which is not member of EU or EEA a withholding tax within the amount of 10 per cent is levied. The tax is declared and paid by the natural person who has received the income without any commitments of the Issuer.

12.10.2. Taxation of dividends and liquidation quotas proceeds

a) Local legal entities

Pursuant to article 27, paragraph 1, item 1 of LPOS, no proceeds from allocation of dividends by local legal entities are recognized for tax purposes. Therefore, the proceeds from dividends allocated in favor of local legal entities, are not subject to corporate taxation.

Pursuant to article 194, paragraph 1 of LPOS withholding tax is levied on dividends and liquidation quotas allocated (personalized) by local legal entities in favor of local legal entities, who are not traders, including municipalities. This tax is final and is deducted from the local legal entities allocating dividends or liquidation quotas. Therefore, the proceeds from dividends allocated to any persons under the preceding sentence, shall be levied with withholding tax within the amount of 5 per cent.

As a payer of proceeds from allocated dividends and paid liquidation quotas under the shares from the present issue, Investor.BG AD will deduct the final tax pursuant to the statutory requirements.

b) Foreign legal entities:

Pursuant to article 194, paragraph 1 of LPOS when local legal entities allocate dividends in favor of foreign legal entities, except when dividends are allocated in favor of contractual fund, the foreign legal entity, which is a local legal entity for tax purposes of an European Union member state, or of another country member of the

Agreement for the European Economic Area, or are realized by foreign legal entity through a business place in the country, withholding tax is applied, which is final.

Therefore, the dividends allocated in favor of foreign legal entity (provided the entity is not a local entity for tax purposes of an European Union member state, or of another country member of the Agreement for the European Economic Area and the dividends are not realized by foreign legal entity through a business place in the country), withholding tax is applied within the amount of 5 per cent. This tax is final and is deducted from the local legal entities allocating dividends or liquidation quotas – in this case Investor.BG AD.

As a payer of proceeds from allocated dividends and paid liquidation quotas under the shares – subject to the present offer, Investor.BG AD will deduct the final tax pursuant to the statutory requirements.

c) Local and foreign natural persons

Pursuant to article 38, paragraph 1 of LPOS, the incomes from dividends and liquidation quotas in favor of local and foreign natural persons are subject to final taxation in Bulgaria.

The final tax on incomes from dividends is fixed over the gross amount determined with the resolution for allocation of dividend.

The final tax on incomes from dividends in the form of concealed allocation of profit is fixed over the gross amount of charged costs.

The final tax on incomes from liquidation quotas is fixed over the positive difference between the value of the liquidation quota and the documentary price of acquisition of the share in the company/ cooperative.

The incomes from dividends and liquidation quotas allocated in favor of local and foreign natural persons are levied with final tax equal to 5 per cent, which is deducted and paid by the Issuer of shares – payer of the income.

As a payer of incomes from allocated dividends and paid liquidation quotas – subject to the present offer, Investor.BG AD will deduct final tax pursuant to the statutory requirements.

12.10.3. Treaties for avoidance of double taxation

When the Republic of Bulgaria and the respective foreign country, whose local person is realized income in Bulgaria, have signed a treaty for avoidance of double taxation (TADT), its provisions will prevail before the Bulgarian domestic legislation. The procedure for applying TADT is described in details in chapter XVI, section III of the Tax Insurance Procedure Code (TIPC). The foreign person should certify before the income authority the grounds for applying TADT. The foreign person certifies that: 1) it is a local person of the other country within the meaning of the respective TADT; 2) it is an owner of the income from a source in the Republic of Bulgaria; 3) it does not have a business place or specific facilities within the territory of the Republic of Bulgaria, to which the respective income is actually related; 4) the special requirements for applying TADT or separate provisions thereof are met in relation to the persons as provided for in TADT itself, if such special requirements are stipulated in the respective TADT.

The circumstances as provided for in TIPC are certified with official documents, including excerpts from public registers and statements. When this is impossible, other written documents are allowed. Documents certifying the type, amount and grounds for receiving the income are also provided.

In case of incomes from dividends from shares issued by public company, the resolution of the company's general meeting; coupon for paid dividend; excerpt from the book of shareholders certified by the company; temporary certificate; nominal certificate for non cash shares; excerpt from the book of non cash shares or

another document certifying the type and amount of income, as well as the amount of holding of the foreign person may be submitted as evidences.

In case of incomes from liquidation quota – document proving the amount of investment made, final liquidation balance after satisfaction of creditors and documents defining the allocation of the liquidation quota, and in case of allocation of liquidation quota in kind – resolution of the partners or shareholders and documents used as a basis for fixing the market price of the liquidation quota;

In case of incomes from transfer of shares and tradable rights of shares, which are not tax exempted by the law – document for transfer of rights and document proving the sales price and the acquisition price.

The foreign person files the request for applying TADT and the documents enclosed thereto pursuant to article 139 of TIPC. The provisions of TADT will apply provided the statement of the revenue agency on the filed request confirms the presence of grounds thereof. Otherwise, the provisions of the respective material tax law, i.e. the Bulgarian tax legislation will apply. If there is a statement for lack of grounds for applying TADT, the foreign person shall be entitled to appeal.

Whenever a payer charges the foreign person incomes from a source in the country within the amount of BGN 100,000 in total per year, the above circumstances must be certified before the income payer. In this case no request for applying TADT shall be filed to the revenue agency.

12.10.4. Legal regime about the import and export of capitals

The currency law of 1999 (last amended in July 2006) and the subordinate legislation for the implementation thereof, set out the legal regime about transactions and payments among local and foreign persons, transboundary remittances and payments and the import and export of Bulgarian leva (BGN) and foreign currency. The 2007 amendment and supplement of Regulation No 10 of the Ministry of Finance of 16th of December, 2003 on the import and export of cash, precious metals, gems and products thereof, and on keeping the customs registers under article 10a of the Currency Law (the Regulation) introduce the provisions of Regulation (EC) 1889/2005 of the European Parliament and the Council about the import and export of cash on hand. In compliance with the Regulation, any local and foreign natural persons may freely import or export cash in the amount of EUR 10,000 or their equivalent in another currency, without written declaration to the customs authorities. Any local and foreign natural persons may export and import cash within the amount of EUR 10,000 or more, or their equivalent in other currency, after declaring them before the customs authorities, the owner of such cash and by the recipient they are intended for, their amount and type, origin and purpose thereof, as well as the transport vehicle and the rout.

Another requirement of the Regulation affects the persons exporting amounts exceeding BGN 25,000 or their equivalent in foreign currency in cash, who are obliged to provide certificate issued by the National Revenue Agency that the person has no overdue tax obligations. Such statement is not needed for foreign persons who export cash exceeding the amount of imported cash, which has been declared before the Bulgarian customs authorities at the last entry in Bulgaria.

Any foreign citizen or company transferring income (with source of capital profit and dividends) exceeding BGN 25,000 or the equivalent thereof in foreign currency, which is a result from investment in Bulgaria (including investments in shares and other securities and derivatives over securities issued by Bulgarian companies) or from the sale of such investment, must submit to the bank implementing the transfer, documents proving the investment, its sale and the payment of all due taxes.

12.11. TAKEOVER/ FUSION BIDS OR RULES FOR FORCIBLE REDEMPTION

As at the date of the present Prospectus, no bids have been made to the Issuer, no actions in relation to takeover, fusion or another form of transformation have been undertaken, respectively.

Issuer's shares may be subject to forcible redemption only if the hypothesis of article 157a of LPOS is applicable, which allows any shareholder who has acquired more than 95 per cent of the general meeting of shareholders of public company as a result of bid offer, to forcibly buy back the shares with voting rights of the remaining shareholders under the terms and conditions and for a price as approved by FSC.

12.12. THIRD PARTIES' BIDS FOR PUBLIC TAKEOVER OF ISSUER'S EQUITY

At present, the Company's shares are not subject to bid offer.

13. TERMS OF THE ISSUE

Upon increasing the capital of a public company by means of issue of new shares, pursuant to article 112, paragraph 2 of LPOS, rights within the meaning of §1, item 3 of the Additional Provisions of the Law for Public Offering of Securities (LPOS) are always issued, whereas 1 (one) right is issued against every existing share. The rights provide opportunity to subscribe specific number of shares of the public company in relation to adopted resolution for capital increase.

Upon the present increase of the capital of Investor.BG AD, one right will be issued against one share held by the shareholders. The total number of issued rights is 1,199,460.

Against every 5 rights, the shareholders or third persons who have acquired rights, are entitled to subscribe 1 (one) share of the present issue at an issue value of BGN 12.40.

Every person holding rights may subscribe at least one share of the present issue and not more than a number of shares equal to the number of rights held by him divided by 5.

During the present offer, only whole shares may be subscribed. In case the rights issued or acquired by one person are not divisible by 5, the number of shares to which the holder has the right to subscribe will be rounded to the smaller whole number.

