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Dear Ladies and Gentlemen,

More than 70 years Chimimport Plc is one of the most successful Bulgarian companies. It started as a foreign trade enterprise specialized primarily in the trade with chemical products, today Chimimport Plc is distinguished as a major holding company, that consolidates near 70 successful in their scope of growth rate of the company. These companies are capturing leading and reputable positions amongst all their competitors in the respective sectors of the Bulgarian economy that they are specialized in: banking, insurance and pension insurance; aviation, river and sea transportation; exploration, extraction, processing and trading with petroleum and petroleum products and natural gas; origination, processing and trading with grain and oilseeds, production and trade with vegetable oils and biofuels. Each one of the over 6 700 employees of Chimimport Group contributes for the successful integration of the Bulgarian business standards with the strong and fundamental European ones. The last years proved to be successful for the affirmation of the company as one of the leading listed companies on the Bulgarian Stock Exchange - Sofia JSC, and our perception is that this position clearly reflects our proper investment planning and professional devotion and efforts of company's management.

As a public company, Chimimport strives to maintain a very high standard of corporate governance within both the parent company and its subsidiaries, including via guaranteeing equal treatment and protection of the rights of all shareholders. The common practice is the transparent and fair disclosure of information needed by current shareholders, stakeholders and potential investors

Our key goals and objectives for the upcoming years remain persistent – increase the growth rate of the company; strengthen the positions of the subsidiaries falling under company's investment portfolio as market leaders not only on the domestic but also on the international markets; continuously improve the efficiency of the manufacturing companies through investment in new technologies and products; continuously improve and strengthen the image of Chimimport and its assets.

From the Management Board of Chimimport Plc

Chimimport today

Chimimport is a company, founded back in 1947 and now possessing 70 years old history and traditions.

Share capital	EUR 122 529 thousand
Equity (consolidated)	EUR 686 149 thousand
Assets (consolidated)	EUR 4 184 662 thousand
Net profit (consolidated)	EUR 26 591 thousand
Executive directors	Ivo Kamenov Marin Mitev
Major Shareholder	The Management of the company, which is represented by Invest Capital Plc – possessing 73.03%

Distinctive minority shareholders of Chimimport are various, highly respected international companies and institutions such as:

The Bank of New York Mellon – USA
DSK Rodina Pension Funds – Bulgaria
Eaton Vance Emerging Markets Funds – USA
NN Funds – Bulgaria
Unicredit Bank - Austria
Raiffeisen Bank International – Austria
Blackrock Frontier Markets Fund – USA
Eurizon Easy Fund – Luxembourg
Russell Institutional Funds – USA
Eurobank Ergasias Clients ACC – Greece
BNYM AS AGT – USA
CACEIS Bank Deutschland GmbH – Germany
Flax Enterprise L.L.C. – USA
Polunin Discovery Funds-Frontier Markets – Luxembourg
Barclays Capital Securities Limited - UK

Over 270 legal entities and over 3600 private individuals.



Main office of Chimimport PLC, Sofia, from 1947 year

HISTORY



History

THE BEGINNING

BASED ON A REPORT OF THE MINISTER OF COMMERCE AND VICTUALS ISSUED ON MARCH 24TH, 1947, AT ITS MEETING HELD ON APRIL 4TH, 1947, THE COUNCIL OF MINISTERS ESTABLISHES (WITH RESOLUTION NO.7 – PROTOCOL NO.50) A STATE-OWNED COMMERCIAL ENTERPRISE, NAMED CHIMIMPORT WITH PRIME OBJECTIVE – THE IMPORT OF CHEMICAL PRODUCTS.

