

# Interim Condensed Financial Statements

**Chimimport AD**

**31 December 2018**



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## Interim condensed statement of financial position

	Notes	31.12.2018 BGN'000	31.12.2017 BGN'000
<b>Assets</b>			
<b>Non – current assets</b>			
Property, plant and equipment	7	3 639	3 646
Investment property	8	35 831	35 831
Investment in subsidiaries	9	782 054	782 054
Long – term financial assets		31 492	12 481
Long – term related party receivables	16	49 952	48 980
Long – term receivables	10	124 204	147 567
		<b>1 027 169</b>	<b>1 030 559</b>
<b>Current assets</b>			
Short – term related party receivables	16	63 227	85 852
Loans granted	10	98 538	103 078
Trade and other receivables		46 908	50 438
Short – term financial assets		171 181	151 441
Cash and cash equivalents		68 891	72 619
		<b>448 745</b>	<b>463 428</b>
<b>Total assets</b>		<b>1 475 914</b>	<b>1 493 987</b>

Prepared by:

  
/I.A. Kerezov/

Date: 30 January 2019

Executive Director:

  
/I.I. Kamenov/



## Interim condensed statement of financial position (continued)

Equity and liabilities	Notes	31.12.2018 BGN'000	31.12.2017 BGN'000
<b>Equity</b>			
Share capital	11	239 646	239 646
Share premium		260 615	260 615
Other reserves		59 892	59 892
Retained earnings		616 103	662 787
Net profit for the period		36 335	38 975
<b>Total equity</b>		<b>1 212 591</b>	<b>1 261 915</b>
<b>Liabilities</b>			
<b>Non – current liabilities</b>			
Long – term related party payables	16	44 620	59 388
Long – term bank and other loans	12	33 379	52 062
Pension and other employee obligations		27	27
Loan commitments		2 387	-
Deferred tax liabilities		17 420	14 878
		<b>97 838</b>	<b>126 355</b>
<b>Current liabilities</b>			
Short – term related party payables	16	140 400	89 549
Short – term bank and other loans	12	20 494	10 966
Trade and other payables		4 443	4 975
Pension and other party payables		122	112
Tax liabilities		26	115
		<b>165 485</b>	<b>105 717</b>
<b>Total liabilities</b>		<b>263 323</b>	<b>232 072</b>
<b>Total equity and liabilities</b>		<b>1 475 914</b>	<b>1 493 987</b>

Prepared by:

  
I.A. Kerezov

Date: 30 January 2019


Executive Director:

  
I. Kamenov



## Interim condensed statement of comprehensive income

Notes	31.12.2018	31.12.2017
	BGN'000	BGN'000
Gains from transactions with financial instruments and noncurrent assets	30 569	24 381
Losses from transactions with financial instruments	(4 317)	(4 231)
<b>Net profit from transactions with financial instruments</b>	<b>26 252</b>	<b>20 150</b>
Interest income	11 986	15 254
Interest expense	(5 868)	(5 100)
<b>Net profit from interest</b>	<b>6 118</b>	<b>10 154</b>
Gains from foreign exchange differences	530	306
Losses from foreign exchange differences	(525)	(1 582)
<b>Net loss from foreign exchange differences</b>	<b>5</b>	<b>(1 276)</b>
<b>Other financial income/(expenses)</b>	<b>(196)</b>	<b>(163)</b>
<b>Dividend income</b>	<b>12 387</b>	<b>8 491</b>
Operating revenue	1 895	2 412
Operating expenses	(7 558)	(4 752)
<b>Result from operating activities</b>	<b>(5 663)</b>	<b>(2 340)</b>
<b>Profit for the period before tax</b>	<b>38 903</b>	<b>35 016</b>
Tax expense	13 (2 568)	3 959
<b>Net profit for the period</b>	<b>36 335</b>	<b>33 830</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>(2)</b>
<b>Total comprehensive income</b>	<b>36 335</b>	<b>33 830</b>
<b>Earnings per share in BGN</b>	14 <b>0.15</b>	<b>0.14</b>

