Annual Activity Report
of Chimimport AD, Sofia for 2015

This Annual Activity Report presents comments and analysis of the financial reports and other substantial information regarding the financial statement and results from the activity for the period 1 January - 31 December 2015.

It has been prepared in accordance with Article 33, Paragraph 1 from the Accountancy Act; Article 100, Paragraph 7 from the Public Offering of Securities Act and Appendix No. 10 to Article 32, Paragraph 1, Section 2, Article 35, Paragraph 1, Section 2, Article 41, Paragraph 1, Section 2.

Chimimport AD is a public joint-stock company with a registered office at 2 Stefan Karadja Str., Sofia, Bulgaria.

The Company has the following managing bodies: General Meeting of the Shareholders, Supervisory Board and Managing Board.

1 Members of the Supervisory Board are:

1. Invest Capital AD, represented by Marin Mitev;
2. CCB Group EAD, represented by Tihomir Atanasov;
3. Mariana Bazhdarova.

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2 Members of the Managing Board are:

1. Alexander Kerezov
2. Ivo Kamenov
3. Marin Mitev
4. Nicola Mishev
5. Miroliub Ivanov
6. Tzvetan Botev

The Company is represented by its executive directors Ivo Kamenov and Marin Mitev both together and separately.

The shares of the company are listed on the Bulgarian Stock Exchange – Sofia AD.

Share capital: The Company's share capital is at the amount of BGN 239 646 267.

Number of shares issued: The share capital of the Company as at 31 December 2015 consists of 150 875 596 ordinary shares with a par value of BGN 1 and 88 770 671 preferred shares with a par value of BGN 1. The shares of the Company are ordinary, registered and subject to unrestricted transfers and entitle 1 voting right and liquidation quota. The preferred shares do not entitle voting rights. They give the owner the right to a cumulative guaranteed dividend and to a guaranteed liquidation quota of the Company's estate. Preferred shares can be converted by their owners at any time before the 7-year term of the issue expires.

The Company's main economic activity is:

- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies, in which interest is held;
- Bank services, finance, insurance and social security;
- Securitization of real estate and receivables;
- Extraction of oil and natural gas;
- Creation of facilities in the area of oil industry, production of bio fuel and production of rubber products;
- Production and trading with oil and chemical products;
- Production of vegetable oil, purchase, processing and trade with grain foods;
- Aviation transport and ground activities on servicing and repairing of aircrafts and aircraft engines;
- River and sea transportation and port infrastructure;
- Commercial agency and brokerage;
- Commission, forwarding and warehousing services.

1. **Information regarding the value and quantity of general categories of goods, products and/or provided services including their contribution to the issuer's revenue from sales in general and changes occurred in the current year**

Due to the specific character of the issuer's business activity - holding activity, the majority of the Company's revenue includes not only the operating revenue, but also financial revenue, which is formed by gains from transactions with financial instruments, interest income and dividends received. The operating income is mainly due to investment property revenue, services and other incomes.

Percentage ratios of the operating revenue

For 2015 the structure of revenue amounting to BGN 99 223 thousand (2014: BGN 79 522) thousand includes:

- gain from transactions with financial instruments – 61.59% (2014: 37.11%),
- gain from sale of non-current assets – 0.04% (2014: 0.03%)
- interest income, gains from foreign exchange differences and other gains (net)– 35.38% (2014: 53.19%)
- revenue from rents, services and gain on investment property revaluation – 1.82% (2014: 7.33%)
- dividend income – 1.16% (2014: 2.34%)

2. Information regarding income, distributed in separate activity categories, internal and external markets, as well as information on the rendering of services, reflecting the degree of dependency for each customer. In case the percentage of any of the customers exceeds 10 percent of the sales revenue or expenses, information should be provided for each person individually, the client's contribution to sale or purchases and its relationship with the issuer

2.1. Financial indicators

The Company closed the financial year of 2015 with total revenue amounting to BGN 99 223 thousand. The total revenue for 2015 has decreased with 25 % compared to BGN 79 522 thousand in 2014.

Operating expenses for the year amount to BGN 58 949 thousand, which is a increase of BGN 25 433 thousand in comparison with the previous period i.e. increase with 76%.

The financial result for the year ended 2015 is profit before taxes amounting to BGN 40 274 thousand and profit after taxes amounting to BGN 40 256 thousand. The reported decrease of 12.46% for the gross and 3.17% for the net result or BGN 5 732 thousand, and 1 316 thousand respectively, is due to the increase in costs in its operational activities.

The Company's financial indicators for 2015 are as follows:

MAIN FINANCIAL INDICATORS	**2015 BGN'000**	**2014 BGN'000**	**Change to prior period in %**
Operating revenue	64 114	37 224	72.24%
Operating expenses	(32 145)	(3 789)	748.38%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	31 969	35 142	(9.03)%
EBITDA / Sales Revenue (%)	0.50	0.94	(46.95)%
Earnings before interest and tax (EBIT)	31 903	35 069	(9.03)%
EBIT / Sales Revenue (%)	0.50	0.94	(47.06)%
Profit before taxes	40 274	46 006	(12.46)%
Net profit	40 256	41 572	(3.17)%
Non-current assets	993 610	964 023	3.93%
Non-current liabilities	252 005	205 836	22.43%
Current assets	676 749	594 940	13.75%
Current liabilities	213 735	180 478	18.43%
Working capital	463 014	414 462	11.71%
Equity capital	1 212 919	1 172 649	3.43%
Non-current capital	1 464 924	1 378 485	6.27%
Financial leverage ratio	0.38	0.18	113.32%
Solvency ratio	4.81	5.70	(15.56)%
Current ratio	3.17	3.30	(4.05)%
Cash to current liabilities ratio	0.35	0.47	(25.28)%
Financial balance	463 014	414 462	11.71%
ROE	0.17	0.17	0%
ROA	0.02	0.03	(20.06)%
Cash and cash equivalents	75 058	84 147	(10.80)%

Revenue and expenses structure

General revenue structure (changes compared to prior period)

	2015 BGN'000	2014 BGN'000	Increase/ (Decrease)
Gains from transactions with financial instruments	61 115	29 508	107.11%
Interest income	30 880	38 090	(18.93)%
Other financial income	4 229	4 208	0.50%
Operating revenue	1 806	5 831	(69.03)%
Dividend income	1 151	1 862	(38.18)%
Gains from sale of non-current assets	42	23	82.61%

General expenses structure (changes compared to prior period)

	2015 BGN'000	2014 BGN'000	Increase/ (Decrease)
Loss from transactions with financial instruments			
Loss from transactions with financial instruments	(27 006)	(237)	11294%
	(27 006)	**(237)**	
Interest expense, related to:			
- loans received	(15 085)	(20 701)	27.13%
- interest, associated with preference shares	(3 602)	(5 118)	(29.69)%
- bank loans	(3 822)	(1 334)	186.51%
	(22 509)	**(27 153)**	

	2015 BGN'000	2014 BGN'000	Increase/ (Decrease)
Other financial expenses			
Losses from changes in the exchange rates	(3 949)	(2 244)	75.98%
Bank fees and commissions	(346)	(330)	4.85%
	(4 295)	(2 244)	

	2015 BGN'000	2014 BGN'000	
Hired services expenses	(1 878)	(1 937)	(3.05)%
Employee benefits expenses	(2 210)	(976)	126.43%
Written-off receivables	(92)	(326)	(71.78)%
Depreciation and amortization	(24)	(73)	(67.12)%
Cost of materials	(94)	(83)	13.25%
Cost of goods sold	-	-	
Other expenses	(933)	(157)	494.27%
	(5 139)	**(3 552)**	

The Company reports operating expenses for 2015 amounting to BGN 58 949 thousand, which is a decrease of 75.88% compared to 2014.

3 Post balance sheet events

There are no significant events after the balance sheet date.

4 Important Research and Development

The Company did not appoint or perform any important research and development activities during 2015.

5 Information regarding concluded significant transactions or such of a significant importance for the activity of the issuer

Chimimport AD has no significant transactions during the period within the meaning of Art. 114, Par.1 of the Public Offering of Securities Act.

6 Information regarding the transactions between the issuer and its related parties in 2015, the proposals for concluding such transactions, as well as transactions not related to the main activity, including the amount of the transactions, the relationship between the parties and any other information, needed for valuation of the impact on the financial statement of the issuer

The related parties of the Company include: the parent company, its subsidiaries, the key management personnel and other parties, described below.