All persons who want to subscribe shares from the new issue of Investor.BG AD must acquire rights first.

The existing shareholders acquire the rights free of charge in the way described above. All other investors may purchase rights through a transaction on the market of rights organized by BSE – Sofia AD within the term for transfer of rights or on the open auction for rights not exercised after the expiration of the term for transfer of rights organized by BSE – Sofia AD.

If the shareholders of the Company want to subscribe additional shares, exceeding the rights they hold, divided by 5, they may purchase rights through a transaction on the market of rights organized by BSE – Sofia AD within the term for transfer of rights or on the open auction for rights not exercised after the expiration of the term for transfer of rights organized by BSE – Sofia AD.

In case the right holder does not want to subscribe shares of the present offer against all or part of the rights he holds, he may offer the rights not used for sale within the term for transfer of rights or to receive the amount from the sale thereof at an open auction organized by BSE.

Any person who has acquired shares within 7 days after the promulgation of the note for the offer in State Gazette pursuant to article 92a, paragraph 1 of LPOS are entitled to take part in the increase of the capital of Investor.BG AD. On the next working day, Central Depository AD opens accounts for rights of shareholders of Investor.BG AD and each of them has the opportunity to acquire such part of the new shares, which corresponds to his share in the capital before the increase.

After the promulgation of the not for the offer in SG pursuant to article 92a, paragraph 1 of LPOS, BSE – Sofia AD immediately disclose the final date for making transactions with them due to which the receiver of shares is entitled to take part in the increase of the capital.

13.1. TOTAL AMOUNT OF ISSUE

The total amount of offered shares is 239,892. The subscription is considered successful if at least 71,967 (seventy one thousand nine hundred and sixty seven) of offered shares are subscribed. Otherwise, the contributions against the subscribed shares will be reimbursed to the persons who have made them within one month after the notification sent by the Issuer to FSC for the result of the subscription pursuant to article 84, paragraph 3.

13.2. OFFER PERIOD AND APPLICATION PROCESS

After confirmation of the present Prospectus by FSC, Investor.BG AD publishes a notification for the public offer, the beginning and the deadline for transfer of rights and subscription of shares, the registration number of the confirmation issued by FSC of the Prospectus for initial public offering of shares from the capital increase, the place, time and way for getting familiar with the Prospectus.

In compliance with the requirement of article 92a, paragraph 2 of LPOS, Investor.BG AD will promulgate the notification in SG and will publish it in Pari Newspapers at least 7 days before the beginning of the term for transfer of rights and subscription of shares. The later date of the promulgation of the notification in SG and the publishing thereof in Pari Newspaper will be considered the start date of public offering. The date on which shares of the present issue may be subscribed at earliest is the beginning of the subscription.

The first working day after the expiration of 7 calendar days from the start date of public offering will be the start date of the term for transfer of rights.

The deadline for transfer of rights in 15 days after the start date for transfer of rights. In case this term expires on a day off, the deadline for transfer of rights will be the first next working day pursuant to the provisions of the Law for Obligations and Contracts.

The rights are transferred on the floor of BSE – Sofia AD. On the 5th working day after the term for transfer of rights, through the authorized investment agent KBC Securities, N.V. – branch Bulgaria, the Company offers, the rights not exercised within the term for transfer of rights for trading on regulated market as an open auction. Therefore, any shareholders holding rights, as well as any persons who have bought rights within the term for transfer of rights, may subscribe shares from the offered issue until the expiration of the term for transfer of rights. Any persons who have bought rights at the organized open auction, may subscribe shares until the expiration of the term for subscription of shares.

The start date for subscription of shares coincides with the date from which the transfer of rights starts – the first working day after the expiration of 7 calendar days from the start date of public offering. The beginning of the term for subscription of shares coincides with the beginning of the term for transfer of rights.

The term for subscription of shares expires 15 working days after the term for transfer of shares. In case the deadline for subscription of shares expires on a day off, the deadline for subscription of shares expires on the first next working days.

The place for subscription of shares – the authorized investment agent is IA KBC Securities, N.V. – branch Bulgaria, Sofia, residential complex Gotse Delchev, block 22, entr. 2, 2nd floor. Shares may be subscribed at the address of the investment agent on every working day from 09:00 until 18:00, contact persons: Tanya Vasileva and Eli Nikolaeva, tel. +359 (2) 858 3311, e-mail: office@kbcsecurities.bg.

No subscription of shares before the start date and the deadline for subscription of shares is allowed.

The terms for transfer of rights and subscription of shares may be exercised once by Investor.BG AD within 60 days after making the respective amendments in the present Prospectus and notifying FSC.

Pursuant to article 84, paragraph 2 of LPOS, Investor.BG AD and the authorized investment agent immediately inform FSC, by places of subscription, as well as in the mass media, for the prolonged term of subscription.

The shares are subscribed by filing an application form by the holders of rights to IA KBC Securities, N.V. – branch Bulgaria, or to the investment agents members of Central Depository AD, where the client accounts for the rights they have are kept. The application for subscription of shares is filed in due observance of the requirements for filing an order for financial instruments transactions, as provided in Regulation 38 for the requirements to the investment agents' operations.

The legal entities file the application through their statutory representatives or through a person authorized by them.

The following documents are enclosed to the written application:

- incumbency certificate of the applicants – legal entities. The foreign legal entities submit the documents translated and legalized as provided;
- ID document of natural persons – statutory representatives of the legal entity. The investment agent keeps a certified copy from the presented ID document;
- Copies of BULSTAT and tax registration certified by the statutory representative, by the attorney of the legal entity, respectively;
- Notarized explicit power of attorney and ID document of the attorney – upon filing an application through an attorney. The investment agent keeps the power of attorney and certified copy of the presented ID document for its records.

Natural persons file the applications personally identifying themselves by ID document a copy of which must be enclosed to the application, or through an attorney identifying himself with written notarized explicit power of attorney and ID document. The investment agent keeps the power of attorney and certified copy of the presented ID document for its records.

The applications may be filed on every working day at the office of the authorized investment agent from 09:00 until 18:00.

Upon filing the application to the investment agent where the client accounts for rights held by the clients are kept, it must inform KBC Securities, N.V. – branch Bulgaria, immediately about the filed application.

Upon request of the investment agent the application for subscription of shares from the present issue is filed to, CD blocks the respective number of rights under the client sub-account of their holder.

13.3. CIRCUMSTANCES UNDER WHICH THE OFFER MAY BE REVOKED/ SUSPENDED

FSC, the Deputy Chairman, respectively, may suspend the public offer for not more than 10 subsequent days, on case by case basis, if sufficient grounds are available to consider the provisions of LPOS or the acts for the implementation thereof violated.

Within the period between the issue of Prospectus confirmation and the deadline of public offering or the beginning of trading on regulated market, not later than the next working day after the occurrence, becoming aware of material new circumstance, significant mistake or inaccuracy respectively, relevant to the information contained in the Prospectus, which might affect the assessment of offered securities, the Company must draft a supplement to the Prospectus and to submit it to FSC.

FSC may refuse to approve the supplement to the Prospectus, if the requirements of LPOS and the acts for the implementation thereof are not met. In this case the Commission may revoke the public offer pursuant to article 212 of LPOS.

Pursuant to the provisions of article 91 of LPOS, BSE – Sofia AD may suspend the financial instruments trade or to dismiss from trading any financial instruments that do not meet the requirements of the Stock Exchange rules of procedure, if this would not materially infringe the investors' interests and the due operation of the market.

Pursuant to the provisions of article 118, paragraph 1, items 4 and 9 of Law for the Market of Financial Instruments, FSC, the Deputy Chairman, respectively, may suspend the financial instruments trading or to dismiss from trading any financial instruments, if found that any investment agent, its employees, persons performing management functions under contract, persons who make transactions at the expense of the agent, as well as persons having qualified holding, has operated or operate in violation with this law, with the acts for the implementation thereof and other internal acts for regulation of markets of financial instruments as approved by the deputy chairman, resolutions of FSC or its deputy chairman, as well as in case of hindering the control by the Commission or its deputy chairman, or if the investors' interests are endangered.

Pursuant to the provisions of article 212, paragraph 1, item 4 of LPOS, if found that persons subject to supervision, their employees, persons performing management functions under contract or make transactions at the expense of persons subject to supervision, as well as persons holding 10 or more than 10 per cents of the votes at the general meeting of persons subject to supervision, has operated or operate in violation with LPOS, with the acts for the implementation thereof, with decisions of the commission or its deputy chairman, as well as the commission or its deputy chairman is impeded to control, or the investors' interests are endangered, the commission, the deputy chairman, respectively, may suspend for 10 subsequent days or to revoke the sale or completion of transactions with specific securities.