The evolution

- 1947** – Import of basic chemicals, artificial fertilizers, solutions for plant protection;
- 1949** – Begins the import of medicaments, medical specialties and instruments;
- 1950** – The exporting activities of the company begin – herbs, essential oils and raw materials from cultivated plants;
- 1959** – SCE Chimimport merges with SCE Bulgarian Rose. The export of rose oil begins;
- 1963** – The first re-export deal in company's history takes place – selling calculated soda from Belgium to Japan;
- 1969** – Chimimport has in its nomenclature structure approved 70 export positions and 41 import stock groups;
- 1977** – ECE Chimimport is established as a result of the merger between SCE Chimimport, ECE Neftochim and ECE Lesoimpex. Company's prime field of expertise and scope of business is import, export and re-export of chemicals, chemical raw materials, natural gas, petroleum, petroleum chemical products, cellulose and paper;
- 1981** – The export product list consists of over 125 different positions;
- 1985** – The company reaches its highest ever turnover in history - \$ 8.5 billion;
- 1989** – On July 21st a Constitutive Memorandum was signed, and on October 19th, a legitimate General Meeting was held for all Chimimport JSC's shareholders;
- 1990** – On the grounds of Order No.56, Resolution No.1 dated January 24th, 1990, company case No2655/1989 a joint-stock company named Chimimport was established with equity of EUR 5.11 million;
- 1992** – On September 22nd the Shareholders' General Meeting votes in favor of increasing the capital of Chimimport to EUR 26.14 million through a non-cash contribution by the state of Bulgaria;
- 1993** – The state of Bulgaria transfers the shareholding of over 40 commercial and manufacturing enterprises in the possession of newly established company called Consolid Commerce. Company's capital is increased to EUR 26.42 million;
- 1994** – On October 5th the Privatization Agency signs a contract with the company's management team at the time united under Chimimport Invest JSC for the sale of 58.7% of the capital of Chimimport;
- 1995** – After finalizing the deal of selling preferred shares, the shareholders' capital of the company is apportioned as following: Chimimport – 63.01%; private individuals – 15.70%; Consolid Commerce Ltd – 20.05%; other legal entities – 1.26%;
- 1997** – Chimimport is re-registered under Art. 277 of the Commerce Law as a holding company; Chimimport is re-registered under Art. 277 of the Commerce Law as a holding company;
- 2000** – The first stage from the restructuring process of Chimimport is finalized – establishing subsidiaries based on the former commercial departments;
- 2001** – Chimimport Plc acquires 23% of the share capital of Central Cooperative Bank Plc through the Bulgarian Stock Exchange and consequently establishes a management consortium together with one of the main shareholders – the Central Cooperative Union;
- 2002** – By tender procedure Chimimport Plc acquired an additional 32.77% of the share capital of Central Cooperative Bank Plc. The portion represents the shares of the state owned Bank Consolidation Company JSC; Through the Privatization Deals Agency the company acquired 91.92% from the share

capital of Armeec Insurance JSC; Obtained the majority share capital of pension fund CCB-Sila PIJSC from the Czech financial group Newton; Through CCB, the group of Chimimport Plc takes over the companies of three banks that have been declared in insolvency: Dobrudzha Commercial Bank JSC, Credit Bank JSC and Bank for Agricultural Credit JSC;

2003 – Balkan Hemus Group JSC (currently Bulgarian Airways Group JSC) was established with the purpose of unifying the future participation of the group in the airline industry; Successful participation with positive outcome in the privatization process of Hemus Air JSC and Oil and Gas Exploration and Production JSC;

2004 – Chimimport Plc establishes a sub-holding company called CCB Group Assets Management JSC (currently CCB Group JSC) with main purpose to consolidate the group's assets and interests in the banking, insurance and pension insurance sectors. Furthermore it acquired the shares of Central Cooperative Union in Central Cooperative Bank: 23.45% of the Bank's share capital.

2005 – The company establishes two sub-holding structures – Bulgarian Shipping Company JSC for river and marine transport and Chimimport Group JSC for commercial and production activities; Chimimport's share capital increases to EUR 30.68 million; Chimimport acquired 49.28% of the third in terms of assets and market share pension insurance company in Bulgaria – Pension Insurance Company Saglasie JSC. Nearly 50% of the shares have been sold in 2013 with realization of significant income return; Chimimport Group acquired through Central Cooperative Bank, the filed for insolvency Capital Bank and Crystal Bank.

2006 – Chimimport's share capital increases by EUR 30.13 million, amounting to EUR 60.8 million; Chimimport Plc acquired 99.13% of the share capital of Bulgarian River Shipping (70% of which by privatization procedure); Consequently the company successfully merged Chimimport Bimas and its subsidiaries VTC JSC and Mayak JSC into Bulgarian River Shipping; Chimimport's subsidiary Lesport successfully closes a thirty-year contract for concession of Lesport port terminal, which is part of the port for public transport with

national importance for Varna city; Through Port Balchik JSC, Chimimport Group has obtained a 25-year concession over port terminal Balchik – a distinguished territorial zone of Varna port for public transportation with national importance;

Chimimport performs an increase of capital from EUR 60.8 million to EUR 66.5 million by Initial Public Offering of 11.08 million shares with nominal value of EUR 0.51 and issue price of EUR 2.05. As a result and on the grounds of Art.110, paragraph 2 of the Public Offering of Securities Act, Chimimport Plc officially becomes a Public Listed Company. The company shares are registered for trade on the official market, segment B, of the Bulgarian Stock Exchange - Sofia JSC on October 30th, 2006. Chimimport Group has successfully performed licensing procedures on two joint-stock special purpose investment companies (CCB Real Estate Fund SPIC and Capital Management SPIC, with scope of business in securitization of real estates and securitization of receivables, respectively.