Transactions with owners

Sales	**2015 BGN'000**	**2014 BGN'000**
- sale of services, rental income and interest income		
Invest Capital AD – parent company	3 901	7 542

Purchases	**2015 BGN'000**	**2014 BGN'000**
-Cash flows		
Amounts provided	13 413	2 640

Transactions with subsidiaries and associates

	2015 BGN'000	**2014 BGN'000**
Sales		
sale of services, rental income and interest income		**-**
- subsidiaries	12 272	12 782
Purchases		
- purchase of services, goods and interest income(subsidiaries)		
- Subsidiaries	(14 698)	(20 022)

Key management personnel comprise the members of Supervisory and Managing Boards. The remuneration of key management personnel includes current salaries and wages, as follows

The transactions with key management personnel are as follows:

	2015 BGN'000	**2014 BGN'000**
Short-term employee benefits:		
Salaries, including bonuses	(1 544)	(339)
Social security expenses	(19)	(18)
Company car allowance	(2)	(1)
Total remunerations	**(1 565)**	**(358)**

7 Information regarding unusual events and indices for the issuer that has a significant influence on its activity and realized income and expenses; valuation of this influence on the financial results for the current year.

No unusual events for the issuer that might have a significant impact on its activities that have occurred in 2015.

8 Information regarding off-balance transactions

The Company has provided guarantees in relation to bonds issued by Global Invest Netherlands.

The Company has provided guarantees under Article 240 of the Commercial Act as a member of the managing and supervisory board of the Parahodstvo Bulgarsko Rechno Plavane AD and Oil and Gas Exploration and Production Plc.

The Company is co-signer on the following contracts:

- credit line contract with repayment schedule signed between DSK Bank EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 7 530 thousand with maturity date on 25 July 2016;
- credit contract with repayment schedule signed on 16.03.2011 between Alpha Bank EAD and Slanchevi lachi Provadia AD for the carrying amount of liabilities - EUR 3 130 thousand (BGN 6 122 thousand) with maturity date on 31 December 2017;
- credit contract with repayment schedule signed on 13.12.2013 between UniCredit Bulbank AD and Zarneni Hrani Grain EOOD for the carrying amount of liabilities-BGN 16 000 thousand with maturity date on 31 December 2017;
- credit contract with repayment schedule signed on 13.12.2013 between UniCredit Bulbank AD and Zarneni Hrani Grain EOOD with a present value of the obligation BGN 16 000 thousand with maturity date 12 December 2016;
- credit contract between DSK Bank EAD and Bulgarian Shipping Company EAD with balance as of 31 December 2015 amounted to BGN 942 thousand with maturity date 25 April 2016.
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- The Company is co-debtor on the following contract:
- credit contract with repayment schedule signed on 25 January 2018 between DSK Bank EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 7 500 thousand with maturity date 25 July 2016;
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- The Company is guarantor of the following contracts:
- bank loan №739 / 21.06.2013, concluded between the Bulgarian Development Bank and Slanchevi lachi Provadia AD amounted to -BGN 15 000 thousand with a repayment plan with a deadline 31 May 2023;
- guarantee contracts with Landesbank Baden-Württemberg related to bank loan contract from 29.08.2008 wit maturity on 28.08.2017, bank loan contract from 16.11.2006 with maturity on 28.08.2017, of Zarneni Hrani Bulgaria AD with total amount outstanding of BGN 2 440 thousand.
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- The Company has signed contract for for issuing bank guarantees to other companies within the Group with a limit BGN 1 000 thousand and maturity November 2016.

9 Information regarding shares of the issuer, its major investments both domestic and foreign (securities, financial instruments, intangible assets and real estate), as well as investments in securities other than its economic entity and the sources / methods of funding.

Investment in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	**Country of incorporation**	**Main activities**	**2015**	**share**	**2014**	**share**
			BGN '000	%	**BGN '000**	%
CCB Group EAD	Bulgaria	Financial services	210 270	100.00%	210 270	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	165 363	63.65%	165 443	63.68%
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	217 911	100.00%	158 699	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	44 393	100.00%
CCB AD	Bulgaria	Financial services	33 707	9.90%	33 707	9.90%
Sport Complex Varna AD	Bulgaria	Real estate	22 474	65.00%	22 474	65.00%
Oil and Gas Exploration and Production AD	Bulgaria	Manufacturing and trade	16 929	13.84%	16 929	13.84%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%
ZAD Armeec	Bulgaria	Financial services	19 263	8.98%	9 492	1.95%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 166	83.20%	2 166	83.20%
Trans Intercar EOOD	Bulgaria	Transport	2 095	100.00%	2 095	100.00%
Natsionalna stokova borsa AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 879	67.00%
Global Invest Holding	Holland	Manufacturing and trade	1 294	100.00%	1 294	100.00%
Technoimpex AD	Bulgaria	Manufacturing and trade	480	87.67%	480	87.67%
HGH Consult Co. OOD	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%
Airport services-Bulgaria EAD	Bulgaria	Aviation Services	-	-	31 540	100.00%
			757 219		**719 856**	

The investments in subsidiaries are recognized in the financial statements at cost.

During the reporting period the following changes related to the investments in subsidiaries have occurred:

In 2015 Chimimport AD acquired 23 200 shares of the subsidiary company ZAD Armeec resulting in increase of its participation by 7.03 %. The total acquisition cost amounted to BGN 9 771 thousand.

On 06 July 2015 Chimimport sold 60 000 shares of the subsidiary company Zarneni Hrani Bulgaria AD, resulting of decrease of it's participation by 0.03%.

In 2015 Chimimport AD restructed its receivables from Bulgarian Airways Group EAD as subordinated debt.

In 2015, the company transferred control, without its share, over its subsidiary Airport Services - Bulgaria EAD to a third party and reconstructed investment in a financial instrument with a view to future plans.

In 2015 and 2014, the following subsidiaries have distributed dividends to Chimimport AD as follows:

	2015 BGN'000	2014 BGN'000
Oil and Gas Exploration and Production AD	1 151	1 862
	1 151	**1 862**

Long-term financial assets

Long-term financial assets, recognized in the statement of financial position, include the financial assets available for sale:

	2015 BGN'000	2014 BGN'000
Available-for-sale financial assets	42	42
	42	**42**

As at 31 December 2015 there are no financial assets held for sale pledged as collateral.

- **Short-term held to maturity investments**

	2015 BGN'000	2014 BGN'000
Convertible bonds	52 623	19 567
	52 623	**19 567**

- **Short-term financial assets at fair value through profit or loss**

	2015 BGN'000	2014 BGN'000
Shares	97 077	139 703
	97 077	**139 703**

The short-term financial assets are classified as financial instruments at fair value through profit or loss. As at 31 December 2015 the financial assets are presented at fair value based on the fair value valuations prepared by certified valuation specialists**.**

- **Short-term available-for-sale short-term financial assets**

	2015 BGN '000	2014 BGN '000
Shares	9	9
	9	**9**

The shares in these companies are not traded on a regulated market and their fair value cannot be determined as at 31 December 2015.

10 Information regarding the changes of the company's short and long-term investments:

There are no significant changes of the company's short and long-term investments in 2015.

11 Information regarding loan agreements signed by the issuer, the subsidiaries, and the parent company

	2015 BGN'000	2014 BGN'000
Long-term receivables from		
- subsidiaries	90 946	82 580
Total Long term receivables from related parties	**90 946**	**82 580**

	2015 BGN'000	2014 BGN'000
Current receivables:		
- parent company	175 858	97 520
- subsidiaries	78 637	76 362
- associates	5	5
- other related parties under common control	13 040	12 684
Total current receivables from related parties:	**267 540**	**186 571**

	2015 BGN'000	2014 BGN'000
Non-current payables		
- subsidiaries	172 171	155 414
Total non-current related party payables:	**172 171**	**155 414**

	2015 BGN'000	2014 BGN'000
Current payables to:		
- subsidiaries	139 164	110 697
- *other related parties under common control*	896	2 292
Total current related party payables	**140 060**	**112 989**

12 Information regarding the use of the funds, received from new emission of shares during the reporting period

In 2015 the Company has not increased its registered capital.

13 Analysis of the relationship between the financial result in the financial statements and the previously published forecasted results.

In 2014 the Company has not published any forecasts of the financial result for 2015. All publicly announced targets and objectives were accomplished.

14 Analysis and valuation of the financial resources management policy, including the ability to meet debt payments, possible threats and precautions that have been taken or are to be taken by the issuer for their avoidance

The Company successfully manages its financial resources and regularly pays its liabilities.