Prepared by:  /A. Kerezov/

Date: 30 January 2019

Executive Director:  /I. Kamenov/



## Interim condensed statement of changes in equity

All amounts are presented in BGN '000

	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	239 646	260 615	68	59 824	701 762	1 261 915
Effect of initial application of IFRS 9	-	-	-	-	(70 550)	(70 550)
Balance at 01 January 2018 (recalculated)	239 646	260 615	68	59 824	631 212	1 191 365
Dividends	-	-	-	-	(15 105)	(15 105)
Transactions with owners	-	-	-	-	(15 105)	(15 105)
Net profit for the period, ending at 31 December 2018	-	-	-	-	36 335	36 335
Total comprehensive income	-	-	-	-	36 335	36 335
Balance at 31 December 2018	239 646	260 615	68	59 824	652 438	1 212 591

Prepared by:

  
/A. Kerezov/

Date: 30 January 2019

Executive Director:

  
/I. Kamenov/



## Interim condensed statement of changes in equity (continued)

All amounts are presented in BGN '000

	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2017</b>	239 646	260 615	66	59 824	675 734	1 235 885
Dividends	-	-	-	-	(12 947)	(12 947)
Transactions with owners	-	-	-	-	(12 947)	(12 947)
Net profit for the period, ending at 31 December 2017	-	-	-	-	38 975	38 975
Other comprehensive income	-	-	2	-	-	2
<b>Total comprehensive income</b>	-	-	2	-	38 975	38 977
<b>Balance at 31 December 2017</b>	<b>239 646</b>	<b>260 615</b>	<b>68</b>	<b>59 824</b>	<b>701 762</b>	<b>1 261 915</b>

Prepared by:

  
/I.A. Kerezov/

Date: 30 January 2019

Executive Director:

  
/I.I. Kamenov/



## Interim condensed statement of cash flows

	31.12.2018	31.12.2017
	BGN '000	BGN '000
<b>Operating activities</b>		
Proceeds from short-term loans	28 085	47 874
Payments for short-term loans	(34 098)	(30 487)
Proceeds/(payments) from operations with short-term financial assets, net	10 206	(6 983)
Receipts from customers	2 465	925
Payments to suppliers	(1 528)	(2 137)
Interest received	8 961	10 741
Interest paid	(944)	(1 454)
Cash paid to employees and social security institutions	(1 133)	(1 656)
Income taxes paid	(115)	-
Other taxes paid	(782)	(243)
Dividend received	11 732	6 366
Other proceeds /(payments), net	(10 590)	(597)
<b>Net cash flow from operating activities</b>	<b>12 259</b>	<b>22 349</b>
<b>Investing activities</b>		
Acquisition of non-current assets	-	(8)
Acquisition of long - term financial assets	(19 558)	-
Proceeds from sale of long-term financial assets	19 727	-
<b>Net cash flow from investing activities</b>	<b>169</b>	<b>(8)</b>
<b>Financing activities</b>		
Paid dividend	(6 527)	(5 557)
Long-term loans received	9 681	9 729
Payments for long-term and bank loans received	(17 035)	(26 503)
Interest paid	(2 280)	(3 731)
<b>Net cash flow from financing activities</b>	<b>(16 161)</b>	<b>(26 062)</b>
Net change in cash and cash equivalents	(3 733)	(3 721)
<b>Cash and cash equivalents, beginning of period</b>	<b>72 619</b>	<b>76 359</b>
Profit, (loss) from currency revaluation of cash	5	(19)
<b>Cash and cash equivalents, end of period</b>	<b>68 891</b>	<b>72 619</b>

Prepared by:

  
/I.A. Kerezov/

Date: 30 January 2019

Executive Director:

  
/I. Kamenov/





## Notes to the financial statements

### 1. Nature of operations

Chimimport AD was registered as a joint-stock company at Sofia city court on 24 January 1990. The address of the Company's registered office is 2 St. Karadja Str., Sofia, Bulgaria.

The Company is registered on the Bulgarian Stock Exchange – Sofia on 30 October 2006.

