

Chimimport AD
Interim consolidated financial statements
30 September 2006



Contents

	Page
Interim consolidated balance sheet	2
Interim consolidated balance sheet	3
Interim consolidated income statement	4
Interim consolidated cash flow statement	5
Interim consolidated statement of changes in equity	6
Notes to the interim consolidated financial statements	7

Interim consolidated balance sheet

	Note	30.9.2006 BGN'000s	31.12.2005 BGN'000s
Assets			
Non-current			
Property, plant and equipment	4	186 533	123 340
Investment property		19 340	9 304
Goodwill		11 404	11 904
Intangible assets		5 545	5 639
Equity accounted investments in associates		16 552	25 660
Long-term financial assets		496 160	390 134
Long-term receivables from related parties		86	-
Deferred tax assets		1471	475
		737 091	566 456
Current			
Inventories		31 614	21 951
Short-term financial assets		263 094	231 184
Receivables from related parties		13 088	5 566
Trade receivables		60 127	23 254
Other receivables		79 836	39 431
Cash and cash equivalents		356 221	230 213
		803 980	551 599
Total assets		1 541 071	1 118 055

Prepared by: _____

Manager: _____

Date: 27 November 2006

Interim consolidated balance sheet

	Note	30.09.2006 BGN'000s	31.12.2005 BGN'000s
Equity			
Equity attributable to shareholders of Chimimport AD			
Share capital	5	130 000	60 000
Unpaid capital		-	(2 082)
Additional paid-in capital		-	58 916
Premium reserve		33 252	-
Other reserves		8 479	8 699
Retained earnings		69 928	42 172
Net profit for the period		23 449	27 756
		265 108	195 461
Minority interest		43 802	40 540
Total equity		308 910	236 001
Specialized reserves		33 031	22 944
Liabilities			
Non-current			
Payables to secured parties		35 722	24 525
Long-term financial liabilities		422 239	25 527
Long-term payables to related parties		12 542	-
Other non - current liabilities		1 788	5 534
Deferred tax liabilities		2 146	1 825
		474 437	57 411
Current			
Short-term financial liabilities		631 813	737 737
Payables to related parties		953	1 945
Trade and other liabilities		91 927	62 017
		724 693	801 699
Total liabilities		1 199 130	859 110
Total equity and liabilities		1 541 071	1 118 055

Prepared by: _____
Date: 27 November 2006

Manager: _____

Interim consolidated income statement

	Note	30.09.2006 BGN'000s	30.09.2005 BGN'000s
Income from non-financial activities		166 728	135 754
Expenses on non-financial activities		(158 568)	(118 425)
Net result from non-financial activities		8 160	17 329
Insurance income		66 444	49 405
Insurance expenses		(62 721)	(44 784)
Net insurance result		3 723	4 621
Interest income		45 702	34 501
Interest expense		(21 946)	(14 895)
Net interest income		23 756	19 606
Gains from transactions with financial instruments		43 184	14 658
Losses from transactions with financial instruments		(17 923)	(5 970)
Net result from transactions with financial instruments		25 261	8 688
Administrative costs		(47 889)	(49 335)
Income from subsidiaries		-	1 919
Result from equity accounted associates		(1 386)	67
Other financial income, net		24 338	16 920
Result for the period before tax		35 963	19 815
Tax expense, net		(9 504)	(4 770)
Net result for the period		26 459	15 045
Attributable to minority interest		3 010	2 865
Attributable to shareholders of Chimimport AD		23 449	12 180
		30.09.2006	30.09.05
		BGN	BGN
Earnings per share	7	0.24	0.29

The selected notes from page 7 to page 16 are an integral part from the interim consolidated financial statements.