15 Valuation of the opportunity of realization of investment objectives, indicating the available amounts and possible changes in the financing structure of the activity.

The Company will realize its investing objectives through debt and equity.

16 Information regarding changes that occurred during the accounting period in the basic management principles of the issuer and its economic group

During the accounting period no changes took place in the issuer's basic management principles.

17 Information regarding changes in the Managing and the Supervisory boards during the accounting period.

During the accounting period there are no changes in the members and number of managing personnel in the Managing and the Supervisory Boards of the Company.

18 Information regarding the issuer's shares owned by the members of the Managing and Supervisory Boards

According to a reference from the Central Depository issued as at 31 December 2015, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Managing Board

Name	Number of shares	% of share capital
Alexander Kerezov	100 000	0.07%
Ivo Kamenov	309 925	0.21%
Nikola Mishev	33 790	0.02%
Miroliub Ivanov	55 666	0.04%

Change in the number of shares held during the period
01 January 2015 – 31 December 2015

Throughout the period Mr Alexander Kerezov has bought 5 000 new shares of the share capital of Chimimport AD.

Members of the Supervisory Board

Name	Number of shares	% of share capital
Invest Capital AD	111 539 365	73.86%

*The presented information is as at 31 December 2015.

The issuer has not presented any options for its shares, or special rights to the members of the Managing Board.

19 Information about participation of Supervisory and Management Board's members in other trade companies as general partners, as owners' of more than 25 % in other capital shares, as managers of other companies and as members of other companies' Supervisory, Management and Directors Boards, regarding Art. 247 of Commercial act.

Ivo Kamenov Georgiev – Executive director, Member of Supervisory and management Board of Chimimport AD

- Manager / Executive Director: Executive Director of: Chimimport AD, ID 000627519 – Sofia; Invest Capital AD, ID 831541734 – Sofia, Invest Capital Management OOD, ID 103045368 – Varna.
- Procurator – ZAD Armeec, ID 121076907- Sofia
- Member of the Managing Board of: Chimimport AD, ID 000627519 – Sofia; CCB Group EAD, ID 121749139 – Sofia.
- Member of the Supervisory Board of CCB AD, ID 831447150, - Sofia;
- Member of the BoD of: Invest Capital AD, ID 831541734 – Sofia;
- Owner of more than 25% of the shares of: Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; Invest Capital Management OOD, ID 103045368 - Varna; Tortuga OOD, ID 103536374 – Varna

Marin Velikov Mitev – Executive Director, Member of Supervisory and management Board of Chimimport AD

- Manager/ Executive director of: Chimimport AD, ID 000627519 – Sofia, Invest Capital AD, ID 831541734 – Sofia; Sporten complex Varna AD, ID 103941472 – Varna; Golf Shabla AD, ID 124712625 – Shabla; Invest Capital Management OOD, ID 103045368 – Varna; Marin Mitev – Project Management, ID 103326073.
- Member of the Supervisory Board of: CCB AD, ID 831447150; CCB Group EAD, ID 121749139 - Sofia.
- Member of the Managing Board and Executive Director of: Chimimport AD, ID 000627519 – Sofia.
- Member of the Board of directors of Invest Capital AD, ID 831541734 – Sofia; Sporten complex Varna AD, ID 103941472 – Varna; Golf Shabla AD, ID 124712625.
- Owner of more than 25% of the shares of: Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; Invest Capital Management OOD, ID 103045368 - Varna; Tortuga OOD, ID 103536374 – Varna; Marin Mitev – Project Management, ID 103326073.

Mariana Angelova Bazhdarova - Member of Supervisory Board of Chimimport AD:

- Member of Supervisory Board of Chimimport AD, ID 000627519 - Sofia;
- Does not own direct investment of more than 25 % of the share capital of other companies

Tsvetan Tsankov Botev - Chairman of the Management Board of Chimimport AD:

- Manager/ Executive director of: Chimimport Pharma AD, ID 131181471 – Sofia. Bulchimtrade OOD, ID 200477808 – Sofia; Chimoil Trade OOD – in liquidation.
  Vice chairman of the Managing Board of CCB AD, ID 831447150; Member of the Managing Board of Chimimport AD, ID 000627519 – Sofia.
- Member of the Board of Directors of: Chimimport Pharma AD, ID 131181471 – Sofia; Petrochim Trade EAD, ID 130535554 – Sofia.
- Does not own direct investment of more than 25 % of the share capital of other companies

Alexander Dimitrov Kerezov – Vice - Chairman and member of the Management Board of Chimimport AD

- Manager/ Executive director: Zyrneni hrani Bulgaria AD, ID 175410085; Manager of AH HGH Consult OOD, ID 130452457, Manager of Protect Art OOD, ID 203844348, Manager of Cooperation Syglasie 066, ID 176941060,
- Member of the Managing Board of CCB AD, ID 831447150;
- Member of the Supervisory Board of POAD CCB Sila, ID 825240908.
- Member of the Board of Directors of: Bulgarian Airways Group EAD, ID 131085074
- Member of the Managing Board of: Chimimport AD, ID 000627519; ZAD Armeec, ID 121076907; PBRP AD, ID 827183719; CCB Group EAD, ID 121749139; Zyrneni Hrani Bulgaria AD, ID 175410085; Asenova Krepost AD, ID 112012041 ;
- Owns more than 25% of the shares of other companies: Protect Art OOD, ID 203844348, Keti Travel EOOD, ID 175106424

Mirolyub Pantchev Ivanov - member of the Management Board of Chimimport AD

- manager/executive director of Omega Finance OOD, ID 831385114 – Sofia; Prime Lega Consult OOD, ID 130993620 – Sofia; CCB Real Estate Fond REIT, ID 131550406 – Sofia, Capital Invest EAD, ID 121878333– Sofia, Invest Capital Asset Management EAD, ID 200775128 – Sofia, Technoimpex AD, ID 121483350 – Sofia; Invest Capital Liquidity Fund, ID 175860666
- member of other companies' Management Board: PDNG AD, ID: 824033568 – Sofia; Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia;
- member of other companies' Directors Board: CCB Real Estates Fund REIT, ID: 131550406 – Sofia; Bulgarian Shipping Company EAD, ID: 175389730 – Sofia; National Commodity Exchange AD, ID: 115223519 – Plovdiv; Capital Invest EAD, ID: 121878333 – Sofia; Invest Capital EAD, ID: 200775128 – Sofia; Technoimpex AD, ID: 121483350 – Sofia; member of the Supervisory Board of CCB Sila AD, ID 825240908 – Sofia
- does not own direct investment of more than 25 % of the share capital of other companies.

Nikola Peev Mishev - member of the Management Board of Chimimport AD

- CEO: Petrochim Trade EAD, ID: 130535554 – Sofia; Chimsnab Trade OOD, ID: 131388356 – Sofia; Rubber Trade OOD, ID: 130430425 – Sofia; Pamporovo Property EOOD, ID: 200886790 – Asenograd; Bulchimtrade OOD, ID: 200477808 – Sofia; Chimceltex OOD, ID: 130434434 – Sofia; Asenova Krepost AD, ID: 115012041 – Asenovgrad;
- member of other companies' Board of Directors: : Petrochim Trade EAD, ID: 130535554 – Sofia; Asela AD, ID: 115023575 – Asenovgrad;
- member of other companies' Management Board: Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia; Asenova Krepost AD, ID: 115012041 – Asenovgrad;
- member of the Supervisory Board: ZAD Armeec, ID 121076907
- does not own direct investment of more than 25 % of the share capital of other companies.

20 Information regarding the Company's agreements (including period after the reporting date), that may cause changes in the relative number of the shares and bonds, owned by the current shareholders and bondholders.

The Company is not aware of any agreements that may cause changes in the relative number of the shares and bonds, owned by the current shareholders.

21 Information regarding pending suits, administrative or arbitration proceedings, relating to issuer's liabilities or receivables amounting to a minimum of 10% from the owner's equity. If the total amount of the liabilities or the receivables from all pending suits and proceedings exceed 10% of the owner's equity, the information is presented individually for each case.

The Company has not registered any pending court, administrative or arbitration proceedings, related to receivables or liabilities that together or apart exceed 10% of the owner's equity.

22 Information regarding the Program for Applying the Internationally Recognized Corporative Governance Standards through the art. 100n from the Public Offering of Securities Act

Information regarding this point is presented in a separate document.