The Company is engaged in the following business activities:

- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies in which interest is held;
- Bank services, finance, insurance and pension insurance;
- Securitization of real estate and receivables;
- Extraction of oil and natural gas;
- Construction of output capacity in the area of oil-processing industry, production of biodiesel and production of rubber items;
- Production and trading with oil and chemical products;
- Production of vegetable oil, purchasing, processing and trading with grain foods;
- Aviation transport and ground activities on servicing and repairing of aircrafts and aircraft engines;
- River and sea transport and port infrastructure;
- Commercial agency and brokerage;
- Commission, forwarding and warehouse activity.

The Company has a two-tier management structure consisting of a Supervisory Board and a Managing Board.

#### **The members of the Supervisory Board are as follows:**

Invest Capital AD  
CCB Group EAD  
Mariana Bazhdarova

#### **The members of the Managing Board are as follows:**

Alexander Kerezov  
Ivo Kamenov  
Marin Mitev  
Nikola Mishev  
Miroljub Ivanov  
Tzvetan Botev

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

## **2. Basis for the preparation of the interim condensed financial statements**

These interim condensed financial statements as of 31 December 2018 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information and disclosures required in annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

The interim condensed financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) unless otherwise stated.

The Company also prepares interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and approved by EU. Investments in subsidiaries are accounted for and disclosed in accordance with IFR 10 “Consolidated Financial Statements”.

The interim condensed financial statements are prepared under the going concern principle.

## **3. Accounting policies**

These interim condensed financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2017.

## **4. Accounting estimates**

For the purpose of preparing these interim condensed financial statements, management has applied accounting estimates and assumptions in the assessment of its assets, liabilities, income and expenses. Actual results may differ from these estimates and management assumptions. Accounting estimates and assumptions applied in this interim condensed financial statements do not differ from the last annual financial statements of the Company as of 31 December 2017.

## **5. Effect of initial application of IFRS 9**

Initial Effect from the Application of IFRS 9 "Financial Instruments" IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" and is effective from January 1, 2018. The new standard introduces significant changes in the classification, subsequent measurement, and a new pattern of expected credit losses for impairment financial actives. IFRS 9 also includes a new guidance on hedge accounting.

The management of the company identifies a few areas that are expected to have effect from the application of IFRS 9:

- the classification and measurement of the financial assets of the Company assesses the new criteria that take attention on the agreed cash flows for the assets and the business model under which they are managed. The management holds most of the financial assets to collect the relevant cash flows and estimates the types of cash flows to properly classify the financial assets.

The management of the company expects the majority of held-to-maturity financial assets to continue to be carried at amortized cost.

Position on financial statement	Category of IAS 39	Category of IFRS 9	Business model
Long-term financial assets	Available-for-sale financial instruments	Equity instruments measured at fair value through other comprehensive income	Held for collection an sale
Bonds	Investments held to maturity	Debt instruments measured at amortized cost	Held for collection
Receivables from related parties	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Loans granted	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Trade payables	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Cash and cash equivalents	Credits and receivables	Debt instruments measured at amortized cost	Held for collection

All financial assets held by the Company are eligible for payment only for principal and interest.

The main effects that the Company recognizes in the application of IFRS 9 Financial Instruments are related to the application of the effect of the recognition of a credit correction for credit losses accrued in accordance with the requirements of the expected credit loss model. The scope of the model includes debt instruments managed by the company with a business model held for collection.

The Company applies an individual approach to impairment of the borrowed funds, taking into account the respective risks associated with the counterparty.

The recognized initial recognition effect is BGN 70 550 thousand and is presented in the interim condensed statement of equity. The change reported as at 31 December



2018 is a loss, amounted to BGN 4 317 thousand. and is presented in the Interim Condensed Income Statement as part of "Gain Differences from Financial Instruments Transactions".

Reduction of the company's equity in 2017 and 2018 is due to the mandatory application of the new IFRS 9 commitments for accounting purposes that do not result in reduction of the economic value of the assets and receivables of Chimimport.

## **6. Significant events and transactions**

The Company has sufficient capital and liquidity to conduct its business and serve its obligations. The policies and procedures of the Company with respect to capital management, credit risk and liquidity risk are presented in the most recent annual financial statements of the Company as of 31 December 2017.