2007 – The Financial Supervision Commission issues a license to the CCB Assets Management Ltd – an assets management company; Chimimport Plc acquired 51.81% of the share capital of Ship Machine Building JSC, Varna; On the grounds of a resolution, issued by the Board of Directors of Bulgarian Stock Exchange - Sofia JSC, Chimimport Plc is included in the main market index SOFIX and as of February 26th, 2007 the company is included in the market index BG 40. Central Cooperative Bank Plc acquired the insolvent enterprise International Bank for Commerce and Development; Chimimport won the tender procedure for privatization of the national air carrier Bulgaria Air JSC, acquiring 99.99% of its share capital. The Bulgarian state keeps one golden share; The major shareholder of Chimimport Plc – Chimimport Invest acquired 84.60% of the share capital of pension insurance Company Lukoil Garant - Bulgaria JSC with the purpose for later integration of the company into Chimimport's structure.

The Management Board of Chimimport Plc, issues a resolution to increase the company's capital from EUR 66.47 million to EUR 76.69 million. The capital increase, executed according to the conditions set forth in the law

on Public Offering of Securities, is successfully accomplished. New 19 999 984 shares with nominal value of EUR 0.51 and issue value of EUR 5.62 were registered and paid. Based on the closure procedure for increase of capital the company has raised EUR 112.48 million. Bulgarian Airways Group JSC concluded an agreement concerning the establishment of a joint-venture with Lufthansa Technik AG. The company is functioning as a Limited Liability Company with main scope of business maintenance, repair and painting of aircraft fleets.

On November 26th, 2007 the project aiming to consolidate the grain business of Chimimport Plc was successfully finalized. By merging 8 companies: Slanchevi Lachi Bulgaria JSC, Sofia (a public company in the sense of the law for Public Offering of Securities), Zarneni Hrani Trade JSC, Sofia, Back International JSC, Sofia, Zarneni Hrani – Valchi Dol JSC, Zarneni Hrani Balchik Ltd, Zora JSC Ruse, Prima Agrochim Ltd, Dobrich and Chimimport Agrochemicals Ltd, Sofia a new company called Zarneni Hrani Bulgaria Plc was established, acting as their legal successor in title. The issue of shares, issued by Zarneni Hrani Bulgaria, was registered for trading on the Bulgarian Stock Exchange - Sofia JSC in December, amounting to over EUR 87.32 million distributed in 170 785 600 shares with nominal value of EUR 0.51 each.

The life insurance company CCB Life Ltd and health insurance company CCB Health Ltd (later sold in 2013) were established and licensed by the Financial Supervision Commission.

- 2008** – During the first quarter of 2008, Central Cooperative Bank Plc concluded the procedure for acquisition of the majority block of shares of the Macedonian bank Sileks Bank JSC – later renamed to CCB Skopje JSC. After obtaining an authorization from the Commission for Protection of Competition, Chimimport acquired 100% of the share capital of BM Star – a company owning 40% of the share capital of the concessionaire of Varna and Bourgas civil airports – Fraport Twin Star Airport Management JSC. Chimimport successfully placed an issue of secured convertible bonds with value of EUR 65 million with a 7-year term to maturity, convertible for issued regular shares of

Chimimport Plc, traded on the Bulgarian Stock Exchange - Sofia. The bonds are issued by Chimimport Holland B.V., solely owned by Chimimport Plc, established and registered in Holland. The net revenues from the emission were granted as a loan from Chimimport Holland to Chimimport Plc, as the latter used them for financing its expansion through realization of strategic mergers and acquisitions and for general corporative goals. The group of Chimimport, through its subsidiary – Bulgarian Aviation Group JSC, started a large-scale joint project with the Republic of Tatarstan for reconstruction and expansion of the Kazan Airport; Bulgaria Air JSC concluded a contractual deal with the national air carrier of the Republic of Tatarstan for lending part of its fleet on operative lease to Tatarstan Airlines;