Pursuant to the provisions of article 37, paragraph 1, item 2 of the Law against Market Abuse with Financial Instruments, for the purposes of avoiding and termination of administrative violations under the above law, for avoiding and eliminating the harmful consequences thereof, as well as in case of impeding the commission or the deputy chairman to control, or in case of endangering investors' interests, the deputy chairman of FSC head of "Investment Activity Supervision" may revoke the trade with specific financial instruments.

13.4. REDUCTION OF SUBSCRIPTION AND REFUNDING OF EXCESS AMOUNTS PAID

The number of offered securities is not subject to change.

If all shares of this issue are subscribed before the end of the Subscription, Investor.BG AD informs the Financial Supervision Commission within 3 (three) working days (article 112b, paragraph 12 of LPOS) and undertakes the required actions for entry of the capital increase in the Trade Register, and afterwards – for entry of the new issue of shares at Central Depository AD, in the register of FSC and files and application for admission of issue to trading at BSE – Sofia AD.

If at least 71,967 (seventy one thousand nine hundred and sixty seven) of the offered shares are subscribed until the end of the subscription, it shall be considered successful and the capital is increased up to the amount of subscribed and paid shares.

The increase of the capital of Investor.BG AD with rights does not allow subscription of more than the offered shares and competition among applications.

In case less than the minimum amount of 71,967 shares will be subscribed until the end of the subscription, the capital increase will be considered not successful. In this case Investor.BG AD informs FSC about the results of subscription within seven days after its end. In case of refusal to enter the capital increase in the Trade Register at the Registry Agency, Investor.BG AD will inform FSC within seven days after enacting the refusal. At the date of notification under the preceding sentences, pursuant to article 89, paragraph 4 of LPOS, the Issuer informs the bank about the subscription result and publishes in Pari Newspaper and Novinar Newspaper an invitation to the persons who have subscribed shares and announces the terms and conditions for reimbursement of raised funds. Any raised funds will be reimbursed to the persons who have subscribed shares within one month from the notification together with the interests, if any, charged by the bank. The terms and conditions for reimbursement of such amounts are described in the invitation to the subscribers of shares.

13.5. MINIMUM AND MAXIMUM AMOUNT OF APPLICATION

Each person may subscribe at least one share and not more than a number of shares equal to 1/5 of acquired rights.

13.6. WITHDRAWAL OF SUBSCRIPTION APPLICATION

Pursuant to §1, item 10 of the Additional Provisions of LPOS, the subscription is unconditional and irrevocable will for acquisition of securities in a process for issue and payment of their issue value. The investor may not withdraw its application for subscription of shares.

The investor is entitled to abandon the securities within the terms and conditions of article 85 of LPOS only in case of material changes in the Prospectus. The abandonment in this case may be done by written statement filed at the investment agent, where the securities have been subscribed.

13.7. PAYMENT AND DELIVERY

Payment of the issue value of subscribed shares is done at a bank at special raising account to be specified in addition in the Notice for public offer under article 92a, paragraph 1 of LPOS.

The raising account must be certified with the contribution against subscribed shares not later than the last day of subscription. The payment order or the deposit slip must specify the name of the person subscribing shares, his PIN/ UIC (for Bulgarian persons) and the number of subscribed shares.

The funds raised in the special account may not be used before the end of the subscription, the entry of the capital increase in the trade register (article 89, paragraph 2 of LPOS).

The certification document for paid contributions will be the payment document (payment order or deposit slip), which will be given to the investor by the service bank, through which he orders the payment or deposits the amount due against subscribed shares.

After the entry of increased capital in the trade register, Investor.BG AD registers the issue of shares at Central Depository AD. Depository receipts for newly issued shares will be issued by the investment agent through whom the new shares are subscribed upon request of the shareholder under the terms and conditions as provided for in the Rules of Procedure of Central Depository AD.

13.8. PUBLICATION OF OFFER RESULTS

The Issuer informs FSC about the result of the initial public offer of shares from the present issue within three working days after the end of the subscription, including about any obstacles, disputes, etc. in trading of rights and subscription of shares. In case of successful public offer, FSC enters the issue of securities in the register under article 30, paragraph 1 of LPOS.

Within 7 days after the end of the Offer, Investor.BG AD will send a notification to FSC and BSE about the result of the offer, providing information about the final date; the total number of subscribed shares; the amount received against subscribed shares; the amount of commissions and other costs for the Offer, including paid charges. The Issuer will enclose to the notification the statutory required documents. Within the same term, the above circumstances will be disclosed through publications in Pari Newspapers and on the website of Investor.BG AD.

13.9. PROCEDURE FOR EXERCISE THE RIGHT OF PRE-EMPTION, NEGOTIABILITY OF RIGHTS, TREATMENT OF RIGHTS NOT EXERCISED

Upon capital increase of public company, the existing shareholders are entitled to preferred acquisition of part of the new shares in proportion to their share in the capital prior increase.

The shareholders, any persons who have bought rights within the term for transfer of rights, as well as during the open auction so organized, may exercise such rights and subscribe shares against them. Each person may subscribe at least one share and not more than a number of shares equal to 1/5 of acquired rights.

No option for subscription of more offered shares than the number of held rights and for competition among the orders is allowed.

In case a person who has bought rights at the auction fails to exercise them and/or a person who has subscribed shares fails to pay the issue value thereof under the above terms and conditions, the shares remain unsubscribed and no other holder of rights may subscribe them.

14. KEY INFORMATION

14.1. CAPITALIZATION AND INDEBTEDNESS

Detailed information about the capitalization and indebtedness of the Issuer is provided in item 3. *Capitalization*, of the present Prospectus.

14.2. REASONS FOR THE OFFER

Detailed information about the reasons for the offer and the use of proceeds is presented in item 11. *Use of proceeds*, of the present Prospectus.

15. DISTRIBUTION AND ALLOTMENT

15.1. CATEGORIES OF INVESTORS

The shares of the present issue are offered *pari passu* to all categories of investors as provided for in paragraph 1 of the Additional Provisions of LPOS as follows:

- **unprofessional investors** – a person who expose to risk at his own expense cash or other property rights through acquisition, holding or transfer of securities, without having the required qualification or experience to do this;
- **institutional investors** – bank, which does not operate as investment agent, investment company, contractual fund, insurance company, pension fund or another company, whose scope of business requires acquisition, holding and transfer of securities;

Upon subscribing the shares from the issue, the existing shareholders of Investor.BG AD have advantage. They have the right to subscribe such part of the issued shares, which correspond to their holding in the Company's capital prior the increase. With view of ensuring advantage to the shareholders, rights within the meaning of paragraph 1, item 3 of the Additional Provisions of LPOS will be issued.

15.2. STATEMENT OF THE MAJOR SHAREHOLDER

At present, there is no person holding more than 50 per cent of the Issuer's capital.

The persons holding 5 per cent of the capital of Investor.BG AD are listed in item 8.1 of the present Prospectus.

The Issuer is not aware whether any of the shareholders having more than 5 per cent of the Company's capital has the intention to take part in the subscription by exercising the rights to be issued in favor of him upon the increase of the capital of Investor.BG AD.

The Issuer is not aware whether the members of the Board of Directors of the Company, its procurator and administrative director have the intention to subscribe shares from the present issue.

The Issuer does not have information about a person who has the intention to subscribe more than 5 per cent of the offered shares.

15.3. PRE-ALLOTMENT DISCLOSURE

There is not pre-allotment of any parts of the issue for the present offer.

15.4. TRANCHES OF THE OFFER

On the basis of received orders for subscription, the authorized investment agent will draft a list of the names of investors, of the investment agents through which the orders and number of offered shares are filed, respectively, distributed among all of them.

15.5. CLAUSE FOR REFUND OF DIVIDEND AMOUNTS RECEIVED

The present offer does not foresee conditions for using a clause for refund of dividend amounts already received.

15.6. METHODS FOR TRANCHE ALLOTMENT IN CASE OF OVER-ALLOTMENT OF SUBSCRIPTION

The increase of Investor.BG AD capital with rights excludes the option for subscription of shares more than the offered ones (over-allotment) and therefore no methods for allotment to be used in case of over-allotment are foreseen.

15.7. PREFERENTIAL TREATMENT

When subscribing shares from the issue, the existing shareholders of Investor.BG AD will have an advantage. They are entitled to subscribe such part of the issued shares corresponding to their holding in the Issuer's capital before the capital increase. With view of ensuring advantage to the shareholders, rights within the meaning of paragraph 1, item 3 of the Additional Provisions of LPOS will be issued.

Shares are subscribed when the holders of rights file order forms to IA KBC Securities, N.V. – branch Bulgaria, or to investment agents members of Central Depository AD, whereas client accounts for the rights held by them will be kept. Filing the order for subscription of shares must be in due observance of the requirements for filing an order for transactions with financial instruments as provided for in Regulation 38 for the requirements to the investment agents' operation. All orders for subscription of shares are treated equally regardless of the investment agents they are filed to.