Interim consolidated statement of cash flows

	Note	30.09.2006 BGN'000s	30.09.2005 BGN'000s
Cash flows from operating activities			
Cash receipts from customers		157 535	157 156
Cash paid to suppliers		(160 060)	(151 878)
Cash receipts from secured persons		8 524	5 768
Cash paid to secured persons		(1 206)	(366)
Cash paid to employees and social security institutions		(12 594)	(6 427)
Net cash outflow related to foreign exchange gains and losses		325	99
Cash receipts from banking operations		9 453 126	6 094 306
Cash paid for banking operations		(9 310 000)	(6 049 144)
Cash receipts from insurance operations		35 486	26 338
Cash paid for insurance operations		(33 065)	(27 706)
Income tax paid		(2 619)	(2 121)
Other cash inflow from operating activities		17 008	23 686
Other cash outflow for operating activities		(28 150)	(21 081)
Net cash flows from operating activities		124 310	48 630
Cash flows from investing activities			
Proceeds from business combinations		1 177	-
Payment for business combinations		(39 855)	(24 750)
Sale of property, plant and equipment	4	2 576	741
Purchase of property, plant and equipment	4	(24 729)	(11 163)
Proceeds from financial instruments		184 028	44 822
Payment for financial instruments		(203 011)	(134 083)
Sale of investment property		1 491	-
Purchase of investment property		(469)	(512)
Interest income		18	125
Other cash inflow from investing activities		1 796	9
Other cash outflow for investing activities		(31)	(441)
Net cash flows from investing activities		(77 009)	(125 252)
Cash flows from financing activities			
Proceeds from issuing of shares		53 118	22 139
Proceeds from loans received or repaid		117 652	53 141
Payments for loans repaid or granted		(59 061)	(50 532)
Interest paid		(2 790)	(2 156)
Other cash inflow from financing activities		102 456	125 675
Other cash outflow for financing activities		(137 574)	(106 045)
Net cash flows from financing activities		73 801	42 222
Net increase/(decrease) of cash and cash equivalents		121 102	(34 400)
Cash and cash equivalents at the beginning of the period		235 119	247 684
Cash and cash equivalents at the end of the period		356 221	213 284

The selected notes from page 7 to page 16 are an integral part from the interim consolidated financial statements.

Interim consolidated statement of changes in equity

Equity attributable to equity holders of Chimimport AD

All amounts presented in BGN'000s	Share Capital	Unpaid capital	Premium reserve	Additional paid-in capital	Other reserves	Retained earnings	Minority Interest	Total Equity
Balance 01 January 2005	20 000	-	-	37 916	7 612	43 351	26 591	135 470
Increase in the share capital	40 000	(2 082)	-	(37 916)	-	-	-	2
Business combinations	-	-	-	-	-	-	11 697	11 697
Net result for the period	-	-	-	-	-	12 180	2 865	15 045
Other changes in equity	-	-	-	-	(3)	-	(264)	(267)
Balance 30 September 2005	60 000	(2 082)	-	-	7 609	55 531	40 889	161 947
Balance 01 January 2006	60 000	(2 082)	-	58 916	8 699	69 928	40 540	236 001
Increase in the share capital	58 916	2 082	-	(58 916)	-	-	-	2 082
IPO shares	11 084	-	33 252	-	-	-	-	44 336
Net result for the period	-	-	-	-	-	23 449	3 010	26 459
Other changes in equity	-	-	-	-	(220)	-	252	32
Balance 30 September 2006	130 000	-	33 252	-	8 479	93 377	43 802	308 910

The selected notes from page 7 to page 16 are an integral part from the interim consolidated financial statements.

Notes to the interim consolidated financial statements

1 General information

CHIMIMPORT AD was registered as a joint-stock company at Sofia city court on 24 January 1990.

The Company is engaged in the following business activities:

- Production – extraction and processing of oil and other oil products; vegetable oil;
- Trade – with chemical products, fuel, vegetable oils, cereals, etc.
- Transport – Transport of passengers and cargo, transport services and forwarding
- Bank activity and services;
- Insurance services;
- Pension funds and services;
- Marketing and advertising.

The address of the Company's registered office is 2, St. Karadja Str., Sofia, Bulgaria.