- 2009** – Bulgarian Aviation Group JSC completed the procedure for acquisition of sole participation in the capital of Air Ban airline carrier; Zarneni Hrani Bulgaria Plc acquired 100% of the capital of Goliama Dobrudzhanska Melnitsa Ltd – the third largest mill in Bulgaria; The major shareholder of Chimimport Plc – Chimimport Invest JSC has acquired, via trade offers, the majority share holdings of Assenova Krepost Plc and Holding Assenova Krepost Plc. The capital increase procedure of Chimimport Plc from EUR 76.69 million to EUR 122.71 million was successfully completed by issuing new 89 646 283 preferred dematerialized, non-voting shares with 9% fixed dividend, guaranteed equity share, convertible into ordinary shares with nominal value EUR 0.51 each and issue price of EUR 1.14. As a result of the increase EUR 101.75 million additional funds have been raised; The national air carrier, Bulgaria Air JSC, acquires 45% of the local market leader in the reservation services – Amadeus Bulgaria Ltd (part of Amadeus IT Group).
- 2010** – The merger process of pension insurance company Lukoil Garant-Bulgaria JSC into CCB-Sila PIJSC has been successfully completed. All pension funds managed by Lukoil Garant-Bulgaria JSC have been transferred into the respective funds managed by CCB Sila PIJSC. Following a tender offer to the shareholders of Macedonian Stater Bank, Central Cooperative Bank Plc has acquired 93.72% of the share

capital of the Macedonian bank located in Kumanovo. The subsidiary company Oil and Gas Exploration and Production JSC acquired 100% of the share capital of Chimoil BG Ltd and subsequently started the construction and development of a gas-station chain branded as Chimoil.

The parental company, Chimimport Invest, acquired 85% of the M Kar Ltd share capital, which is the authorized agent of BMW Company for Plovdiv, Stara Zagora and Haskovo.

Chimimport Invest acquired approximately 10% of the share capital of Texim JSC.

2011 – On January 3rd the process of consolidation of the Macedonian commercial banks owned by the group was officially finalized through the merger of Stater Bank JSC Kumanovo and Central Cooperative Bank JSC Skopje; Companies belonging to Chimimport Group obtain associated participation in the business-oriented television channel Bulgaria On Air (TV Bulgaria On Air);

On March 15th, 2011 Bulgarian River Shipping Plc and Navigation Maritime Bulgare JSC establish a joint company called Varnaferry Ltd with scope of business ferryboat shipment along the direct railway-ferry route "Varna - Caucasus";

Procedures for capital increase of Assenova Krepost Plc and Holding Assenova Krepost JSC were planned and executed successfully – through public offering of new shares. The authorized capital of the two companies increased considerably as the accumulated funds amount to EUR 5.11 million and EUR 6.41 million respectively;

Bulgarian Airways Group finalized the establishment of two international projects in the Russian Federation;

Constitutive documents are officially signed for the establishment of the joint companies ZAO TAT AVIA, liable for the implementation of a large-scale project for reconstruction and development of Kazan International Airport, as well as for establishment of ZAO TAT AERO – a managing company involved with the development of OAO – Airlines Tatarstan;

Bulgarian Airways Group JSC increased with 4.9% its voting right and direct participation in the equity of the associated company Lufthansa Technik Sofia Ltd – to the total of 24.9%;

Companies belonging to the Group –

Chimsnab JSC, David 202 JSC, Myth 2003 SPLLC and Sofgeoexploration SPLLC are involved in the process of transformation through merger in to the equity of the receiving company – Chimsnab Bulgaria JSC. Subsequently the Group sold a large portion of its participation in the newly-established company;

The Group participates with EUR 22.82 million in the capital increase of Central Cooperative Bank Plc;

After obtaining the necessary approval by the Commodity Exchange Commission, the Group acquired 75% of the share capital of Plovdiv Commodity Exchange JSC;

On December 2011 Fraport Twin Star Airport Management JSC started the construction and realization to the turnkey of new international passenger terminals at Varna Airport and Bourgas Airport. Besides this undertaking which is officially completed by 2013, Fraport Twin Star Airport Management JSC started the implementation of several major infrastructural projects at Bourgas Airport – a new building for administration headquarters, a new cargo terminal and a fire station.