23 Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the prices of the ordinary and preference shares during the twelve month period in 2015 are as follows:

Ordinary shares
Opening price : BGN 2.080 on 02 January 2015
Closing price : BGN 1.727 on 30 December 2015

Preference shares
Opening price : BGN 2.300 on 03 January 2015
Closing price : BGN 2.197 on 30 December 2015

RISKS TO WHICH THE COMPANY IS THE NEXT FINANCIAL YEAR

Chimimport AD is a holding company and any decline in the operating results, financial position and prospects for the operations of its subsidiaries may have a significant adverse effect on the results of the operations and the financial position of the Issuer, including its capability to pay dividends

Since Chimimport conducts business through its subsidiary companies exclusively, its financial position, operating results and prospects are in a direct relation to the position, results and prospects for its subsidiary companies, especially the Principal Subsidiaries. The stock exchange price of the Issuer's Shares reflects the business potential and assets of the Group as a whole. The ability of Chimimport to continue investing its own funds in the growth of the Group and to pay dividends to the preferred shareholders and to the holders of ordinary shares, should a decision to this effect be made by the Issuer's general meeting of shareholders, will depend on a number of factors related to its subsidiary companies, including the amount of profit and cash flows from the subsidiary companies and the growth in the stock exchange price of the shares in its subsidiary companies which are public companies and traded on the Bulgarian Stock Exchange Sofia (BSE).

The global economic crisis increases the risk for the investors when investing in shares of Chimimport AD

Such an event is the "mortgage crisis", which started in the USA during the second half of 2007 and affected the real estate markets and the financial markets. Due to the high extent of globalization, the crisis had a negative impact both in the United States and all other financial markets. This resulted in a serious decrease in the prices of traded shares on the Bulgarian Stock Exchange. The difficulty to foresee those events and the inability for a full insurance requires the use of a precise method for analysis of the available information, insurance of owned property and definition of a strategic plan, to be used in case of a crisis. According to data from the economic review of Bulgarian National Bank for the first quarter of 2009, the effects of the global financial crisis on the Bulgarian economy, for the period from the end of 2007 to the middle of September 2008, were limited.

- The first manifestation of the crisis was on the Bulgarian Stock Exchange, where as a result of the global uncertainty and declining liquidity that started in October 2007, a decline of indexes and daily turnovers has begun. The SOFIX index has lost nearly 70% of its value for the period from the middle of October 2007 to the middle of October 2008.
- Increased risk perceptions and lower liquidity in the international context affected the interbank money market, where spreads to euro zone interest rates began to rise from the last quarter of 2007. As at October 2008 the spread between LEONIA and EONIA indexes was approximately 250 b. p. The same spread was below 20 b. p. in the middle of the previous year. A similar dynamics was observed in interest rates on loans and deposits.
- Banks, operating domestically, as well as those operating worldwide, began to tighten terms and conditions for lending and to raise interest rates. In the end of the second quarter of 2008 in Bulgaria, the receivables of banks from non-governmental sector increased by 12.4% compared to the first three months and in the end of the third quarter - by 7.1% compared to the end of June.
- The decrease of international prices of major raw materials and fuel from the second half of 2008 has contributed for rapid slowdown of inflation in the country.
- After September 2008 (after the bankruptcy of Lehman Brothers) the global financial crisis has become a global economic crisis and the decline in economic activity in the developed countries in its scope and scale is defined as the most serious since the Great Depression in the 30 years of XX century. The contraction of world trade and production worldwide affected markedly the Bulgarian economy:
- Industrial export sales have fallen significantly. The availability of export orders in industry is deteriorated. Capacity utilization in industry fell from nearly 75% in 2008 to below 70% in the first months of 2009.
- Increasing uncertainty in the economic environment appears to be the most serious constraint for business development in all economic sectors and forces some companies to postpone their investment projects and plans for hiring of more employees.
- Consumers react to uncertainty about future income by postponing purchases of durables and repairs of houses and in this way increase the savings rates.
- As a result of weaker domestic consumer and investment demand, the import started to decline.

The impact of the global economic crisis on the Bulgarian economy can be conditionally divided mainly into two periods, according to the speed of recovery of business processes in the country:

1. The first period of the crisis is in the first quarter of 2010. This period was characterized by deterioration in key macroeconomic indicators in the country. Negative GDP growth of -3.5% in the first quarter of 2009, -4.9% in the second quarter and -5.4% for the third quarter led to a recession in 2009. The Bulgarian economy was hit by the global financial crisis with some delay, mainly through the shrinking external demand and sharply diminished financial inflows, including FDI. These factors, together with the contraction of domestic demand and led to a negative -5.8% GDP growth in the fourth quarter of 2009. The resulting negative trend in 2009 continued in the first quarter of 2010.

2. The second period covers the second quarter of 2010 and is considered with different intensity which still continued. This period was characterized by improvement of basic macroeconomic indicators in the country, albeit tentatively. Refunds of exported to EU countries is one of the main reasons for this. From the second quarter of 2010 when GDP growth was positive by 0.5% to the third quarter of 2011 (2.3% positive real growth rate) data from the Bulgarian National Bank registered an uptrend, the main macroeconomic indicators (GDP). In the third and fourth quarters of 2011 and the first quarter of 2012 this trend was interrupted, but GDP still grew. Given the difficult economic situation and the ongoing debt crisis in the EU, the growth rate of GDP has decreased in general for 2012, but it is still with positive rate measured of 0.8%. During this second period, governments maintain relative macroeconomic stability, as a number of economic indicators (such as the budget deficit and the level of public debt) of Bulgaria that are fairly good against the economies of the European Union. Other macroeconomic indicators for example the level of employment and income one deteriorated or remained without a real positive change. Only by the end of 2014 most macro indicators noted a noticeable improvement, which continued in 2015

The impact of the global financial crisis on world economy and the euro zone

The economic crisis hit the world hard in 2008 and especially 2009. Certain countries (China, Russia, India, Brazil and others.), however, felt it poorly or were not at all affected. Within the EU, only Poland maintains economic growth throughout the period. The recovery of the world economy has become more stable since the end of 2010 despite prevailing differences in patterns of growth in countries and regions. In late 2011 and early 2012 a new critical phenomenon began to show signs, both within the euro area and the world as a whole.

Countries like China and India, which were identified as engines of the world economy, reduced rates of economic growth, in particular for China it becomes more obvious (especially in the second half of 2015). USA, helped by cheaper energy sources, largely overcome the consequences of the crisis, but still can’t revert to the same driving force of the world economy.

Year after the debt crisis in Greece, which subsequently spread to many other countries, the state of public finances in the euro area as a whole has begun to stabilize. Greece, Ireland and Portugal , and subsequently in other countries, have received substantial financial assistance, accompanied with actions for cutting budget expenditures. And in 2014, however, fears about public finances in the EUROZONE continue, even though in the last year, they significantly weaken

Despite the overall improvement, the situation in Greece, Spain, Cyprus, Portugal, Italy, Belgium, Slovenia, and perhaps in other countries also raises some concerns.

Most economists warn, however, that the measures to reduce budget deficits and reducing public debt may be charged to the potential of the euro area to generate economic growth for the short term period. There is a risk, that this will affect the Bulgarian economy mainly through the reduction of exports (these countries are major trading partners) and a decline in inflows of foreign capital, which reflects the investment activity, unemployment, domestic consumption. Also there is a risk throughout the EU - for wide discontent among the population, of both the indebted countries and among those that provide net finance bailouts. In conclusion for similar concerns, the new chairman of EU Jean – Claude Juncker suggest a major investment plan

If the Group fails to carry out or integrate successfully future acquisitions, and to implement reorganizations, the results of the Group's operations and its financial position may be damaged

Until now, the Group has developed its operations in Bulgaria primarily through acquisitions of companies and assets and Chimimport expects that these acquisitions will continue in the future as well. The Group intends to pursue a strategy of identifying and acquiring businesses, companies and assets with a view to expanding its activities. There is no certainty, however, whether the Group will succeed in the future to identify appropriate objects for acquisition and investment opportunities or whether the companies and assets acquired in the future will be as profitable as the operations so far. In addition, the acquisitions and investments are subject to a number of risks, including possible adverse effects on the results of the operations of the Group, unexpected events as well as obligations and problems related to the integration of the operations.
Chimimport Group is in the process of introducing a number of reorganizations, recently completed restructuring of the part of its manufacturing and trade companies, through the merger of Chimimport Group EAD in Zyrneni Hrani Bulgaria AD. The Group expects that these reorganizations will result in economies of funds and a more effective management of the businesses. There is no certainty, however, that Chimimport Group will manage to implement the planned reorganizations timely and completely, no that they will generate the expected benefits, including economies of expenses.

