

# *Small Enterprise Assistance Funds*

## Quarterly Report to USAID (October to December 2001)

for Grant # PER-G-00-00-00011-00

# **SEAF/CARES BAC**

*Subrecipient of Bulgaria Grant PER-G-00-00-00011-00*

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**Small Enterprise Assistance Funds (SEAF)**  
**Quarterly Report to USAID**  
**Quarter ending 12/31 2001**  
**Federal Grant PER-G-00-00-00011-00**  
**Submitted by: CARESBAC Bulgaria (sub-recipient)**

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**Summary**

In general, CARESBAC's status with the 21 portfolio companies can be broken down as follows: 2 are write-offs, 2 exits are completed, 3 are under sales of assets or liquidation, 6 have formalized MBO Agreements, 8 are now under negotiations the strategic exits and exit under preparation.

*The following table shows the stage and the type of CARESBAC exits for Q4 2001:*

<b>Completed Exits</b>	<b>MBOs</b>	<b>Liquidation Sale of Assets</b>	<b>Strategic Exits</b>	<b>Exit under Preparation</b>
• Bulgarski Yogurt	• Agromes	• Alexander Mill	• Darko & Darko-Serdica	• Berries
• Rel Dent	• Bulborg	• Le Style	• Pain d'Or	• Gama Forage
	• Deva	• Sanig	• Bumar	• Owescon Plastics
	• Ken			• Plastcommerce
	• Mesni producti			• Slunchev plod
	• Palhutev			
	• Yaitzeprom			

Aggregate sales for all of the currently active portfolio companies as of year 2001 are totalling to \$7,091,847, which is an increase of 23% comparing to year 2000.

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**Aggregate Results**

A. Cumulative Operations

	Up to Prior Quarter	Current Quarter	Cumulative to Date
Initial Total Grant Available	\$ 7,000,000	\$ -	\$ 7,000,000
Grant Drawdowns (DC)	\$ 655,000	\$ -	\$ 655,000
Grant Drawdowns (BG Cost Coverage)	\$ 692,480	\$ -	\$ 692,480
Grant Drawdowns (BG Investments)	\$ 3,305,953	\$ -	\$ 3,305,953
Subtotal	\$ 4,653,433	\$ -	\$ 4,653,433
Grant Amount Renewed	\$ 2,346,567	\$ -	\$ 2,346,567
Grant Drawdowns (BG Investments)	\$ 200,000		\$ 200,000
<b>Remaining Grant (Amount to Transfer)</b>			\$ 2,146,567

*Total SEAF-Bulgaria Investment Activity*

	Up to Prior Quarter	Current Quarter	Cumulative to Date
Equity Investments	\$ 3,124,193	\$ -	\$ 3,124,193
Loans to Investees	\$ 2,862,612	\$ -	\$ 2,862,612
Other	\$ 380,837	\$ -	\$ 380,837
<b>Total Investment Activities</b>	\$ 6,367,642	\$ -	\$ 6,367,642

Portfolio Exposure

*(Please see attached Q4 2001 PEA Sheet)*

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**Description of Current Investments**

No additional disbursements were made to existing CARESBAC investments in Q4 2001.

Investment	Date Implemented	Status / Reason for Investment	Amount Disbursed this Quarter
Total			

A. Portfolio Status

*(Please see attached Q4 2001 Number of Employees and Revenue Sheet)*

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**B. Company Developments:**

Highlights of company operations during the quarter include:

*Bulborg*

- CARESBAC received the amount of \$200,000 from the other shareholders out of total negotiated exit amount of \$210,000. The remaining amount of \$10,000 is payable with 10% interest rate per annum, charged as of 1 November 2001 – till 30 September 2002.
- Secured by pledge on movable property.

*Bumar*

- The Company expanded its distribution network from just servicing the major cities to becoming a true national producer, as it can now reach all customers in Bulgaria.
- CARESBAC started negotiations for a MBO exit and is planning to complete the deal by the end of middle of 2002.

*Darko*

- CARESBAC prepared an exit agreement to sell its shares from Darko to the other shareholders together with its shares from Darko-Serdika to Darko.
- CARESBAC is negotiating MBO terms - target price is 1,200,000 USD. Expecting to complete the deal by end of April 2002.

*Owescon*

- CARESBAC is continuing its negotiations for a MBO exit. CARESBAC is still trying to clear the title of building and land, whose ownership will be transferred to CBG for securing exit repayment.

*Pain d'Or*

- CARESBAC staff is organizing the strategy for a potential sale and is in process of negotiations for achieving such sale – target price \$400,000.

*Yaitzeprom*

In October 2001, CARESBAC signed exit agreement with the other shareholders for buying 49% of CARESBAC shares in Yaitzeprom.

- Total amount – 120,000 USD.
- The agreed period for repayment is 31 March, 2003.
- The Interest rate is 2%.
- Secured by pledge on equipment.