2012 – On January 10th the Group transferred portion of its interests' equivalent to 10% from the capital of VTS JSC, and by doing so decreased its participation in the company's equity to 41%;

On February 29th Airport Services SPLLC (owning 40% of the capital of Fraport Twin Star Airport Management JSC) was merged into the sole owner of the company Molet SPJSC, as the name of the latter has been changed to Airport Services – Bulgaria SPJSC; On March 4th took place the inauguration and the official opening ceremony of the fully renovated runway at Varna airport. The capital expenditure that was required and practically provided for the planning and execution of the project for rehabilitation, executed by Fraport Twin Star Airport Management JSC, amounts to nearly EUR 20 million;

The subsidiaries of the Group – Fertilizers Trade Ltd, Silico 07 Ltd and Chimtrans Ltd were terminated by liquidation. The amount of investments in the above companies is recovered through liquidation proceeds; The Group obtained the control over the company Texim Trading JSC by purchasing shares representing 66.67% of its equity and

the rights aloud. As a result of the capital increase of the company held at the end of 2012, the Group increased its shareholding in Texim Trading JSC to 88.32%;

In October 2012 was finalized a process of transformation by merging Holding Assenova Krepost Plc in Assenova Krepost Plc. The Group acquired control over the new company as it become part of the subholding company within Chimimport's boundaries consolidating participations in Production and Trade sector. On the account of its majority shareholding in Assenova Krepost Plc the Group acquired control of Asela JSC and AK Plastic Ltd companies;

On November 2nd was registered the newly established company – Port Invest Ltd with primary scope of business concessions and implementation of the accompanying investment program of Port Terminal Lom. The Group exercises control over the newly established company through its subsidiary Bulgarian River Shipping Plc;

In 2012, the Group acquired control over Petrohan Trade JSC through the purchase of shares of the company as a result of which held 100% of its equity and the rights aloud. Through the acquisition of a majority stake in Petrohan Trade JSC the Group also ensured control over 82.37% of the share capital and the rights aloud in Besa Tour JSC. The stakes in the above mentioned companies were sold in 2013;

Adhering to the strategy that the company had adopted earlier for disengagement from all nonoperational assets, in December 2012 Bulgaria Air JSC sold 100% of the possessed share capital of its subsidiary Bulgaria Air OOO, Russia;

At the end of 2012, the Group acquired 16 425 981 ordinary shares with voting rights from the capital of TatInvestBank JSC, based in Kazan, Russia, by doing which acquired controlling interest of the bank's capital.

After this acquisition the Group has a holding of 59.47% of the capital of TatInvestBank JSC, of which 55.92% through Central Cooperative Bank Plc;

2013 – Bulgarian Airways Group acquired 42.50% of the capital of Alpha Airport Services – a joint venture for airport catering with Alpha Flight Group, Great Britain and Lufthansa Services Europe/Africa, Germany;

On August 15th was held the official opening of the new passenger terminal at Varna Airport. The new facility can boast with 3 times larger passenger service area than the old one, whereas the overall investment of Fraport Twin Star Airport Management in the terminal and adjoining infrastructure is more than EUR 37.5 million;

The new passenger terminal of Bourgas Airport will be officially opened and commissioned by the end of the third quarter of 2013. The facility itself is fully completed as the only outstanding deliverables of the project that are currently in progress are the final tests of the security systems and the equipment intended for passengers and cargo servicing. In 2013 The Group acquired 49% of the share capital of Swissport Bulgaria.

The company has signed agreements for sale of a substantial part of its stake in POK Saglasie.

2014 – Chimimport has acquired control over IC OAO Itil Armeec, with headquarters in Kazan, Republic of Tatarstan through purchase of shares from Armeec Insurance JSC, owner of 100% (recomputed to 96.34%) from the shares and the voting rights of IC OAO Itil Armeec.

The Group has acquired 88.90% from the shares and the voting rights of Technoimpex 98 merged in its subsidiary Technoimpex, with headquarters in Sofia, Bulgaria.

In 2014 The Group acquired an additional contribution of 26.52% in its subsidiary ZAO Investment Cooperative Bank (previous name TatInvest Bank), thus increasing its controlling participation up to 86.27.

In 2014 The Group acquired an additional contribution of 10.72% in its subsidiary Oil and gas exploration and production JSC as a result of the Tender offer to the remaining shareholders of the company, thus increasing its controlling participation up to 66.89%.

2015 – The company Bulgaria Air Maintenance AD was founded on 06 January 2015 by in kind contribution of real estate properties previously owned by Hemus Air and Bulgaria Air. The value of the properties (land and buildings) is EUR 46.192 mln. Bulgaria Air Maintenance AD is specialized in construction and facility management for basic and linear technical service, maintenance and repair of aircraft,

construction of logistic centers and cargo terminals. Currently the target investments of the company is development of two projects located in the Sofia Airport area for future expansion of Lufthansa Technik's maintenance center.