15.8. TARGET MINIMUM INDIVIDUAL ALLOTMENT

The shares from the present issue are offered *pari pasu* for all categories of investors and there is no target minimum allotment of shares from the issue subject to subscription by specific category of investors.

The present increase of Investor.BG AD capital is made by issue of rights.

The existing shareholders of Investor.BG AD will be entitled to acquire shares from the offered issue in proportion to their share in the Issuer's capital. With view of ensuring advantage to the existing shareholders, securities – "rights" will be issued in favor of them.

The shareholders who wish to exercise their rights, may file an application for subscription of shares until the end of the term for transfer of rights.

Any shareholders who do not wish to use their right to subscribe shares from the offered issue may sell the rights issued in favor of them until the expiration of the term for transfer of rights.

The rights are traded on the regulated market of BSE – Sofia AD. Each shareholder may transfer his right by filing an order for sale to the investment agent under whose account in Central Depository AD the rights are registered.

Each person who has bought rights within the term for transfer of rights, may exercise thereof by filing an application for subscription of shares until the end of the term for transfer of rights.

Rights not exercised within the term for transfer of rights will be offered for sale on open auction organized by BSE.

Every person who has bought rights during the auction may exercise thereof by filing an application for subscription of shares until the expiration of the term for subscription of shares.

16. CONDITIONS AND DATE OF CLOSING OF THE OFFER

If not all offered shares are not subscribed until the end of the subscription, but at least 71,967 shares are subscribed and paid, the subscription is considered successful and the capital of Investor.BG AD will be increased up to the amount of subscribed (including paid) shares and the increase will be entered in the Trade Register, Central Depository, FSC and BSE in this amount.

The subscription is closed after the expiration of the term for subscription of shares – 15 working days after the expiration of the term for transfer of rights. In case the term for subscription of shares expires on a day off, the end date for subscription of shares will be the first next working days.

If all 239,892 shares are subscribed and paid before the deadline of subscription, Investor.BG AD announces the termination thereof, informs FSC within 3 working days and undertakes the required steps for entry of the capital increase and the new shares in the Trade Register, Central Depository, FSC and BSE.

The capital increase with Rights excludes the option for subscription of more than the offered Shares.

Investor.BG AD will inform FSC within 3 working days after the end of subscription for carrying out and results thereof, including about any obstacles, disputes, etc. during trading of rights and subscription of shares.

Within 7 days after the end of the Offer, Investor.BG AD will send a notification to FSC and BSE about the result from the offer providing information about the end date; the total number of subscribed shares, the amount received against subscribed shares; the amount of commissions and other costs for the Offer, including any charges paid. The Issuer will enclose the statutory documents to the notification. Within the same term, the above circumstances will be disclosed through ads in Pari Newspapers and publication on the website of Investor.BG AD.

In case less than the minimum amount of 71,967 shares will be subscribed until the end of the subscription, the capital increase will be considered not successful. In this case Investor.BG AD informs FSC about the results of subscription within seven days after its end. In case of refusal to enter the capital increase in the Trade Register at the Registry Agency, Investor.BG AD will inform FSC within seven days after enacting the refusal. At the date of notification under the preceding sentences, pursuant to article 89, paragraph 4 of LPOS, the Issuer informs the bank about the subscription result and publishes in Pari Newspaper and Novinar Newspaper an invitation to the persons who have subscribed shares and announces the terms and conditions for reimbursement of raised funds. Any raised funds will be reimbursed to the persons who have subscribed shares within one month from the notification together with the interests, if any, charged by the bank. The terms and conditions for reimbursement of such amounts are described in the invitation to the subscribers of shares.

16.1. MULTIPLE SUBSCRIPTIONS

No multiple subscriptions are allowed under the present subscription

16.2. NOTIFICATION TO APPLICANTS ABOUT THE ALLOTMENT

Within 3 working days from the end of the Subscription, the Issuer notifies FSC about the result of initial public offering of shares from the present issue. The newly issued shares is subject to entry in the Trade Register at the Registry Agency and to entry in Central Depository AD. The entry is certified by an act for entry of issue by Central Depository AD certifying the total number of shares after the increase and data for shareholders acquired shares from the increase.

The newly issued shares are registered at clients' sub-accounts in the name of their holders, to the account of the investment agent, through which such shares are subscribed.

Upon shareholders' request, they may receive depository receipts certifying the rights over the shares subscribed by them, through the investment agent to whose account at CD their client sub-accounts are opened.

Pursuant to the requirement of article 110, paragraph 9 of LPOS, within 7 days from the entry of capital increase in the Trade Register, the Issuer is obliged to require entry of the new issue of shares in the Register under article 30, paragraph 1, item H of LPOS, and to require the admission for trading thereof on regulated market afterwards.

Upon admission to trading, shares from the increase of the capital of Investor.BG AD will be freely traded on "Unofficial market of shares" segment "A" of BSE – Sofia AD. Each shareholder may file an order for sale of shares to a licensed investment agent, and each investor willing to purchase shares of Investor.BG AD – an order for purchase in due observance of the requirements of Regulation 38 for the requirements of the investment agents' operations.

16.3. OVER-ALLOTMENT AND "GREEN SHOE" OPTION

No subscription of shares exceeding the amount of pre-defined parameters of the Subscription and no "*green shoe*" option is defined for over-allotment.

17. PRICING

The Board of Directors of the Issuer has fixed the issue value of a share from Investor.BG AD capital increase to the amount of BGN 12.40 per share, which is 2.75% discount from the closing price at 20.12.2010 (BGN 12.75)

The issue value is calculated in compliance with the local and international practice, taking in consideration (1) the historic prices of Issuer's share as at 20.12.2010, (2) Price for purchase of share of 16.77% by 3TS Cisco Growth Fund, and (3) the Issuer's shareholders interests.

Historical prices of shares

The last transactions with Investor.BG AD shares as at 20.12.2010 is at the price of BGN 12.75, and at closing the best bid offers a price of BGN 12.748.

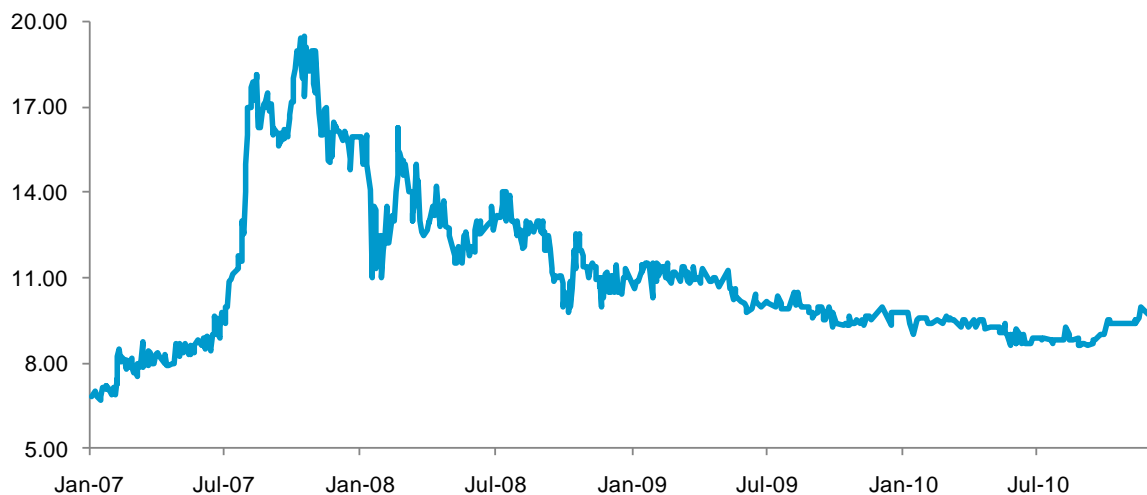
The following **Table № 27** presents the historic prices of the Issuer.

Table №27 Historic prices of the Issuer's shares for the period 1.01.2007 – 20.12.2010

Period	Lowest price	Highest price	Weighted average price
2007	4.01	16.03	8.30
2008	1.44	11.34	6.56
2009	1.00	2.25	1.62
01-31.01.2010	1.61	1.75	1.70

Source: www.investor.bg

Figure №37 Movement of the Issuer's prices for the period 1.01.2007 – 20.12.2010 (in BGN)



Source: www.investor.bg

Price for purchase of share by 3TS Cisco Growth Fund

In February 2009 the investment fund 3TS Cisco Growth Fund (Technology in Central and Eastern Europe S.C.A. SICAR), acquired 16.77% of the Company's capital at the price of BGN 12.40.

At the time of transaction, the capital markets were in one of their lowest point both in Bulgaria and on international levels. The price was formed after the fund considered the financial position of Investor.BG, its leading market position and mostly the growth potential faced by the Company.

This is the only transaction with Issuer's shares, which amount can be compared with the volume of the present public offer of shares (16.67% of the total number of shares at the end of the offer, provided all offered shares are subscribed), which makes the price of BGN 12.40 a good reference point to this respect.