Rapid growth of Chimimport Group and the restructuring in the Group can be a challenge for its systems of operational, administrative and financial control

It is expected that the level of growth and expansion of the activities of Chimimport Group and the restructuring in the Group will continue and there will be a respective increase in the need to ensure greater management and operational resources. Chimimport is trying to optimize its operational structure, its control and financial systems and to recruit and train qualified staff. The management of Chimimport Group believes that it has the necessary resources for the continuing expansion of its operations. There is no certainty, however, that the systems of operational and financial control of Chimimport are appropriate to support and manage its future growth effectively.

Group Chimimport may choose inappropriate market strategy

The future profits and economic value of Chimimport Group depend on the strategy chosen by the management team of the Issuer and its subsidiary companies. Opting for an inappropriate market strategy may lead to losses or earnings foregone. Chimimport Group strives to manage the strategic risk by constantly monitoring the implementation of its strategy and results in order to be able to react as quickly as possible if changes in the strategy are needed. Any inappropriate or delayed changes in the strategy of the Group might have a material adverse effect on its activities, operating results and financial position.

Most of the activities of the Group are carried out in a highly competitive environment

With its accession to the EU on 1 January 2007, Bulgaria has become significantly more attractive to foreign investment and the operation of foreign and mostly European companies has been greatly facilitated. This holds true especially for the sector of financial services which is strategic for the Group due to the possibility for loan, insurance and other financial institutions licensed in

other EU Member States to transact business directly in Bulgaria in the conditions of free offering of services.
Fierce competition is especially typical of the financial services market where some of the Principal Subsidiaries operate. There have been significant restructurings in these sectors after the privatization of the state shares in the Bulgarian banks and insurance companies. Foreign strategic investors have acquired shares in most large Bulgarian banks and insurance companies pursuing aggressive growth strategies and introducing modern systems, technologies and practices. Some Bulgarian banks have found themselves in wider international processes of consolidation and this has greatly strengthened their position on the internal market. Certain banks owned by foreign financial conglomerates may continue to have priority access to fresh financial resources at a competitive cost, even during the ongoing financial crisis. The intense competition in the financial sector may lead to an outflow of clients of CCB and Armeec and a decrease in their market share. These and other factors may affect unfavorably the financial position and the results of the financial institutions in the Group.
The mass entry of the so called low-cost air carriers in the Bulgarian aviation market may lead to a decrease in the revenue of the air company of the Group - Bulgaria Air. The entry into force of the open skies agreement pursuant to which all air companies complying with the European flight security norms have an equal access to the Bulgarian aviation market may lead to a decrease in the revenue of the aviation carriers in the Group.
The growing competition may have an adverse effect on other businesses of the Group, too: production of and trading in fertilizers and chemicals.
In brief, the overall business of the Group faces a strong competition from both large multinational companies and larger and smaller local companies. Many of the international competitors of the Group are larger and have financial, technical and marketing resources that are significantly greater than those of the Group. The factors which determine whether consumers choose the products and services of the Group include price, quality of products and service, reputation and customer relations. Chimimport expects a growth in competition in the sectors and markets where its subsidiary companies operate and there is no guarantee that the Group will maintain its strong competitive position in the future.

Force majeure events such as climatic changes, accidents and terrorist attacks may have a significant impact on the business of the Group

Abrupt climate changes and natural disasters may have a negative impact on the yield of grains which will have an adverse effect on the grain business of the Group, including cargo turnover of Parahodstvo BRP and make it difficult to obtain payments on the loans to agricultural producers given by CCB. A decline in the yield of agricultural activities related to unfavorable climate conditions, pests or other reasons may lead to overdue receivables related to the sale of fertilizers with deferred payments and, as a result, to a decrease in the revenue of the Group from the production of and trading in chemical products. The coming into being of large-scale insurance events may lead to difficulties for ZAD Armeec with the compensation payments, irrespective of the reinsurance strategy of the company. Terrorist attacks on sites of the air, river and maritime transport in the region may bring about a reduction in the flow of travelers and traffic and to losses for the companies of the transport branch of the Group: Air Company Bulgaria Air, and Parahodstvo BRP. The activities of the latter may suffer the negative impact of changes in the navigability of the Danube. Both extremes – a critically low and a critically high level of the river - are exceedingly problematic for shipping, because the impeded or completely interrupted navigation results in an increase in expenses and a drop in income for the company.

Rights of the Group on certain sites of national importance may be terminated in the event of non-fulfillment of the obligations under the respective concession agreements

The Bulgarian state has granted the company Oil and Gas Exploration and Production AD, a subsidiary company of Chimimport, concessions to extract crude oil from over 10 fields. The Group is also a party to a concession agreement concerning Lesport Port Terminal which is part of Varna Port, a public transport port of national importance. As well the Group owns a share of 40% in the concessioner of the airports Varna and Bourgas: Fraport Twin Star Airport Management consortium. The concessions held by the Group have different periods (between 7 and 35 years) but, in the event of failure of the Group to fulfill its obligations under the respective agreements (for example, if the use of the objects is suspended for a period, or if there is a significant failure to realize the investment program of the concession-holder, failure to reach certain agreed parameters, on the basis of a judicial decision, etc.), the Bulgarian state may terminate the concessions in advance. There could also be further challenging of the concession agreements in the court by third parties on the grounds of their being unlawful. The loss of concession rights of the Group may have a significant negative impact on its activities.

23.1.1.1 Compliance with the legislation concerning the protection of the environment requires constant expenses and commitments by the Group and any noncompliance with the regulatory obligations may lead to significant sanctions and termination of activities.

The ecological legislation in the Republic of Bulgaria requires of the companies to take a number of measures concerning the prevention, control and reduction of the various types of environmental pollution. The policy of the Group is to comply strictly with all regulatory obligations and restrictions related to the protection of the environment which is related to constant expenses, including expenses for planning, monitoring and reporting, ensuring and maintaining compliance of the equipment with the required standards and norms, re-cultivation of locations, etc. Regardless of the action taken, if Chimimport Group is found guilty of causing ecological damages, it will have to pay compensations and fines in a significant amount, some of its activities may be terminated which could affect greatly its financial position and operating results.

23.1.1.2 The Group may fail to fund the planned capital expenses and investments.

The businesses of the Group require significant capital expenses, including such for production, exploitation, marketing, environment protection, etc. Chimimport Group expects a great part of these expenses to be funded from the Group's own funds. In case of unfavorable economic situation or the coming into being of other unfavorable events, it may be necessary to fund these expenses primarily from external sources. There is no certainty whether external funding will be found under acceptable conditions. It may be necessary for Chimimport Group to reduce its planned capital expenses and investment which would have an adverse effect on the operating results and the financial position of the Group.

23.1.1.3 Group's financial results depend on the prices of several raw materials (such as crude oil, petroleum products, grain, oil seeds, vegetable oils and other) and exchange rates.

The financial position and operating results of the Group are under the influence of the market prices of crude oil, process mixtures and petroleum products which are subject to international demand and supply and various other factors outside the control of Chimimport Group. In the past years, especially in the present year, these prices have varied widely. A prolonged decline in prices of petroleum products may lead to a reduction in the revenue of Oil and Gas Exploration and Production, a subsidiary company of the Issuer. In addition, a move in consumer demand for other energy sources as a result of a global crisis on the market of petroleum products could have a material adverse effect on the income of Oil and Gas Exploration and Production and, respectively, of the Group. At the same time the fuel expenses are a significant expenditure for the Group's transport companies.
The volatility of international prices of grain, oil seeds, vegetable oils and other have an impact on the revenue and profit of Zarneni Hrani Bulgaria, as it can result in decrease in the turnover and margins, as well as in increasing the risk of operations (in particular, taking into account the influence of the changes in the exchange rates, specifically USD/EUR).

23.1.1.4 The Group's operations are subject to risks, related to the conditions in Bulgaria and the region

The Group operates mainly in Bulgaria, which is already a EU member, but so far it has been classified as an emerging market. Emerging markets are associated with higher risks than more developed markets, including, in some cases significant legal, economic and political risks (see below the section Risks related to Bulgaria.

A slowdown in the economy of Bulgaria, as a result from political or economic factors (internal or external to the country) will lead to a decline in the demand for the products and services of the Group. In particular, the development of a negative macroeconomic processes (decrease of income, increased unemployment, a significant decline in the prices of assets, incl. Real estate, deteriorating business climate and expectations, general macroeconomic instability, etc.) in the country could lead to direct or indirect effects on the Group companies, such as:

Deterioration in the creditworthiness of some of Central Cooperative Bank's clients and an increase of the share of problematic loans in its portfolio. Also, a significant decline in real estate prices may be a cause for impairment of collateral accepted by CCB. A number of factors, including regulatory changes may force the Bank to allocate more funds for provisions that would lead to a decline in it's net profit.