The interim consolidated financial statements for the period ended 30 September 2006 were approved by the Managing Board on 27 November 2006.

2 Basis for preparation of the interim consolidated financial statements

This brief interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group as at 31 December 2005.

Interim consolidated financial statements are presented in BGN, which is also the functional currency of the Group.

The main accounting policies of the Group have remained unchanged from those set out in the annual financial statements of the Group as at 31 December 2005.

3 Segment reporting

For the reporting on segments the divisions of the Group are as follows:

- Production
- Trade
- Transport
- Insurance
- Banking
- Finance
- Pension funds

All inter-segment transfers are priced and carried out at market price and condition basis.

Income and expenses of the Group for the period from 1 January 2006 to 30 September 2006 presented by segments are as follows:

Business segments 30 September 2006	Production	Trade	Transport	Insurance	Banking	Finance	Pension Fund	Consolidation	Group
	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
Income from non-financial activities	48 420	21 810	94 502	3	2 229	6 588	-	(6 824)	166 728
Expenses on non-financial activities	(44 644)	(22 701)	(96 176)	-	-	-	-	4 953	(158 568)
Net result from non-financial activities	3 776	(891)	(1 674)	3	2 229	6 588	-	(1 871)	8 160
Insurance income	-	-	-	68 279	-	-	-	(1 835)	66 444
Insurance expenses	-	-	-	(62 785)	-	-	-	64	(62 721)
Net result from insurance	-	-	-	5 494	-	-	-	(1 771)	3 723
Interest income	143	-	2	393	45 536	923	162	(1 457)	45 702
Interest expense	(1 557)	(742)	(1 227)	(35)	(18 994)	(848)	-	1 457	(21 946)
Net interest income	(1 414)	(742)	(1 225)	358	26 542	75	162	-	23 756
Gains from transactions with financial instruments	75	-	7	15 836	8 183	71	15 890	3 122	43 184
Losses from transactions with financial instruments	(16)	-	-	(4 346)	(3 406)	(108)	(10 047)	-	(17 923)
Net result from transactions with financial instruments	59	-	7	11 490	4 777	(37)	5 843	3 122	25 261
Administration costs	-	-	-	(8 892)	(38 827)	(3 743)	(666)	4 239	(47 889)
Other financial income/(expense)	(280)	(255)	(280)	(54)	15 314	9 121	772	-	24 338
Result from equity accounted associates	(1 610)	-	-	-	-	-	-	224	(1 386)
Result for the period before tax	531	(1 888)	(3 172)	8 399	10 035	12 004	6 111	3 943	35 963
Tax expense, net	(747)	218	(133)	(1 297)	(1 505)	(1 371)	(4 669)	-	(9 504)
Net result for the period	(216)	(1 670)	(3 305)	7 102	8 530	10 633	1 442	3 943	26 459

Business segments	Production	Trade	Transport	Insurance	Banking	Finance	Pension Fund	Consolidation	Group
30 September 2006	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
Segment assets	140 664	90 068	114 072	62 970	1 087 748	421 413	43 324	(419 188)	1 541 071
Consolidated total assets	140 664	90 068	114 072	62 970	1 087 748	421 413	43 324	(419 188)	1 541 071
Segment liabilities	85 814	52 433	34 706	39 887	996 128	101 977	36 434	(115 218)	1 232 161
Consolidated total liabilities	85 814	52 433	34 706	39 887	996 128	101 977	36 434	(115 218)	1 232 161