Protection of Company's shareholders interests

For the purposes of protecting the interests of the Issuer's shareholders and in order to avoid the effect of dilution, when fixing the price per share, the Board of Directors of Investor.BG considered the book value of a Company's share.

The book value of a share of Investor.BG at the time of the last Company's statement on 30.09.2010 is within the amount of BGN 3.36 per share. The issue price of BGN 12.40 is considerably higher than the book value and upon issuing the shares from the present offer, the book value per share will increase, respectively (*see item 21 Dilution and Corrections*).

Before subscribing the shares and paying their issue value, investors should purchase the respective number of rights on the regulated market organized by BSE – Sofia AD within the term for transfer of rights or at the organized open auction. All costs related to the purchase of rights, including the charges and commissions due to the investment agent, through which the purchase is made, to BSE – Sofia AD and Central Depository AD, due bank charges and commissions, will be covered by the investors.

The investors will also cover the following costs in relation to subscription of shares from the present issue:

- charges and commissions due to the investment agent through which the shares are subscribed;
- charges due to Central Depository AD;
- charges due to BSE – Sofia AD;
- bank charges and commissions for money remittances.

18. PLACING AND UNDERWRITING

18.1. GLOBAL OFFER COORDINATOR

The issue is not subject to global offer.

18.2. PAYING AGENT AND DEPOSITORY AGENT

The bank in which the special raising account for payment of the issue value of subscribed shares is opened, will be specified in addition in the Notification for public offer under article 92a of LPOS.

The depository institution for the offered shares and the rights attached thereto is Central Depository AD having its seat and registered address in Sofia, 4 Tri Ushi St.

18.3. PLACING AND UNDERWRITING

The authorized investment agent that will service the capital increase of Investor.BG AD through the issue of new shares is KBC Securities N.V. – branch Bulgaria, having its seat and registered address in Sofia, residential complex Gotse Delchev, No 22, entr. 2, 2nd floor.

There are no arrangements between the Issuer and other subject for overtaking the issue.

KBC Securities N.V. – branch Bulgaria will make efforts for placing the issue, without firm commitment to the Issuer about specific results.

The present issue of shares is not overtaken or guaranteed by third persons and there is no special plan in force for distribution or placement of securities among different investment agents.

19. ADMISSION TO TRADING

19.1. ADMISSION TO REGULATED MARKET

Pursuant to the requirements of article 110, paragraph 9 of LPOS, within 7 days from the entry of capital increase due to the present issue of shares in the Trade Register, the Issuer must require the entry of the new issue of shares in the register under article 30, paragraph 1, item H of LPOS, and to request it to be admitted for trading at regulated market afterwards.

While performing the above obligations, Investor.BG AD will file an application to the BD of BSE for admitting the shares of the present company's capital increase to trading on unofficial market, segment A of BSE – Sofia AD, where all shares issued at present are traded. In its resolution, the BD of BSE AD fixes the start date for trading of shares.

Any natural person or legal entity, which wishes to buy or sell shares from the present issue, must conclude a contract with licensed investment agent and file an order for purchase, for sale of shares, respectively, in due observance of the requirements of LPOS and Regulation №38 for the requirements of investment agents operations.

19.2. TRADING OF THE SAME CLASS OF ISSUER'S SHARES

At present, securities issued by Investor.BG AD in the same class as the ordinary shares in the present Prospectus, are admitted for trading on the regulated market organized by BSE – Sofia AD. The shares are traded on unofficial market of shares, segment A of BSE.

After the successful completion of the subscription, the Issuer will require the admission of the present issue of shares to trading only on the Regulated market organized by BSE – Sofia AD.

19.3. OTHER SUBSCRIPTIONS OR PRIVATE PLACING

Investor.BG AD does not organize subscription for securities of the same class as the offered ones or for securities related to the offered ones, together with the present offer of securities.

19.4. COMMITMENT FOR PROVIDING LIQUIDITY

At present, there are no subjects committed to ensure liquidity of the offered issue of shares.

19.5. STABILIZATION

The Issuer has not given the option for exceeding the amount of Offer and no actions for price stabilization in relation to the Offer are foreseen.

19.6. SELLING SECURITY HOLDERS

All shares from the capital increase are offered for subscription on behalf of and at the expense of the Issuer, Investor.BG AD. The entire issue of newly issued shares – 239,892, is offered for subscription.

There are no agreements for freezing of capital.

The Issuer is not aware of the intentions of the existing shareholders to exercise or not the rights issued in favor of them upon the present offer, and for offering specific number of rights for sale within the term for transfer of rights.

20. PUBLIC OFFERING EXPENSES

Table № 28 herein below presents the expense of the Issuer, which are directly related to the present issue of ordinary shares, including the remuneration of the Investment Agent for drafting the present prospectus. All expenses provided below will be covered by the Issuer.

Table №28 Issuer's expense for the issue of ordinary shares

Costs	Value in BGN*
Fee to FSC for confirmation of the Prospectus	3,374.66
Fee to Central Depository AD	1,925.62
Publication and promulgation of public offer notifications (estimate)	800.00
Remuneration to the investment agent	16,624.56
Total costs:	22,724.83

**Note: The above costs are approximate.*

The expected total net proceeds under the present issue of shares from the Issuer's capital increase will be in the amount of BGN 2,951,936 (the total amount of issue is BGN 2,974,661, less the Issuer's expenses for the issue within the amount of BGN 22,725).

21. DILUTION AND CORRECTIONS

21.1. DILUTION OF ISSUER'S CAPITAL

Pursuant to item 8 of Additional Provisions of Regulation №2, dilution of capital means the decrease of profit of an ordinary share and its book value due to conversion of issued bonds or warrants into shares or exercising issued options, as well as due to the issue of ordinary shares at a price lower than the book value of the share.

The company may issue additional ordinary shares upon further capital increase. Pursuant to the Bulgarian legislation, the Issuer is obliged to offer these ordinary shares to the existing shareholders in proportion to their share in the capital prior the increase. Nevertheless, the existing shareholders may choose not to participate in the future issue of ordinary shares.

The net book value is calculated on the basis of consolidated balance sheet of the Issuer, subtracting the total net value of the liabilities corrected with the goodwill and minority participation from the total book value of the assets.

This net book value of assets is divided by the total number of ordinary shares thus forming the net book value per share. Before the present offer, as at 30.09.2010 the net book value per Issuer's share is equal to BGN 3.36.

Table №29 Dilution of Issuer's capital

	30/09/2010
Prior to the capital increase	
Total number of shares	1,199,460
Nominal price per share (BGN)	1.00
Book value (BGN)	4,034,000
1 share as a % of capital (%)	0.0000834%
Book value per share (BGN)	3.36
Capital increase	
Conversion ratio (rights:share)	5.00
Total number of subscribed shares	239,892
Nominal price per share (BGN)	1.00
Issue price per share (BGN)	12.40
Total value of the capital increase (BGN)	2,974,661
After the capital increase	
Total number of shares after increase	1,439,352
Nominal price per share (BGN)	1.00
Book value of the company after the capital increase (BGN)	7,008,660.80
1 share as a % of capital (%)	0.0000695%
Book value per share after the capital increase (BGN)	4.87
Anti-dilution (dilution) of the book value per share (%)	44.78%

Source: Consolidated unaudited interim financial statement of the Issuer as at 30.09.2010; calculations by KBC Securities

Considering the fact that the issue price of BGN 12.40 is higher than the net book value per share (BGN 3.36), the present issue of ordinary shares will not cause dilution of Issuer's capital, on the contrary – it will have anti-dilution effect:

- If the present issue of ordinary shares is fully subscribed at the issue price of BGN 12.40, the net book value of the assets per share will be increased to 4.87;
- There is an increase of the net book value of the assets per share with 44.78%.

21.2. RULES FOR CORRECTIONS

In October 2010, through initial public offer, Investor.BG AD issued 79,963 warrants or 99.999% of offered 79,964, at minimum issue success threshold of 80%. The issue price of the warrants is BGN 4/ pc, and the price of exercising thereof – BGN 12.40.

According to the prospectus of Investor.BG AD for issue of warrants adopted by FSC with decision № 521-E if 11.08.2010, in case the Issuer issues new ordinary shares and/or preferred shares, which cause dilution of Issuer's capital until the maturity of the warrant issue, i.e. at the time preceding the respective capital increase, the net value of assets per share is higher than the issue value of the newly issued shares, the price for exercising the warrant will be reduced, whereas the new price of exercising is calculated with the following formula:

$$NIP = \frac{O \times P + N \times IP}{O + N}$$

whereas:

NIP = new price of exercising

O = number of shares before capital increase

P = Previous price of exercising (BGN 12.40)

N = number of issued new shares

IP = issue value of new shares

As the current issue of ordinary shares does not cause dilution of Issuer's capital, the price of exercising the warrants will not change.