A reduction in the growth rate of contributions to pension funds (mostly voluntary, but also the obligatory),

Decrease in the willingness and opportunity for private and business travels and cargo limiting purchases (including imported goods) and others. have a negative affect on the business of the transport companies in the Group.

The unfavorable political or economic events in other Central and Eastern European countries can have a significant negative impact on, among other things, the gross domestic product of Bulgaria, foreign trade and economy in general. Investors should also be aware that emerging markets are changing rapidly and the information contained in this document may be outdated soon.

23.1.1.5 The success of the Group depends on key personnel. If the Group fails to attract and keep experienced and qualified personnel, its business may suffer.

The business of the Group depends a lot on the contribution of a number of people taking part in the management and supervisory bodies and the top management of Chimimport Group and the Principal Subsidiaries and, to the greatest extent, on the Executive Directors of Chimimport Group. There is no certainty that the services of these "key" staff will also be available to the Group in the future. The competition for qualified staff among the employers in the financial and other sectors in Bulgaria is very strong. The success of the Group will depend partly on its ability to retain and motivate these people. The inability of the Group to maintain sufficiently experienced and qualified staff in managerial, operational and technical positions could have a significant adverse effect on the activities of Chimimport, its operating results and financial position. At present, the Group does not have "key staff" insurance

23.1.1.6 Insurance coverage of the activities and assets of the Group may prove to be insufficient

Chimimport strives to maintain an adequate and economically effective protection of the assets and activities of the Group. There is no certainty, however, that the insurance coverage will be enough to cover any possible losses to a satisfactory degree if insurance events come into being, for example production accidents, suspension of activities, natural disasters and ecological damages.

23.1.1.7 Chimimport Group operates in a highly regulated environment and changes in the applicable legislation, the interpretation or practice of the application of the legislation, or the Group's failure to comply with this legislation may have a significant adverse effect on it

The introduction of any regulatory restrictions by the Bulgarian National Bank may limit the growth possibilities of Central Cooperative Bank. The unfavorable changes in the legislation (for example, reduction or elimination of tax reliefs for people paying insurance and social insurance) could lead to an outflow of funds from the pension and social insurance system which will have a negative impact on the pension companies in the Group.

A change in government policy concerning the awarded concessions on oil and gas extraction could have a negative impact on the activities of the company Oil and Gas Exploration and Production.

Changes in the State policy regarding the mixing of biofuels with petroleum-based fuels, and associated time limits endorsed in the normative acts, would have a negative impact on the income of Zarneni Hrani Bulgaria" in the future.

23.1.1.8 The legislation application system of Chimimport Group could prove not sufficiently effective

The ability of Chimimport Group to comply with the requirements of all applicable laws and rules depends, to a large extent, on the creation and maintenance of systems and procedures for compliance with the laws, such as accounting, control, audit and reporting systems (provision of information), as well as of the Issuer`s ability to retain qualified staff with respect to the application of the regulatory requirements and risk management. The management of Chimimport Group cannot guarantee to the potential investors that these systems and procedures are completely effective. Chimimport is subject to intense supervision on the part of the regulatory bodies, including regular inspections. In the event of a real or suspected incompliance with the rules, Chimimport Group may be subject to investigation under administrative and judicial proceedings which may result in the imposition of significant sanctions or the filing of judicial cases with a significant interest, including by clients of Chimimport, for compensation. Any of these circumstances could have a significant adverse impact on the activities of Chimimport, the company image, its operating results and financial position.

23.1.2 General risks

23.1.2.1 Emerging markets

Investors in emerging markets such as Bulgaria should be aware that these markets are subject to greater risks than those inherent to more developed markets, including in some cases significant legal, economic and political risks. In addition, adverse political or economic developments in other countries could have a significant negative impact on, among other things, Bulgaria's GDP, foreign trade and economy in general. Investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, an investment in the Shares is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved. Investors should also note that a feature of emerging markets is that they are subject to rapid change and the information contained in this document may become outdated relatively quickly.

23.1.2.2 Risks associated with the Bulgarian securities market

There may be less information available in the Bulgarian securities market than is available on companies in other securities markets. There is a difference in the regulation and monitoring of the Bulgarian securities markets, and the activities of investors, brokers and other participants, compared with markets in Western Europe and the United States. The Financial Supervision Commission monitors for the disclosure and the compliance with the other regulatory standards for the Bulgarian securities markets, for the compliance with laws, and issues regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Bulgarian companies than is regularly made available to the investors by public companies in other securities markets, which could affect the price of the Shares.

The Bulgarian Stock Exchange is substantially smaller and less liquid than securities markets in certain other countries

The Bulgarian Stock Exchange is substantially smaller and less liquid than securities markets in certain other countries, such as those in the United States and Western Europe.

At the end of the fourth quarter of 2015, issues of securities listed on the central market of the BSE are as follows: 109 issues of shares (excluding REITs) of companies , of which 5 are segment shares Premium, a 90 segment shares Standard and 14 issues of shares (listed on the segment of companies with special investment purpose). Registered shares for trading on the Alternative Market are 215, separately traded and 47 shares of companies with special investment purpose.

At the end of fourth quarter of 2015 market capitalization of companies traded on the Central Market of the Stock Exchange amounted to 1,240 billion lev (segment shares Premium), 5 544 billion lev (segment shares Standard) and 0,538 billion lev (segment for companies with special investment purpose).

Separately, the companies traded on Segment shares for trading on the Alternative Market have capitalization of 0,929 billion lev, and those traded on Segment special-purpose investment aim in the same market - 0,3374 billion lev

At the same time, a very small number of companies represent a large portion of the market capitalization and a significant part of the trading volumes of the Bulgarian Stock Exchange. This low liquidity also leads to other complications, such as excessive volatility, with the market arguably also vulnerable to speculative activity because liquidity is occasionally so low that prices can be manipulated by relatively small trades. Consequently, there is no guarantee that the Shares will be actively traded, and if they are not, this is likely to increase price volatility.

Risks associated with Bulgaria

Political risks

Under continued international financial and economic crisis conditions, the usual political risks have an additional burden, related to timely and adequate response of political structures, legislative and executive authorities to the economic situation.

A political risk is also the successful carry on of Bulgaria's integration to the EU. Bulgaria's accession to the EU legitimates the economic reforms have been undertaken in the name of the country's integration to the Union. In the future the economic growth will depend on the political will to carry on with the economic reforms and to apply the best market practices of the EU, as well as on the impact on the Bulgarian economy of the financial crisis. The Government's ability to implement reforms, in turn, depends on the extent to which the members of the government can continue its efforts in the promotion of this reform, especially in times of economic crisis. At the beginning of 2015, noted some easing of the overall political situation in the country, following the early parliamentary elections. As a result of the elections a new pro-European coalition government was formed. With regard to the situation, it relies on a major support by the government and a respectful attitude by European partners. During the last few months the center of political risks is changed to foreign concerns, which are reflected in different ways on internal political life. As a conclusion the political risk remains still high.

The current Bulgarian political system is vulnerable to fragmentation of political forces (often caused by the pursuit of personal interests or external), economic hardship, widespread dissatisfaction with reform and EU membership due to unrealistic expectations and social instability and changes in government policies, organized crime and corruption, all of which could have a material adverse effect on the Group of Chimimport, its operating results and financial condition.

Economic risks

This is the risk of macro economical concussion, which could be reflected on economic growth, incomes, demand and supply, profits and etc. Bulgaria has an open-ended economy and its development depends directly on the international market conditions. Thus raging since mid-2008 global economic crisis is negatively affecting the economic situation in the country, mainly through the reduction in exports and a decline in inflows of foreign capital, which reflects the investment activity, unemployment, income and domestic consumption. This led to a negative real economic growth. Negative GDP growth of -3.5% in the first quarter of 2009, -4.9 percent in the second quarter and -5.4% for the third quarter led to a recession in 2009, the Bulgarian economy has been hit by the global financial crisis with some delay, mainly through the shrinking external demand and sharply diminished financial inflows, including FDI. These factors, together with the contraction of domestic demand led to a negative 5.5 percent real growth rate of GDP in 2009. In 2010 and 2011 positive real annual growth rate of GDP of 0.1% and 1.6% respectively was made. In next few years, the growth rate of GDP remained positive with some fluctuations. In the end of 2014 the growth rate of GDP is 1.6%. GDP growth in the last years, does not lead to a reduction in unemployment. So for 2011, the unemployment rate rose to 11.34% (via NSI). Until the end of 2012 the unemployment rate rose to 12.34%. During 2013 it is notices that there is an increase in unemployment rate s to 11.34 %. This trend starts to change rapidly and in 2014 data based on the Employment Agency unemployment rate is 10.7%.