In December 2015 the first phase of „West Wing Extension Project:Lufthansa Technik - Sofia OOD MRO facility with provision of buildings and infrastructure by Bulgaria Air Maintenance EAD“ was launched. The project includes the following Sub-projects:

Checkpoint, parking lot and corridor access south of the existing structure; Five-storey business and service building with underground level and a transport corridor along the surrounding area and infrastructure; New Hangar 1 for aircraft maintenance and repair and site networks.

From April 2015, after complete reconstruction in compliance to the latest standards and the requirements of the German manufacturer, “M Car Skopje” became the official dealer of the brands BMW and MINI for Macedonia and Kosovo.

2016 – In 2016 the company Sitnyakovo Project Estate EOOD was set up by the Group. The share capital of the company amounts to EUR 3.33 mln. and represents in kind contribution of real estate with excellent location and an option for construction of high-rise office building. Subject of activity of Sitnyakovo Project Estate is management and rental of real estate; purchase of real estate; construction of buildings; sale of real estate – offices and flats.

The Group acquired additional equity in the amount 1.20% in its subsidiary Parahodstvo Bulgarsko Rečno Plavane AD, thus increasing its controlling interest to 81.91%.

In 2016 M Car Varna reconstructed the BMW showroom in accordance to the high standards and requirements of BMW AG and launched the second showroom of the BMW Motorrad for Bulgaria. In 2016 started the construction of the largest sales and service BMW and MINI Complex. M CAR Sofia is due to open in 2017 and it will span over 11 000 square meters.

The Complex strategy of “Invest Capital”, with the aid of its fiduciary company “M Car Group” is to expand, in the future, its activity in the automotive tier as it acquires new dealerships, expands its activity over the

available and to increase the quality of the newly opened service centers.

In September 2016, Bulgaria Air Maintenance EAD was launched the built-to-suit project - Logistic center for DHL Express Bulgaria OOD consisting of administrative section and underground car parking. The duration of the construction phase is expected to be 20 months from the date of signing of the contract.

In December 2016 the first phase of the project „West Wing Extension Project: Expanding of Lufthansa Technik - Sofia OOD MRO facility“ was completed. The second phase is planned to start immediately and consist of development of a new hangar with total built-up area of approximately 6 209 sq.m., a 5-storey office building, new workshops and adjacent areas necessary for expanding the maintenance and repair facility of Lufthansa Technik - Sofia OOD.

In July 2017 the sole shareholder of Bulgaria Air Maintenance EAD - Bulgarian Airways Group EAD, decided to transfer part of the assets of the Company to a newly established company Rest and Fly EOOD.

Supervisory Board

Invest Capital

Chairman of the Supervisory Board

CCB Group JSC

Member of the Supervisory Board

Mariana Bajdarova

Independent Member of the Supervisory Board

Management Board

Tsvetan Botev

Chairman of the Management Board

Alexander Kerezov

Deputy Chairman of the Management Board

Ivo Kamenov

Executive Director and
member of the Management Board

Marin Mitev

Executive Director and
member of the Management Board

Nikola Mishev

Member of the Management Board

Mirolyub Ivanov

Member of the Management Board

Chimimport Plc is represented by the
Executive Directors Ivo Kamenov and Marin Mitev
together and individually.

“Chimimport” Plc

For its more than 70 year existence Chimimport Plc has gone from successful foreign trade enterprise, specialized in the trade with chemical products, into a large scale holding company that unites nearly 70 subsidiaries and associated companies operating in various sectors of the Bulgarian economy.

The priority investments of the Group of Chimimport Plc are concentrated in the following sectors:

- » Banking, finance, insurance and pension insurance;
- » Oil and Gas Exploration and Production;
- » Production and trade of petroleum and chemical products;
- » Capacity building in the field of oil refining industry, production of biofuels and rubber;
- » Production of vegetable oils, buying, processing and trade with of grain foods;
- » Aviation transportation and ground-based activities for service and repair of aircrafts and aircraft engines;
- » River and maritime transport and port infrastructure;
- » Securitization of real estate and receivables;
- » Commercial representation and intermediation;
- » Commission, logistics and warehousing operations;

In the last years, due to the The ongoing financial - economic and debt crisis on a regional scale, the net result of the Group’s operations is amended as follows: EUR 32.96 milion for 2014, EUR 29.90 milion for 2015, EUR 26.59 milion for 2016.