The same formula is used for a warrant, in which the Issuer's capital increase causes increase of the net value of assets. In case the Issuer issues new ordinary shares and/or preferred shares, which cause anti-dilution of Issuer's capital until the maturity of the present issue, i.e. at the time preceding the respective capital increase, the net value of assets per share is lower than the issue value of the newly issued shares, this will cause increase of the net value of assets and the price of exercising the warrant will be increased, respectively, protecting the interests of investors different from warrant holders.

Before the maturity of warrants, it is possible to witness more than one capital increase, whereas each of them will cause additional correction of the price of exercising.

In case of approval of the present Prospectus by FSC, the Issuer will provide information about the corrections of the price of warrant exercising pursuant to the terms and conditions of the sixth chapter "a" of LPOS – "Disclosure of Information"

22. GENERAL INFORMATION

22.1. INFORMATION ON HOLDINGS OF INDIVIDUALS AND LEGAL ENTITIES

At the time of drafting the present Prospectus, the Issuer – Investor.BG AD is not aware about any holding or interest whatsoever, including conflict of interests, which is material in relation to the issue/ offer.

22.2. WORKING CAPITAL STATEMENT

The management of the Issuer considers that the working capital is sufficient for the current needs of the Issuer.

22.3. SHARE CAPITAL

At the time of drafting the present document, the share capital of Investor.BG AD is within the amount of BGN 1,199,460 divided into 1,199,460 ordinary, non cash, registered shares with right to one vote and nominal value of BGN 1 each.

The shares issued by the Company at that time are paid with funds. The company has not issued shares, which are not capital.

Pursuant to a resolution adopted by BD of the Issuer on 25.02.2010, the Company has made an issue of warrants. Within the period of public offer of warrants, 79 963 warrants are subscribed. The issue of warrants is registered at Central Depository on 07.10. 2010 and is admitted for trading on regulated market organized by BSE – Sofia AD on 17.11.2010. The basic asset of the warrant issue is the future issue of ordinary, non cash, registered, freely transferable shares, with the right to one vote at GMS. Each holder of warrants is entitled to exercise the rights thereof within 5 years from the date of registry of the issue at CD AD, whereas subscribing shares from the basic asset at issue value of BGN 12.40 per share.

The rights conferred by the warrants issued by the Issuer, as well as the terms and conditions for exercising thereof are described in details in the Prospectus for public offering of warrants that can be downloaded from the Issuer's website and from the website of the Financial Supervision Commission.

At present, the Company has not issued other financial instruments, which may be transformed in shares, including preferred shares.

Investor.BG AD and its subsidiaries do not hold shares in the company's capital. There are no shares in the capital held on behalf of the Issuer or on behalf of the Issuer's subsidiary.

At the time of drafting the present Prospectus, the Issuer has the commitment for future increase of the company's capital in relation to the exercising of rights of the issue of warrants as described above. There are no other rights for acquisition and/or obligations for statutory but unissued capital or initiative for capital increase.

There are no persons who hold options over the capital of Investor.BG AD or over the capital of a company member of the economic group of the issuer, there are no persons to whom commitment is undertaken for issue of options in favor of them conditionally or unconditionally.

The changes of registered capital (history of the share capital) of the Company, from its establishment up-to-date are described in item 4.1.5 of the present prospectus.

22.4. ARTICLES OF ASSOCIATION

The existing Articles of Association of the company are adopted by GMS at the time the issuer has acquired public status. The last amendments thereof are adopted by GMS on 12.04.2010.

22.4.1. Description of the scope of business and the objectives of the issuer, found in the memorandum and articles of association

Pursuant to article 7 of the Company's Articles of Association, Investor.BG AD has the following scope of business: "Advisory activity, representation and agency of local and foreign natural and legal persons; reexport operations, purchase and sale of real estates: Survey, design, construction and repairs of buildings: home and foreign trade activity; transport activity; tour-operator and tourist agency activity; advertising and information activity; restaurant management and public catering; hotel management. The company may carry out any other activity permitted by the Bulgarian legislation in due observance of all applicable license, registration or any other regimes."

22.4.2. Summary of Articles of Association provisions with reference to the members of the administrative, managing and supervisory bodies

Investor.BG AD is a joint stock company, with one tier management system. The General Meeting of Shareholders and the Board of Directors are the bodies of the Company.

General Meeting of Shareholders

Pursuant to article 17 of the Articles of Association, the General Meeting of Shareholders comprises of the shareholders with voting right. In compliance with article 115b., paragraph 1 of the Law for Public Offering of Securities, the voting right is exercised by the persons entered in the registers of Central Depository AD as shareholders 14 days before the date of the General Meeting. They attend the General Meeting in person or by proxy.

The jurisdiction of the General Meeting is provided for in article 18 of the Articles of Association. The General Meeting:

1. amends and supplements the Articles of Association;
2. increases and decreases the capital;
3. reorganizes and dissolves the Company;
4. appoints and dismisses members of the Board of Directors;
5. determines the remunerations and tantiemes of all members of the Board of Directors, the term within which these are payable, as well as the type (form), way and terms of payment (delivery), including their right to acquire shares and bonds of the Company as a remuneration and/or as tantiemes;
6. appoints and dismisses certified auditors and audit committee;
7. approves the annual financial statement after certification by the appointed certified auditor, resolves on the allocation of profit, on the replenishment of the Reserve Fund and on the payment of dividend;
8. resolves on establishment or issue of any kind of capital related securities whatsoever, including options, guarantees, other rights of the shares, as well as convertible bonds;
9. resolves on issue of bonds;

10. resolves on transfer or granting the use of the overall business entity;
11. adopts resolutions pursuant to article 114, paragraph 1 of LPOS;
12. appoints and dismisses the liquidators in the event of Company's dissolution in case of insolvency;
13. discharges the members of the Board of Directors from liability;
14. approves the general parameters of programs for material incentives for the Company's employees;
15. resolves on the deletion of the Company as a public company in the respective register of the Financial Supervision Commission;
16. adopts resolutions on any other issues within its jurisdiction as stipulated by the law and/or the Articles of Association;

The General Meeting is held at least once a year. The order for convening and organizing the General Meeting is described in details in *item 22.4.5.* herein below.

Board of Directors

The Company is managed and represented by the Board of Directors. The Board of Directors comprises of five members. The members of the Board of Directors may be legal entities too. The members of the Board of Directors may be persons who meet the respective requirements of the Commerce Law, the Law for Public Offering of Securities, as well as the requirements of other enactments (if and as far as there are any enactments stipulating requirements for the members of the Board of Directors).

The term of office of the Board of Directors is five years. The members of the Board of Directors may be reelected without limitations. The members of the Board of Directors may be also dismissed before the expiration of the term of office they have been elected for.

The Board of Directors may adopt resolutions on all matters, which are not in the exclusive jurisdiction of the General Meeting as per enactment and/or these Articles.

The Board of Directors may adopt resolutions only if its session is attended by all its members (i.e. the five members) in person or represented by another member of the Board of Directors. No attending member of the Board of Directors may represent more than one absent member. The power of attorney for representation of a member of the Board of Directors by another member of the Board of Directors at a session of the Board of Directors must be in writing and explicit (i.e. precisely for representation at one or more sessions of the Board of Directors).

The Board of Directors adopts resolutions with the unanimous consent of all members of the Board of Directors on the following matters:

1. opening and closing of branches;
2. acquisition, amendment and termination of holdings in other companies;
3. approval of transactions pursuant to article 114, paragraph 2 of the Law for Public Offering of Securities (only if such transactions are not included in the Company's annual business plan for costs and investments as approved by the Board of Directors);
4. disposition with assets with amount exceeding EUR 50 000 (fifty thousand) (except the matter is within the jurisdiction of the General Meeting);
5. transactions related to the names of domains owned by the Company;
6. granting or obtaining loans or credits at amount exceeding EUR 50,000 (fifty thousand);

7. conclusion of contracts for operational or financial leasing at an amount exceeding EUR 50,000 (fifty thousand);
8. disposition with intellectual property rights, as well as concluding or terminating of patent, license, know-how, and joint agreements relevant to the intellectual property (except for license transactions as part of the clauses of products and services to the end users as part of the main business of the Company).
9. nominating a person proposed by the Board of Directors to be appointed by the General Meeting as a registered auditor of the Company for the respective year;
10. approval of the nominations of persons to take the following key positions (jobs) in the Company: general director, financial director, sales director;
11. dismissal of the persons taking the following key positions (jobs) in the Company: general director, financial director and sales director;
12. the resolution under article 29, paragraph 1 of the Articles of Association;
13. adoption of programs for material incentives for the Company's employees;
14. adoption of the annual business plan of the Company for costs and investments;
15. adoption of the working procedure of the Board of Directors as per article 224, paragraph 2 of the CL, and any further amendments thereof;
16. collection of amounts exceeding BGN 40,000 (forty thousand) under appeals and disputes raising from the Company's main business;
17. adoption of resolution for increasing the company's capital under the provisions of article 196, paragraph 1 of the Commerce Law.