## 7. Property, plant and equipment

Property, plant and equipment of the Company include land, buildings, plant and equipment, vehicles, assets in process of acquisition, etc. The carrying amount can be analyzed as follows:

	<b>Buildings</b>	<b>Machines and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Assets in process of acquisition</b>	<b>Total</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>
Gross carrying amount						
Balance at 1 January 2018	26	232	113	1 451	2 318	4 140
<b>Balance at 31 December 2018</b>	<b>26</b>	<b>232</b>	<b>113</b>	<b>1 451</b>	<b>2 318</b>	<b>4 140</b>
Depreciation						
Balance at 1 January 2018	+	(227)	(113)	(132)	-	(494)
Depreciation	-	(5)	-	(5)	-	(10)
<b>Balance at 31 December 2018</b>	<b>(22)</b>	<b>(232)</b>	<b>(113)</b>	<b>(137)</b>	<b>-</b>	<b>(504)</b>
Carrying amount						
<b>as at 31 December 2018</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>1 314</b>	<b>2 318</b>	<b>3 636</b>

The carrying amount as at 31 December 2017 can be analyzed as follows:

	<b>Buildings</b>	<b>Machines and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Assets in process of acquisition</b>	<b>Total</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>
<b>Gross carrying amount</b>						
Balance at 1 January 2017	26	225	113	1 444	6 370	8 178
Additions	-	7	-	7	-	14
Disposals	-	-	-	-	(4 052)	(4 052)
Balance at 31 December 2017	<b>26</b>	<b>232</b>	<b>113</b>	<b>1 451</b>	<b>2 318</b>	<b>4 140</b>
<b>Depreciation</b>						
Balance at 1 January 2017	(22)	(223)	(113)	(129)	-	(487)
Depreciation	-	(4)	-	(3)	-	(7)
Balance at 31 December 2017	<b>(22)</b>	<b>(227)</b>	<b>(113)</b>	<b>(132)</b>	<b>-</b>	<b>(494)</b>
<b>Carrying amount</b>						
<b>as at 31 December 2017</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>1 319</b>	<b>2 318</b>	<b>3 646</b>



## **8. Investment property**

Investment property includes land and buildings, which are located at 1, Battenberg Str., Sofia, and which are owned for capital appreciation.

Changes to the carrying amounts presented in the statement of financial position can be summarized as follows:

	<b>Investment property BGN '000</b>
<b>Carrying amount at 1 January 2017</b>	<b>35 831</b>
<b>Carrying amount at 31 December 2017</b>	<b>35 831</b>
<b>Carrying amount at 31 December 2018</b>	<b>35 831</b>

## 9. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country	Main activities	31.12.2018 BGN '000	share %	31.12.2017 BGN '000	share %
CCB Group EAD	Bulgaria	Financial services	251 996	100.00%	251 996	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	165 363	63.65%	165 363	63.65%
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	209 611	100.00%	209 611	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	44 393	100.00%
CCB AD	Bulgaria	Financial services	22 492	6.65%	22 492	6.65%
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	20 419	9.74%	20 419	9.74%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 168	98.69%	2 168	98.69%
Trans Intercar EAD	Bulgaria	Transport	4 855	100.00%	4 855	100.00%
Natsionalna stokova borsa AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 879	67.00%
TI AD	Bulgaria	Manufacturing and trade	480	87.67%	480	87.67%
HGH Consult OOD	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%
			<b>782 054</b>		<b>782 054</b>	



## 10. Loans granted

	31.12.2018 BGN '000	31.12.2017 BGN '000
Loans granted – long term	124 204	147 567
Loans granted – short term	63 227	103 078
	<b>187 431</b>	<b>250 645</b>

## 11. Share capital

The share capital of the Company as at 31 December 2018 consists of 239 646 267 ordinary 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.