On consolidated basis the equity of Chimimport Plc has increased from EUR 666.52 million at the end of 2014 to EUR 653.48 million at the end of 2015. On December 31st, 2016 the equity of the Group amounts to EUR 686.15 million.

At the present stage the main advantages of Chimimport are as follows:

- » Excellent knowledge of the economic and political conditions and realities in Bulgaria, the needs and specificities of the customers and excellent positions in strategic sectors of the economy of the country;
- » Proven Management team – the Group has a highly motivated team of managers, with a vision for the growth of the company, with excellent skills and experience in the management, acquisition and restructuring of companies in both favorable and adverse market environment;

Significant value of the Group’s assets – by December 31st, 2016 Chimimport Group’s assets have book value amounting to EUR 4 184.41 million (EUR 4 008.02 million at the end of 2015, EUR 3 704.31 million at the end of 2014).

The management of Chimimport AD believes that the acquired assets are the necessary basis for the growth and long-term development of the group, as they represent for the most part strategic advantage - the creation of such assets at the present moment would be virtually impossible or would require huge volume of investment, respectively accompanying equity and / or debt financing.

Main strategy and business model

The main strategy and investment policy of Chimimport Plc are focused to position the Group as a major partner in service of the traditional and regional commercial streams. In particular this approach motivated the Group's entry in sectors such as transport, agriculture, financial operations and real estate.

The financial sector is another area where the Group strives to offer the full range of services to its customers. The financial group within the structure of Chimimport Plc currently includes a universal commercial bank, which has traditionally good positions in agricultural lending, general and life insurance companies, pension insurance company, assets management company (mutual funds), as well as two companies with special investment purposes (for securitization of real estate and receivables).

The business model of the Group is build for the purpose of implementing the above-defined development strategy based on the maintenance and expansion of the Group's leading role in the sectors identified as important for the Bulgarian economy. Some of the more specific objectives defined by the management of Chimimport Plc are:

- » Maintain high growth rates of the assets and own capital of the Group, which is associated with the provision of a stable long-term investment return to the shareholders;
- » Affirmation of Chimimport Plc as a holding company with a strong presence in the Bulgarian economy and Central and Eastern Europe;
- » Maintaining a leadership position among the Bulgarian public companies and improving the international prominence of the Group.

Transport is an important sector for the Group. Geographically, Bulgaria is located on a crossroad

between Europe, Asia and the Middle East as five of the ten trans-European corridors pass through the country. Chimimport develops air, river and marine transport, as in all three cases is aiming to the full range of activities, not just pure transport (i.e. including the management of airports and ports, repair and maintenance of vehicles, cargoes, servicing agency and others).

Agriculture is another important economic sector for the Group – Chimimport Plc targets to position its business in such a way as that to ensure the fullest benefit of the traditional advantages of the country as a producer of agricultural products and on the other hand to utilize the key geographic location, allowing the Group to play the role of mediator between Europe and traditional countries producing agricultural production like Russia, Ukraine, Kazakhstan and others. Similar to the transport sector, in agriculture, Chimimport Plc aims to encompass the full spectrum of business – in this case, focusing one hand on the buying, trading, logistics, storage of grain and oilseeds where actively seeks and exploits the relations and synergies with other businesses (transportation, finance, etc.).