Any other resolutions of the Board of Directors shall be adopted by simple majority of all members of the Board of Directors, except a normative act and/or these Articles shall provide for a greater majority.

Minutes are to be kept for the resolutions of the Board of Directors to be signed by all attending members, stating the way each of them voted on the discussed matters. In case a member of the Board of Directors attending a session is representing an absent member of the Board of Directors, this must be explicitly stated in the minutes and the power of attorney (or certified copy thereof) must be attached to the minutes.

The resolutions of the Board of Directors may also be adopted by non-attendance, provided all members of the Board of Directors acknowledge their consent with the resolution in writing. The written acknowledgement under the preceding sentence is personal only and not through proxy.

The members of the Board of Directors have the right to, on their own behalf and/or on third person's behalf, make business transactions, hold interest in business companies as unlimited members, as well as to act as procurators, managers or members of boards of other companies or cooperatives, when an activity competitive to the one of the Company is carried but in due observance of their obligations under article 116b of the Law for Public Offering of Securities.

The members of the Board of Directors are held liable for any damages deliberately caused to the Company. Each member of the Board of Directors may be discharged from liability if it is established that he is not guilty for caused damages.

Irregardless of the lack of resolution of the General Meeting for discharge all or some of the Members of the Board of Directors from liability, the respective members of the Board of Directors (for whom there is no resolution for discharge from liability) are not liable before the Company and before the shareholders for any transactions made (trusteeship inclusive) and for actions undertaken, when:

a) same have been closed/ exercised in execution of a resolution of the General Meeting

or

b) by its subsequent resolution, the General Meeting has confirmed or approved the transaction or action.

The above rule also applies when the resolution for the transaction or the action is within the jurisdiction of the General Meeting as per the Commerce Law, the Law for Public Offering of Securities, another enactment and/or the Articles of Association, as well as when these matters have not been within the jurisdiction of the General Meeting, but nevertheless it came with a decision thereon.

The above rules apply for any omissions by the members of the Board of Directors, respectively.

The Board of Directors commissions the management of the Company to one of its members – Executive member, and empowers the same to represent the Company.

The explicit designation of the position Executive member (for example, Executive Director or another) is determined by the Board of Directors.

Procurators

By resolution of the Board of Directors one or more procurators may be entrusted and authorized to manage the entity of the Company.

The Board of Directors determines the number of procurators, the persons to act as procurators, their remuneration and will also decide (if the procurators are more than one) how the procurators represent the Company (each procurator separately or any or all procurators jointly).

The authorization of the procurator in the statutory form is made by the Executive member, who represent the Company and upon signing the agreement with the procurator.

22.4.3. Description of the rights, preferences and restrictions attached to each class of existing shares

Pursuant to article 9, paragraph 2 of the Articles of Association all shares issued by the Company are of one class and give equal rights to the shareholders, whereas each ordinary share gives the right to one vote at the General Meeting, as well as the right to dividend and liquidation quota in proportion to the nominal value of the share. Pursuant to article 9, paragraph 2 of the Articles, the company issues ordinary non cash shares. Paragraph 3 of the same article provides for the issue of preferred shares but no such shares are issued at present. The Articles of Association do not provide for restrictions or conditions for transfer of shares from shareholders and such transfer is carried out under the terms and conditions as provided in the applicable legislation in relation to non cash shares transactions.

Right to dividend – Each ordinary share gives the right to dividend in proportion to its nominal value.

Pursuant to article 34 of the Articles of Association the dividends are allocated in compliance with the Law for Public Offering of Securities. The right to dividends conferred to any persons entered in the registers of Central Depository as shareholders on the 14th day after the date of the General Meeting approved the annual financial statement and adopted a resolution for allocation of the profit

Any shareholder who has the right to receive a dividend may exercise such right until the expiration of the total 5 years term, after which the right will extinguish and the dividends not received remain for the Company.

Right to vote – Each ordinary share gives the right to one voting right at the General Meeting of Shareholders of the Company.

The General Meeting comprises all shareholders with voting right. The voting right is exercised by the persons entered in the registers of Central Depository as shareholders 14 days before the date of the General Meeting.

Right to a liquidation quota. – Each ordinary share gives the right to a liquidation quota in proportion to its nominal value.

22.4.4. Description of the actions required for change of the rights of shareholders, indicating the more significant conditions than the statutory ones

The Company's Articles of Association do not stipulate specific provisions about the actions required for change of the rights of shareholders, which are different from the actions stipulated by the applicable legislation.

22.4.5. Description of the conditions for convening the annual general meetings and the extraordinary general meetings of shareholders, including the terms for admission

The General Meeting of Shareholders is convened by the Board of Directors. The General Meeting may be convened upon request of the shareholders holding at least 5 per cent of the Company's capital under the terms and conditions as provided for in article 223, paragraphs 1 and 2 of the Commerce Law.

Pursuant to the provision of article 118, paragraph 2, item 3 of LPOS, any persons holding, jointly or severally, at least 5 per cent of the capital of a public company, may request the district court to convene general meeting or to empower a representative thereof to convene a general meeting with agenda drafted by them;

The general meeting is convened through an invitation with minimum contents as per article 223, paragraph 4 of the Commerce Law and article 115, paragraph 2 of LPOS. Shareholders holding shares for at least 3 months, representing 5 per cent of the company's capital, may request additions to the agenda as per the invitation and under the conditions of article 223a of the Commerce Law and in due observance of the requirements of article 115, paragraph 7 of LPOS.

The invitation is disclosed in the Trade Register at least 30 days prior the opening of the general meeting. Within the same term, the invitation should be disclosed to the public under the provisions of article 100 of LPOS, sent to FSC and published on the company's website.

Pursuant to article 115, paragraph 1, second sentence of the Law for Public Offering of Securities, the regular (annual) general meeting of shareholders must be held until the end of the first six months of the year after the end of the accounting year. An extraordinary general meeting of shareholders may be convened at any time.

The general meeting comprises of the shareholders with voting rights. The shareholders take part in the General Meeting in person or by proxy. In compliance with LPOS, the representative must be authorized with explicit written power of attorney meeting the requirements of article 116 of LPOS.

The members of the Board of Directors may not represent a shareholder, unless the shareholder has explicitly specified the manner of voting on each of the items on the agenda.

The members of the Board of Directors, if not shareholders, take part in the work of the General Meeting without the right to vote.

22.4.6. Short description of every provision of the Memorandum of Association, Articles of Association, the Charter, or Internal Rules of Procedures of the Issuer, which might cause a delay, cancellation or avoidance of change in issuer's control

The Articles of Association of the Company do not contain such provisions.

22.4.7. Instructions for the Memorandum of Association, Articles of Association, the Charter, or Internal Rules, if any, that manage the ownership threshold above which ownership must be disclosed

The Company's Articles of Association do not contain other provisions that stipulate the ownership threshold above which the shareholder ownership must be disclosed. Considering the public status of Investor.BG AD, the obligation for disclosure under article 145 of LPOS applies. Pursuant to such provision, each shareholder who acquires or directly transfer and/or under the conditions of article 146 of LPOS a right to vote at the general meeting of a public company, he is obliged to inform the commission and the public company if due to the acquisition or transfer of his right to vote reaches, exceeds or falls below 5 per cent or a figure divisible to 5 per cent, of the number of votes in the general meeting of the company.

Description of the conditions imposed by the Memorandum of Association, the Articles of Association, the Chart or the Internal Rules, stipulating the changes in capital, if such conditions are stricter than the statutory ones

The Articles of Association of the Company do not contain provisions about the changes in capital, which are more restrictive than the statutory requirements.

Pursuant to article 12, paragraph 1 of the Articles of Association, the capital of the company may be increased by issue of new shares against monetary contributions or against transformation of convertible bonds into shares, in due observance with the provisions of CL and LPOS, as well as with company's own funds under article 197 of CL.

The General Meeting adopts the resolution for increase of the capital with 85% (eighty five per cent) majority of the shares represented at the General Meeting.

On the basis of article 196 of the Commerce Law and pursuant to article 13a of the applicable Articles of Association of the Company, the Board of Directors is empowered for a period of 5 years from the entry of the Articles' amendment in the trade register, to adopt resolutions for increase of the capital through issue of new shares with nominal value of up to BGN 600 000. Article 13a is adopted on 01.04.2009 /amendment of 12.04.2010/.

With resolution dated 12.04.2010 for amendment of the Company's Articles, GMS empowers the BS to adopt resolution for increase of the capital of the company in relation to exercising the rights under issued warrants.