According to the estimations of the NSI, in the third quarter of 2015 GDP amounted to 23 490 million BGN and grew by 2.9% compared to the same quarter of the previous year and by 0.7% compared to the previous quarter (seasonally adjusted data). In the middle of 2015 the unemployment rate dropped to 8.3 percent.

Meanwhile there is a permanent growth in the average salary up to 648 BGN, in 2012 – 731 BGN, and 2013 -775 BGN, during 2014 there is boosting up to 828 BGN. The average annual inflation (average annual change in the CPI) for 2012 and 2013 is 3% and 0.9% respectively. In 2014, the country recorded deflation of 1.4%. During the third quarter of 2015 in the country is recorded inflation of 0%.

In 2014 The National Bank of Bulgaria has a current account deficit of EUR 495.2 million (1.2% of GDP), compared with a surplus of 765.2 million EUR in 2013 (1.8% of GDP). The decline in the surplus due to growth of the surplus in services. For January-December 2013 the trade balance was negative EUR 2 890.7 million (6.9% of GDP), while in 2014 the negative balance increases to EUR 2 734 million (6.4% of GDP). The most complex influence on worsening groups have food and livestock (simultaneous decline in exports and increase in imports), and items classified by type of material (solid line of increased imports). The balance on the financial account into a surplus of 889.8 million euro in 2013 (2.1% of GDP) remain positive in 2014 (183 million euro or 0.4% of GDP). In the third quarter of 2015 the current account balance was positive at the amount of 1 132.3 million euro, as well as in the financial account amounting to 2 703.3 million euro.

In 2011, the maintained strict fiscal discipline will reduce the projected budget deficit below the Maastricht threshold of 3% of GDP (2% according to Eurostat data), while in compare period it had a reported deficit of 3.2%. For the year 2012 budget deficit is even lower and amounts to 0.6%, while in 2013 and 2014 deficit is now higher and reached respectively 0.8% and 5.8% of GDP (increase over last year is mainly due to the inclusion of the deficit in the Fund for Guaranteeing Bank Deposits). The consolidated budget for the end of December 2014 has been negative amounted to 3.07 billion lev (deficit 1.44 billion. lev the previous year). The fiscal reserve as at the end of 2014 is 29 409.1 million leva (98.1%of the projected for the year), the budget balance under the consolidated fiscal program at the end of November 2015 was negative (deficiency) in the amount 406.4 million BGN (0,5% of forecast for GDP) during a negative balance of 1 600.7 million. lev year earlier.

The fiscal reserve at the end of 2014 is 9.2 billion lev against 4.7 billion lev year earlier. At the end of November 2015 the fiscal reserve is 9.9 billion. lev, including 9.5 billion. lev deposits of the fiscal reserve of the Bulgarian National Bank and other banks and 0.4 billion lev receivables from European Union funds for certified expenditure, advances and other. At the end of 2014, according to Eurostat, the level of indebtedness of the country (government and government debt) reached 27%, as reported serious increase compared to 2013 - 18% of GDP. By this indicator is the country with the third lowest ratio among all EU countries (only Estonia and Luxembourg have better data). It is disturbing that at the end of 2015 forecast again increase public debt to about 30% of GDP, the country is the leader in high-speed growth of debt in recent years. According to the Ministry of Finance at the end of 2014 the nominal amount of government debt amounted to 11 300.7 million euro (which are 4 219 million euro internal and 7 981.7 million euro - external debt) against 7 218.7 million euro in 2013. At the end of November 2015 the nominal amount of government debt amounted to 11 944.4 mln. euro, which include 4 040.7 mln. euro internal and 7 903.7 mln. euro external debt. At the end of August the ratio of "government debt / GDP" is 27.24%. The coefficients of internal and external government debts are respectively for 9.2% and 18.4%. In the structure of the debt share of the domestic government debt was 33.8% and external - 66.2%. At the end of August the share of debt denominated in Euros, reached 77.2% in BGN - 21.7%, in USD - 0.4%, and other currencies - 0.7%. In the structure of debt by creditors with the largest share Eurobonds issued in international capital markets - 46.8%, followed by domestic debt - 33.8%, and loans from various international institutions. In the interest structure of the debt ate the end of August was also experienced changes - the proportion of debt with fixed interest rates reached 93.4%, and with floating interest rates - 6.6%. In the residual maturity of outstanding debt predominant long-term debt (up to 1 year - 7.77%, from 1 to 5 years - 26.14%, from 5 to 10 years - 38.25% and over 10 years - 27.84%).

Bulgaria's credit rating was BB+ long term on the scale of Standard & Poor's and as at 12.12.2014 the prospect was from negative to stable. As at 22.07.2011 rating agency Moody's recently increased the credit rating of Bulgaria from Baa3 to Baa2 for long-term bank deposits and the outlook is stable (in 2015 was confirmed by the rating agency twice). According to Fitch, credit rating of Bulgaria is BBB- with stable perspective (last confirmed at December 2015.

Of key importance for the Bulgarian macroeconomic and financial stability is the stability and predictability of exchange rate regime and its credibility. Currently in the society as a whole, there is consensus on the need of the Currency Board and the fixed Exchange rate of EURO to BGN to remain until Bulgaria enters the Eurozone.

In addition to the above-mentioned political risks with regards to the crisis it should be noted that business in Bulgaria has a relatively limited operating history in free market conditions. Compared to companies operating in countries with developed market economy, the Bulgarian companies are largely characterized by a lack of managerial experience in market conditions and have limited capital resources to develop their operations, and also have low labor efficiency.

The Results of the Group, of operations and financial condition largely depend on the Bulgarian economy, which in turn affects the growth of loans, interest costs and the ability of customers to fulfill their obligations on time. Any negative change in one or more macroeconomic factors like interest rates, which are influenced by Eurozone interest rates under the current rules in Bulgaria currency board, inflation, wage levels, unemployment, foreign investment and international trade may have significant adverse effect on the issuer's results of operations and financial condition.

Taxation

Taxes payable by Bulgarian companies include withholding taxes, local (municipal) taxes and fees, corporate tax, value-added tax, excise duties, export and import duties and property taxes. In recent years, under conditions of international and domestic economic growth, several governments have taken measures to optimize and reduce the tax burden on businesses and on citizens. During economic crisis opportunities for further reducing the tax burden are very limited. It is possible to reverse the process (by increasing the tax burden or by reducing the amount of services, investments and etc., provided by government).

Bulgaria's accession in EU led to increased competition and additional and more burdensome regulations

Since the accession of Bulgaria on 1 January 2007 in the European Union the issuer faces a competitive pressure from companies in the same branch on the single market. Accession to the European Union led to increased competition for the issuer as the elimination and reduction of barriers led to new competitors from other Member-States entering the Bulgarian market. This leads to reduced revenues and profits of the Group. On the other hand, the harmonization of Bulgarian legislation with the legal acts of European Union on competition is essential. Each change in legislation leads to the need for the Issuer to comply with additional and more onerous rules.

Risks relating to financial instruments

Категории финансови

Балансовите стойности на финансовите активи и пасиви на Дружеството могат да бъдат представени в следните категории:

Financial assets	**2015 BGN'000**	**2014 BGN'000**
Financial assets available-for-sale:		
Shares	51	51
Held-to-maturity investments:		
Debenture Bonds	52 623	19 567
Financial assets available-for-sale designated at fair value through profit or loss:		
Short-term financial assets	97 077	139 703
Loans and receivables:		
Loans granted	243 535	228 152
Related party receivables	366 786	268 151
Trade and other receivables	6 182	7 005
Cash and cash equivalents	75 058	84 147
	814 312	**746 776**

Financial liabilities	**2015 '000 лв.**	**2014 '000 лв.**
Borrowings measured at amortized cost:		
Non-current liabilities:		
- dividend liabilities		
- borrowings	8 081	22 215
- related party payables	54 880	11 092
Current liabilities:	172 171	155 414
- dividend liabilities		
- borrowings	16 790	16 791
- related party payables	30 743	17 454
- finance lease liabilities	140 060	112 989
- trade and other receivables	-	5
Financial liabilities	9 726	14 101
	432 451	**350 061**

Financial instrument risks

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close co-operation with the Managing board, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Market risk analysis

Foreign currency risk

Most of the Company's transactions are carried out in Bulgarian leva. Exposures to currency exchange rates arise from the Company's sales and purchases, which are primarily denominated in US-Dollars and Euro.