In addition to the above companies, CARESBAC has been able to:

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- Continue its progress with the liquidations of Le Style and sell assets from Alexander mill and Sanig. Almost all assets of Le Style have been sold and CARESBAC's relationship with the Company should be finalized in Q2 2002. Caresbac's shares in Sanig are sold. The expected amount is \$30,000
- Continue to receive payments in accordance with Management Buyout Agreements with Agromes, Mesni Produkti, KEN-4 and Deva.
- Began negotiations regarding Managerial Buyouts with Gama Forage, Slunchev Plod. CARESBAC is close to reaching an agreement with Slunchev Plod, with hopes of this being accomplished by the end of April. The deal with Gama Forage will be completed by the end of quarter 2 2001.
- The negotiations with Berries and Plastcommerce are planned to start this quarter and to be completed by the end of quarter 3.

Q4 2001 PEA Sheet

	Name of Investment	Fund	Country Fund	PEA Spreadsheet Date	Total Authorized Disbursements	Disbursements to Date	% Equity	% Debt	Equity Balance	Debt Balance	Capital Repayments	Guarantee Exposure	Total Exposure	SEAF Ownership	Interest Income Collected	Fee & Dividend Income Collected	Capital gain	Net Exposure
2	Bumar		CBG	31-Dec-01	289,050	285,907	65%	35%	175,000	94,924	30,073		269,924	49%	36,320	11,314		208,200
3	Darko		CBG	31-Dec-01	375,673	390,565	100%	0%	168,754	-	175,351		168,754	40%	81,454	77,572		56,188
4	Darko-Serdika		CBG	31-Dec-01	329,151	389,251	85%	15%	209,311	37,108	144,059		246,419	51%	18,221	10,274		216,697
5	Gama Forage		CBG	31-Dec-01	173,290	151,473	78%	22%	83,010	23,148	31,177		106,158	35%	12,078	2,032		106,186
6	Owescon Plastics		CBG	31-Dec-01	285,000	285,471	85%	15%	250,000	43,669	-		293,669	45%	1,738	13,100		270,633
7	Pain D'Or		CBG	31-Dec-01	464,575	284,988	100%	0%	250,000	-	37,000		250,000	25%	7,245	18,200		222,543
8	Plastcommerce '93		CBG	31-Dec-01	241,193	241,193	71%	29%	91,873	38,266	111,053		130,139	25%	51,878	26,955		51,307
9	Slunchev Plod		CBG	31-Dec-01	225,561	225,561	68%	31%	88,371	39,187	98,368		127,558	35%	42,382	1,780		83,031
					2,383,493	2,254,409			1,316,319	276,302	627,081		1,592,621		251,316	161,227		1,214,785

1. Total Authorized Disbursements are always greater than Disbursements to Date less Capital Repayments

2. The table does not include the following companies: Genov; Le Style; Offset Express; Reldent.

3. MBO agreements signed with Mesni produkti on 20-Jul-2000; Bulgarski Yogurt - 7-Jul-2000; Deva - 2-Aug-2000; Sanig - 4-Aug-2000; Palhutev - 15 February 2001; Ken - 23 March 2001; Yaitzeprom - 24 April 2001; Bulborg - 31-Oct-2001

Q4 2001 Number of Employees and Revenues

		EMPLOYMENT					REVENUE								
ID	Fund	Country Fund	Name of Investment	Date of Initial Employment & Revenue	Initial Employment	Employment Q4-2001	Employment Growth	Initial Revenue in Local Currency	Initial Exchange Rate	Initial Revenue in US \$	Current Revenue in Local Currency	Current Exchange Rate	Current Revenue in US \$	Sales Growth	
		CBG	Bumar	1997	37	37	0%	85,000,010	1682.2	50,530	1,444,581	2.25108	641,728	1170%	
		CBG	Gama Forage	1996	12	15	25%	38,751,900	178.3	217,341	275,649	2.25108	122,452	-44%	
		CBG	Darko/Darko Serdika*	1995	84	290	245%	29,423,318	67.2	437,847	7,930,649	2.25108	3,523,042	705%	
		CBG	Owescon Plastics	1998	30	53	77%	379,521,253	1760.8	215,544	860,268	2.25108	382,158	77%	
		CBG	Pain D'Or	1998	100	92	-8%	1,014,143,176	1760.8	575,969	2,952,298	2.25108	1,311,503	128%	
		CBG	Plastcommerce '93	1995	31	27	-13%	82,126,330	67.2	1,222,118	734,190	2.25108	326,150	-73%	
		CBG	Slunchev Plod*	1995	57	160	181%	11,236,042	67.2	167,203	993,978	2.25108	441,556	164%	
					351	674	92%			2,886,552	15,191,614			6,748,589	134%

\* - companies with seasonal business

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