Upon capital increase by issue of new shares, each shareholder has the right to acquire part of the new shares in proportion to his share in the capital before the increase. Upon capital increase through issue of new shares, rights within the meaning of §1, item 3 of LPOS are issued, whereas one right is issued against each existing share. The ratio between issued rights and one new share is determined in the resolution for the capital increase.

The capital may be decreased upon General Meeting's resolution adopted with 85% (eighty five percent) majority of the shares presented at the General Meeting.

Pursuant to the applicable Articles, the capital may be decreased pursuant to the terms and conditions stipulated in the Commerce Law and LPOS.

22.5. HOLDING OF INDIVIDUALS/ LEGAL ENTITIES

At the time of drafting the present Document for Securities, the Issuer is not aware of any interest, including conflict of interests available, which is considered material in relation to the Issue/ Offer.

23. ADDITIONAL INFORMATION

23.1. CONSULTANTS

The present document is drafted by KBC Securities, N.V. – branch Bulgaria. The employees responsible for drafting the Document are listed in *item 1 Responsible Persons*.

23.2. AUDITED INFORMATION

The annual financial statements of the Issuer for the period 2007 – 2009 are audited by the persons listed in *item 1 Responsible Persons* of the present Document. The document does not contain other audited information.

23.3. REPORTS, STATEMENTS AND INFORMATION FROM THIRD PARTIES

The present document is drafted by. The investment agent's and Issuer's employees responsible for drafting the Prospectus are listed in item "Responsible Persons".

The present document contains statements and reports of experts different from the employees of KBC Securities, N.V. – branch Bulgaria and the Issuer responsible for drafting the Prospectus. For the purposes of presenting the internet market in Bulgaria (*item 4.5. Industry and Competitive Environment*) we used information from the European Commission's report dated 17.05.2010 - *ICT Country Profiles, Commission staff working document, Volume 2, Brussels, 17.5.2010, SEC(2010) 627*:

(http://ec.europa.eu/information_society/eeurope/i2010/docs/annual_report/2009/sec_2009_1104.pdf)

In the prospectus we used information from Gemius and Nielsen Online for the visit frequency statistics of websites developed by the Issuer. The information is provided to the Issuer on the grounds of contracts between Investor.BG AD and Nielsen online and Gemius.

The document contains information from third parties, whereas the references are explicitly stated such as:

- in *item 2.4.3. Credit Risk* – the Ministry of Finance, as a reference source for the Republic of Bulgaria's credit ratings;
- in *item 2.4.5. Inflation Risk* and in *item 4.4. Economic Environment* – Bulgarian National Bank (BNB), National Institute of Statistics (NSI), Economic Intelligence Unit 2010, EU - European Economic Forecast - Autumn 2010, as references for main macroeconomic indicators and forecasts for the period 2007 – 2010;
- in *item 4.5. Industry and Competitive Environment*, *item 4.6. Main Business*, *item 4.7. Product Portfolio* – EC, Gemius, Nielsen Online, www.internetworldstats.com, as reference for internet penetration in Europe and Bulgaria, visit frequency statistics and internet cover of Issuer's and its competitors' websites;
- in *item 4.5. Internet Audience* – Piero 97, Nielsen Online, NSI, as a reference for the profile of internet audience in Bulgaria.
- in *item 4.5.4. Development of Internet Advertising Market* – IAB Europe, Gemius, Piero 97, and e_Academy as reference for the internet advertising marketing in Europe and in Bulgaria.

The information obtained from third parties is accurately reproduced in this Prospectus, and as far as the Issuer is aware and can verify the information published by such third parties, there are not any omitted facts which would render the reproduced information inaccurate or misleading.

23.4. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display within the usual working hours during the week (Saturday, Sunday, official holidays are excluded) in the office of Investor.BG AD in Sofia, 205 Aleksandar Stamboliyski Blvd., 8th floor, as well as on the website of the company as from the date of publication of the present prospectus within the term of validity thereof:

The Articles of Association of Investor.BG AD.

The prospectus for public offering of shares from the capital increase of Investor.BG AD including the documents attached thereto, and the documents referred to in the prospectus as provided herein above.

Further financial statements of the Company with the respective audit reports, when being available, after drafting and publication thereof.

23.5. INFORMATION ON HOLDINGS

The Issuer's holdings in the capital of companies are presented in item 4.2. *Organizational Structure*, of the present Prospectus.

ABBREVIATIONS

- LPOS – Law for Public Offering of Securities;
- LMFI – Law for Markets and Financial Instruments;
- LAMAFI – Law against Market Abuse with Financial Instruments;
- CL – Commerce Law;
- FSC – Financial Supervision Commission of the Republic of Bulgaria;
- CD – Central Depository AD;
- BSE – Bulgarian Stock Exchange – Sofia AD;
- SG – state gazette;
- BD – Board of Directors;
- GMS – General Meeting of Shareholders of Investor.BG AD;
- The Company – Investor.BG AD;
- The Issuer – Investor.BG AD;
- The Offer – the initial public offering of issue of ordinary shares of Investor.BG AD
- The Prospectus – Prospectus for public offering of ordinary shares from the increase of Investor.BG AD capital.

DECLARATION

of

the persons drafted the present document

The undersigned, Veselin Zahariev, Atanas Chobanov and Lidia Shumkova, in their capacity of persons who drafted the present document, hereby declare that to our best knowledge and after the due diligence and the all reasonable efforts we made to assure ourselves – the information contained herein is true and complete, whereas corresponding to the facts and not containing any omission that might affect its meaning.

Drafted by:

Veselin Zahariev,
Corporate Finance Director

Atanas Chobanov,
Senior Expert Corporate Finance

Lidia Shumkova,
Head of Legal Department

DECLARATION

of the Issuer and the authorized Investment Agent

The undersigned, in their capacity of representative of the Issuer – Investor.BG AD, of the authorized investment agent KBC Securities, N.V. – branch Bulgaria, respectively, hereby declare the Prospectus meet the statutory requirements.

For the Issuer – Investor.BG AD:

Stuart Till

Executive Director of
Investor.BG AD

For Investment Agent KBC Securities, N.V. – branch Bulgaria:

Iliyan Skarlatov,
Manager

Kliment Rudinski,
Manager

ANNEX №1: INDEX

Index about location of information required under Annex I “Minimum Disclosure Requirements for the Share Registration Document (Schedule)” and Annex III “Minimum Disclosure Requirements for the Shares Securities Note (Schedule)” of Commission Regulation (EC) № 809/2004.

Required information under Annex I:

1. Responsible persons – item i
2. Statutory auditors – item ii
3. Selected financial information – item 1.4
4. Risk factors – item 2
5. Information about the issuer – item 4
6. Business overview – item 4.3, item 4.4
7. Organizational structure – item 4.2
8. Property, plants and equipment – item 4.8
9. Operating and financial review – item 5
10. Dividend policy – item 10
11. Capital resources – item 5.3
12. Research and development, patents and licenses – item 4.7
13. Trend information – item 5.4
14. Profit forecasts or estimates – n/a
15. Administrative, management, and supervisory bodies and senior management – item 4.12
16. Remuneration and benefits – item 4.11.4
17. Board practices – item 4.11.6
18. Employees – item 4.10
19. Major shareholders – item 8.1
20. Related party transactions – item 9
21. Financial information concerning the issuer’s assets and liabilities and profits and losses – item 5.1
22. Additional information – item 23
23. Material contracts – item 6
24. Third party information and statement by experts and declarations of any interest – item 23.3
25. Documents on display – item 23.4

26. Information on holdings – item 23.5, 4.2

Required information under Annex III:

1. Responsible persons – item i
2. Risk factors – item 2.1
3. Key information. Working capital statement – item 22.2
4. Key information. Capitalization and indebtedness – item 3
5. Reasons for the offer and use of proceeds – item 11
6. Information concerning the securities. Type and class – item 12.1
7. Information concerning the securities. Legislation – item 12.2
8. Information concerning the securities. Currency – item 12.4
9. Description of the rights attached to the securities – item 12.5
10. Resolutions, authorizations, approvals – item 12.6
11. Date of issue – item 12.7
12. Restrictions on transferability – item 12.8
13. Mandatory takeover bids or redemption rules – item 12.10
14. Third parties' bids for public takeover of issuer's equity – item 12.11
15. Withholding taxes – item 12.9
16. Conditions of offer – item 13
17. Plan of distribution and allotment - item 15
18. Notification of the candidates – item 16.2
19. Pricing – item 17
20. Placing and underwriting – item 18
21. Admission to trading and dealing arrangements – item 19
22. Selling securities holders – item 19.6
23. Expense of the issuer – item 20
24. Dilution – item 21
25. Additional information – item 23

I, the undersigned Desislava Georgieva Teodosieva, duly sworn translator, certify herewith that my translation of the attached document – Prospectus for Initial Public Offering of Shares, from Bulgarian to English language is true and accurate. This translation consists of one hundred forty two pages.

Sworn translator:

Desislava Georgieva Teodosieva