To mitigate the Company's exposure to foreign currency risk, non-BGN cash flows are monitored and forward exchange contracts are entered into in accordance with Company's risk management policies. Generally, Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from long-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into Bulgarian leva at the closing rate are as follows:

	Short-term exposure		Long-term exposure	
	USD '000	**EUR '000**	**USD '000**	**EUR '000**
31 December 2015				
Financial assets	25 531	154 188	-	-
Incl. short-term deposits in USD	*15 100*	-		
Financial liabilities	(12 490)	(2 035)	-	(142 188)
Total exposure	**13 041**	**152 153**	**-**	**(142 188)**

	Short-term exposure		Long-term exposure	
	USD '000	**EUR '000**	**USD '000**	**EUR '000**
31 December 2014				
Financial assets	24 883	125 030	-	-
Incl. short-term deposits in USD	*14 110*	-	-	-
Financial liabilities	(10 702)	(2 034)	-	(140 597)
Total exposure	**14 181**	**122 996**	**-**	**(140 597)**

The following table illustrates the sensitivity of post-tax profit for the year and other components of equity in regards to the Company's financial assets and financial liabilities and the USD/BGN exchange rate.

The table assumes that the percentage strengthened/ weakened as of 31 December 2015 exchange rate of the Bulgarian lev against the dollar is + / - 2.2% (2014+ / - 4.0%). These percentages are determined based on average exchange rates for the last 12 months. The

sensitivity analysis is based on the Company's investments in financial instruments in foreign currency held by the end of the reporting period
.

If the BGN had strengthened/weakened against the USD by + / - 2.2% (2014 +/- 4%) then this would have had the following impact:

	Net financial result after tax for the year	Net financial result after tax for the year
	Increase BGN '000	Decrease BGN '000
31 December 2015	257	(257)
31 December 2014	1 018	(1 018)

Exposures to foreign exchange rates vary during the year depending on the volume of transactions in foreign currency. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk

Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As at 31 December 2015 the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. All other financial assets and financial liabilities of the Company are at fixed interest rates.

The following table illustrates the sensitivity of the net financial result after tax to a reasonably possible increase/decrease in the following interest rates:1M SOFIBOR and 3M SOFIBOR (for 2014– 1M SOFIBOR). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the volatility of the average market interest rate for each period. All other variables are held constant.

31 December 2015	**Net financial result**		**Equity**	
	Increase of the interest rate	**Decrease of the interest rate**	**Increase of the interest rate**	**Decrease of the interest rate**
Borrowings (1M SOFIBOR)	-	-	-	-
Borrowings (3M SOFIBOR)	(26)	26	(26)	26

31 December 2014	**Net financial result**		**Equity**	
	Increase of the interest rate	**Decrease of the interest rate**	**Increase of the interest rate**	**Decrease of the interest rate**
Borrowings (1M SOFIBOR)	(1)	1	(1)	1
Borrowings (3M	-	-	-	-

SOFIBOR)

Other price risk

The Company is exposed to other price risk in respect of the following direct investments in subsidiaries and short-term financial assets, the shares of which are listed on the Bulgarian Stock Exchange – Sofia:

- CCB AD - subsidiary;
- Oil and Gas Exploration and Production AD – subsidiary;
- Zarneni Hrani Bulgaria AD – subsidiary;
- Velgraf Asset Management AD – short-term financial asset;
- Holding Nov Nek AD – short-term financial asset.
- Holding Centar AD– short-term financial asset

The investments in listed subsidiaries, marketable on the Bulgarian Stock Exchange – Sofia, are considered long-term and short -term strategic investments. In accordance with the Company's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Company's favour.

The short-term assets, described above, are held with the purpose of trade on the Bulgarian Stock Exchange-Sofia.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2015 BGN'000	2014 BGN'000
Classes of financial assets – carrying amounts:		
Shares / financial assets /	149 751	159 321
Loans granted	243 535	228 152
Related party receivables	366 786	268 151
Trade and other receivables	6 182	7 005
Cash and cash equivalents	75 058	84 147
Carrying amount	**841 312**	**746 776**

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above represent the maximum possible decomposition of the credit risk of the Company in respect of such financial instruments.

Liquidity risk

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company maintains cash to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2015 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2015	**Short-term**		**Long-term**
	Within 6 months	**Within 12 months**	**From 2 to 5 years**
	BGN‘000	**BGN‘000**	**BGN‘000**
Dividend liabilities	-	16 790	8 081
Bank and other borrowings	6 513	24 230	54 880
Related party payables	19 957	120 103	172 171
Trade and other payables	5 398	4 328	-
Total	**31 868**	**165 451**	**235 132**

As at 31 December 2014 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2014	**Short-term**		**Long-term**
	Within 6 months	**Within 12 months**	**From 2 to 5 years**
	BGN‘000	**BGN‘000**	**BGN‘000**
Dividend liabilities	-	16 791	22 215
Bank and other long-term borrowings	5 989	22 281	276

Related party payables	16 100	96 886	155 414
Finance lease liabilities	5	-	-
Trade and other payables	7 827	6 274	-
Total	**29 921**	**142 235**	**177 905**

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Annual interest payments amount to BGN 19 190 thousand (2014 BGN 12 033 thousand).

Financial assets used for managing liquidity risk

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 1 year

Fair value measurement

Fair value measurement of financial instruments

Set out below is a comparison of the carrying amounts and fair values of financial instruments at the end of the reporting periods:

Financial assets	**31 December 2015**		**31 December 2014**	
	Fair value BGN'000	**Carrying amount BGN'000**	**Fair value BGN'000**	**Carrying amount BGN'000**
Financial assets at fair value through profit or loss	97 077	97 077	139 703	139 703
	97 077	**97 077**	**139 703**	**139 703**

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset that are not based on observable market data.

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows.

31 December 2015	**Note**	**Level 1 BGN '000**	**Level 2 BGN '000**	**Level 3 BGN '000**	**Total BGN '000**
Assets					
Listed equity investments	a)	-	-	-	-
Non-listed equity instruments	б)	-	97 077	-	97 077
Total		**-**	**97 077**	**-**	**97 077**

31 December 2014	**Note**	**Level 1 BGN '000**	**Level 2 BGN '000**	**Level 3 BGN '000**	**Total BGN '000**
Assets					
Listed equity investments	a)	38 553	-	-	38 553
Non-listed equity instruments	b)	-	101 150	-	101 150
Total		**38 553**	**101 150**	**-**	**139 703**

During the reporting periods no transfers between levels 1 and 2 have occurred.

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Listed equity instruments

All listed equity investments are denominated in BGN and are publicly traded on the Bulgarian Stock Exchange, Sofia. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Non-listed equity instruments

The fair value of these instruments is based on observed rates of recent market transactions with shares of similar companies, adjusted for specific factors

Fair value measurement of nonfinancial instruments

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2015:

31 December 2015	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Investment property:				
Land and buildings	-	-	33 572	33 572

31 December 2014	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Investment property:				
Land and buildings	-	-	33 572	33 572

Fair value of the Company's main property assets is estimated based on appraisals performed by independent qualified valuation specialists.

Land and buildings (Level 3)

The fair value of the investment properties are estimated using an income approach. The land and buildings are revaluated as at 31 December 2014

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the shareholder by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the correlation between adjusted and net debt.

The Company determines the capital based on the carrying amount of the equity presented in the statement of financial condition.

Net debt is calculated as general debt less the carrying amount of the cash and cash equivalents.

Company's goal is to maintain a capital-to-net-debt ratio in a reasonable range, which would ensure relevant and conservative ratio of financing.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amount of the correlation for the presented accounting periods can be analysed as follows:

	2015 BGN'000	2014 BGN'000
Shareholders' equity	1 212 919	1 172 649
Equity	**1 212 919**	**1 172 649**
+Debt	465 740	386 314
- Cash and cash equivalents	(75 058)	(84 147)
Net debt	**390 682**	**302 167**
Capital to net debt	**1:0.32**	**1:0.26**

The ratio in 2015 has remained stable in comparison with 2014 with an immaterial deviation.

The Company has no deviations from its contract obligations, including maintaining capital ratios

Approved by the managing board
of Chimimport AD on

29 March 2016
Sofia