Business segments 30 September 2005	Production	Trade	Transport	Insurance	Banking	Finance	Pension Fund	Consolidation	Group
	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
Income from non-financial activities	44 767	31 952	52 163	65	2 405	12 669	-	(8 267)	135 754
Expenses on non-financial activities	(40 989)	(33 002)	(50 777)	-	-	-	-	6 343	(118 425)
Net result from non-financial activities	3 778	(1 050)	1 386	65	2 405	12 669	-	(1 924)	17 329
Insurance income	-	-	-	51 170	-	-	-	(1 765)	49 405
Insurance expenses	-	-	-	(44 770)	-	-	-	(14)	(44 784)
Net result from insurance	-	-	-	6 400	-	-	-	(1 779)	4 621
Interest income	140	230	8	567	33 730	2	-	(176)	34 501
Interest expense	(849)	(334)	(427)	(32)	(12 585)	(966)	124	174	(14 895)
Net interest income	(709)	(104)	(419)	535	21 145	(964)	124	(2)	19 606
Gains from transactions with financial instruments	206	-	-	8 709	3 949	3 855	5 209	(5 351)	16 577
Losses from transactions with financial instruments	(24)	-	-	(1 154)	(2 680)	(52)	(2 060)	-	(5 970)
Net result from transactions with financial instruments	182	-	-	7 555	1 269	3 803	3 149	(5 351)	10 607
Administration costs	-	-	-	(5 141)	(34 721)	(9 285)	(819)	631	(49 335)
Other financial income/(expense)	1 020	(104)	1 310	(53)	15 124	(824)	446	1	16 920
Result from equity accounted associates	-	-	-	-	-	-	-	67	67
Result for the period before tax	4 271	(1 258)	2 277	9 361	5 222	5 399	2 900	(8 357)	19 815
Tax expense, net	(890)	91	(341)	(1 404)	(783)	(267)	(1 176)	-	(4 770)
Net result for the period	3 381	(1 167)	1 936	7 957	4 439	5 132	1 724	(8 357)	15 045

Business segments	Production	Trade	Transport	Insurance	Banking	Finance	Pension Fund	Consolidation	Group
31 December 2005	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
Segment assets	102 184	59 416	82 734	43 744	809 023	337 592	30 315	(346 953)	1 118 055
Consolidated total assets	102 184	59 416	82 734	43 744	809 023	337 592	30 315	(346 953)	1 118 055
Segment liabilities	48 741	22 482	20 099	27 763	728 095	74 987	24 867	(64 980)	882 054
Consolidated total liabilities	48 741	22 482	20 099	27 763	728 095	74 987	24 867	(64 980)	882 054

4 Property, plant and equipment

	Land	Buildings	Machines	Technical equipment	Vehicles	Other	Assets in process of acquisition	Total
	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
At 1 January 2005								
Cost	9 168	43 196	22 040	16 335	10 607	31 177	24 227	156 750
Accumulated depreciation	-	(8 944)	(12 867)	(7 408)	(5 060)	(29 030)	-	(63 309)
Net book amount	9 168	34 252	9 173	8 927	5 547	2 147	24 227	93 441
Year ended 31 December 2005								
Opening net book amount	9 168	34 252	9 173	8 927	5 547	2 147	24 227	93 441
Business combinations - cost	505	-	14	-	-	11	-	530
Business combinations – depreciation	-	-	(6)	-	-	(5)	-	(11)
Additions	14 158	6 455	13 114	22 593	3 934	303	13 601	74 158
Disposals – cost	(251)	(2 521)	(3 670)	(1 554)	(1 284)	(11 098)	(27 906)	(48 284)
Disposals – depreciation	-	773	1 636	447	837	9 507	229	13 429
Depreciation charge	-	(1 855)	(2 910)	(3 574)	(1 416)	(168)	-	(9 923)
Closing net book amount	23 580	37 104	17 351	26 839	7 618	697	10 151	123 340
As at 31 December 2005								
Cost	23 580	47 130	31 498	37 374	13 257	20 393	9 922	183 154
Accumulated depreciation	-	(10 026)	(14 147)	(10 535)	(5 639)	(19 696)	229	(59 814)
Net book amount	23 580	37 104	17 351	26 839	7 618	697	10 151	123 340