	Number of Shares as at 30.09.2018 BGN'000	Number of Shares as at 31.12.2017 BGN'000
Shares issued and fully paid:		
- beginning of the year	239 646 267	239 646 267
<b>Shares issued and fully paid at the end of the period</b>	<b>239 646 267</b>	<b>239 646 267</b>
<b>Shares of Chimimport AD, acquired by its subsidiaries</b>		
CCB Group EAD	(1 296 605)	(1 296 605)
ZAD Armeec	(3 236 507)	(3 236 507)
POAD CCB Sila	(7 919 307)	(7 872 107)
Trans Intercar EAD	(2 200)	(5 300)

The list of principle shareholders, holding more than 10% of the total shares (ordinary shares and preferred shares) of the Company's capital is presented as follows:

	As at 31.12.2018 Number of shares /ordinary and preferred shares/	As at 31.12.2018 %	As at 31.12.2017 Number of shares /ordinary and preferred shares/	As at 31.12.2017 %
Invest Capital AD	174 847 247	72.96 %	174 847 247	72.96 %
Other legal entities and private individuals	64 799 020	27.04 %	64 799 020	27.04 %
	<b>239 646 267</b>	<b>100.00 %</b>	<b>239 646 267</b>	<b>100.00 %</b>

## 12. Financial liabilities

Borrowings include financial liabilities at amortized cost as follows:

	Current		Non - current	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	BGN '000	BGN '000	BGN '000	BGN '000
Bank loans	19 937	10 334	24 204	31 538
Other borrowings	557	632	20 416	20 524
<b>Total carrying amount</b>	<b>20 494</b>	<b>10 966</b>	<b>44 620</b>	<b>52 062</b>

## 13. Income tax expenses

Income tax expense is recognized based on management's best estimate of the annual income tax rate expected for the full financial year 2018 of 10 % applied to the financial result for the period ended as at 31 December 2018 (the estimated annual tax rate for the full financial year 2017 was 10 %).

## 14. Earnings per share

The basic earnings per share have been calculated using the net results attributable to shareholders of the Company as the numerator.

The weighted average number of outstanding shares used for basic earnings per share as well as profit attributable to shareholders is:

	As at 31.12.2018	As at 31.12.2017
Profit attributable to the shareholders (BGN)	35 674 000	38 975 000
Weighted average number of outstanding shares	239 646 267	239 646 267
<b>Basic earnings per share (BGN per share)</b>	<b>0.15</b>	<b>0.16</b>

## 15. Related parties transactions

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled through bank transfer.

### 15.1. Transactions with owners

	31.12.2018	31.12.2017
	BGN'000	BGN'000
<b>Sales</b>		
<i>Sale of services, interest income and other income</i>		



-owners - 327

**Purchases**

*purchase of services, goods and interest income*

- owners (153) (194)

**15.2. Transactions with subsidiaries and associates**

	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Sales</b>		
<i>sale of services, rental income and interest income</i>		
- subsidiaries	7 327	8 615
- other	20	1 148
<b>Purchases</b>		
<i>purchase of services, goods and interest income</i>		
- subsidiaries	(5 176)	(2 603)

**15.3. Transactions with key management personnel**

Key management personnel of the Company include members of the Managing board and Supervisory board. Key management personnel remuneration consists of salaries and bonuses as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Short-term employee benefits:		
Salaries, including bonuses	(565)	(1 201)
Social security costs	(28)	(20)
Total short-term employee benefits	<u>(593)</u>	<u>(1 221)</u>

**16. Related party balances**

	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Non-current receivables from:</b>		
- subsidiaries	49 952	48 980
<b>Total</b>	<u>49 952</u>	<u>48 980</u>



	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Current receivables from:</b>		
- owners	18 543	20 083
- subsidiaries	79 845	65 346
- associated	5	5
- other related parties	145	418
<b>Total</b>	<b>98 538</b>	<b>85 852</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Non-current payables to:</b>		
- subsidiaries	33 379	59 388
<b>Total</b>	<b>33 379</b>	<b>59 388</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Current payables to:</b>		
- owners	16 672	3 890
- subsidiaries	117 279	76 186
- other related parties	6 449	6 473
<b>Total</b>	<b>140 400</b>	<b>89 549</b>

## 17. Post-reporting date events

No significant events have occurred between the reporting date and the date of authorization.

## 18. Authorization of the interim condensed financial statements

The interim condensed financial statements as of 31 December 2018 (including comparatives) were approved for issue by the managing board on 30 January 2018.