	Land	Buildings	Machines	Technical equipment	Vehicles	Other	Assets in process of acquisition	Total
	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
Year ended 30 September 2006								
Opening net book amount	23 580	37 104	17 351	26 839	7 618	697	10 151	123 340
Business combinations – cost	96	1 473	54	117	52 173	169	970	55 052
Business combinations – depreciation	-	(181)	(49)	(17)	(10 306)	(123)	-	(10 676)
Additions	4 375	9 400	4 937	13 271	1 098	276	21 961	55 318
Disposals – cost	(1 324)	(206)	(752)	(1 894)	(3 786)	(21)	(22 976)	(30 959)
Disposals – depreciation	-	3	703	1 400	1 254	8	-	3 368
Depreciation charge	-	(1 152)	(2 944)	(3 329)	(1 348)	(137)	-	(8 910)
Closing net book amount	26 727	46 441	19 300	36 387	46 703	869	10 106	186 533
As at 30 September 2006								
Cost	26 727	57 797	35 737	48 868	62 742	20 817	9 877	262 565
Accumulated depreciation	-	(11 356)	(16 437)	(12 481)	(16 039)	(19 948)	229	(76 032)
Net book amount	26 727	46 441	19 300	36 387	46 703	869	10 106	186 533

5 Share capital

On 15 February 2006 the General Meeting of the Shareholders took the decision to increase the share capital from BGN 60 000 000 to BGN 118 916 086 and to start the procedure for transforming the company into a public company. The increase of the share capital came in force with court decision No 24 dated 10 April 2006, issued by Sofia City Court. At the General Meeting of the Shareholders on 31 March 2006 a decision to increase the share capital from BGN 118 916 086 to BGN 130 000 000 was taken. Therefore, 11 083 914 new ordinary dematerialized shares have been issued, each with par value of BGN 1 and issue price of BGN 4. The increase of the share capital has been performed by public offering of the shares. The Prospectus for the public offering has been approved by the Financial Supervision Commission with decision № 618-E dated 9 August 2006. The increase of the share capital came in force with court decision № 25 dated 29 September 2006, issued by Sofia City Court.

6 Acquisition of 70 per cent of the share capital of „Parahodstvo Bulgarsko rechno plavane” AD

During the third quarter of 2006 the Group has acquired 70 percent of the share capital of “Parahodstvo Bulgarsko rechno plavane” AD. The acquisition price of the business combination amounts to BGN 22 000 thousand.

The fair value of the interest of the Group in the acquired net assets of the company has been estimated in accordance with a market valuation from prior period and corresponds to the cost of the business combination. At present a new valuation as of the moment of acquisition is performed. In the consolidated financial statements of the Group as at 31 December 2006 the fair value will be adjusted with the new business valuation of “ Parahodstvo Bulgarsko rechno plavane” AD.

7 Earnings per share

The basic earnings per share is determined by dividing the net profit for the period attributable to the equity holders of Chimimport AD by the weighted average number of ordinary shares.

The weighted average number of shares used for the calculation of the basic earnings per share as well as net profit, attributable to shareholders is as follows:

	30.09.2006	30.09.2005
	BGN	BGN
Profit attributable to shareholders of Chimimport AD	23 449 000	12 180 000
Weighted average number of ordinary shares in issue	97 513 113	42 003 676
Basic earning per share (BGN per share)	0.24	0.29

8 Post balance sheet events

On 20 November 2006 under decision №1121 – PD of Financial Supervision Commission related to a registered application from “ Parahodstvo Bulgarsko rečno plavane” AD – Ruse № RG-05-1114/11 dated 30 October 2006 for the acquisition of “Chimimport Bimas”, a contract for restructuring, a report of the acquiring company, a report from the manager of the acquired company, the reports under paragraph 262m and 262f from the Commercial Act of the registered independent auditors, have been approved.

“Balkan Hemus Group” EAD, whose share capital is solely owned by Chimimport AD, has stamped a contract for acquisition of 30 159 shares, representing 99.99 per cent of the capital of “Bulgaria Air” on 21 November 2006. The contract has been approved by the Supervisory Board of the Privatization Agency and registered for approval in the Council of Ministers on 24 November 2006.