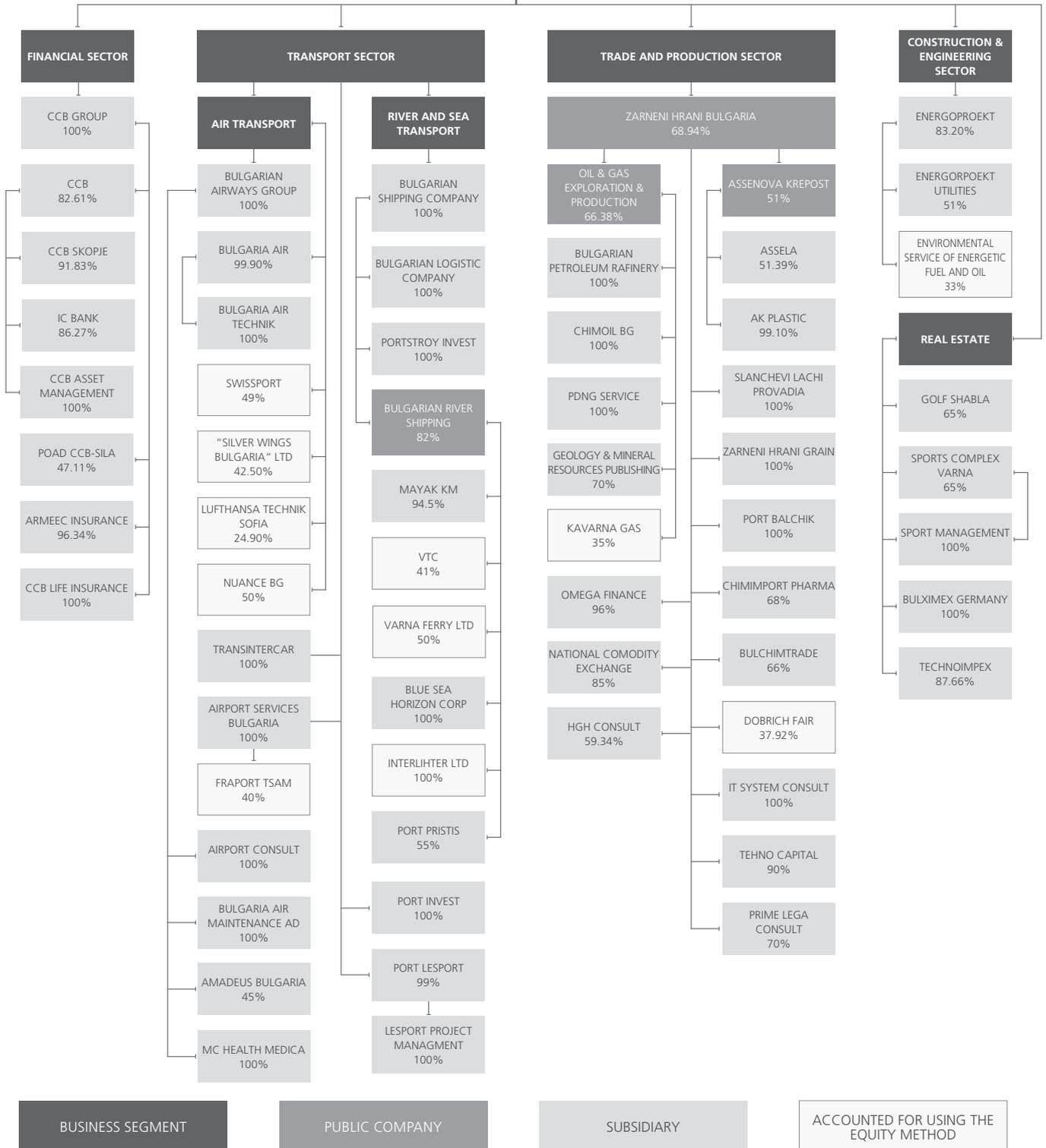
On the other hand Chimimport Plc invests in agriculture-related industries – companies of the group are major players in the industry for the production of vegetable oils, covering all activities from the purchase of raw materials to processing them into finished products (vegetable oils, including for consumption and biodiesel).

The development of the company and its investment plans in the short and mid-term are structured in two main directions – consolidate and optimize the achieved positions and penetration of new markets.



Main office of Chimimport PLC, Sofia, from 1947 year

CHIMIMPORT PLC



 **Централн**

 **Армеец**



 **Монгол Улсын Холбооны Банк**
Mongolian Union Bank



а Кооперативна Банка

FINANCIAL SECTOR



Армсец

ИТБ Спдд



“CCB Group” JSC

Historically, the company CCB Group JSC is established with resolution issued by the Sofia City Court upon the merger of two companies in existing, since 1998 company Newton Financial Management BG Ltd. As of the end of 2002, the new company is called CCB Group Asset Management JSC, which operates under the name until September 25th, 2008, when it was renamed to CCB Group JSC. CCB Group JSC is a sub-holding company within the structure of Chimimport Plc, which unites the interests and participation of the holding in the financial sector, including the development and implementation of strategic program for growth of the companies in the sector, according to the long-term goals of Chimimport Plc in the field of financial services.

The company carries out strategic control over the activities of its subsidiaries and assists the process of their long-term funding. Main office of CCB Group In addition, CCB Group JSC supports its subsidiaries and other companies from the holding structure by providing them with a wide range of consulting

services related to financial and capital markets, including methodological support for implementation of major projects, negotiations with foreign investors, public listing of companies, mergers and acquisitions, restructuring, sale of companies and others.

Currently, the financial sector of Chimimport Plc includes a number of companies with a well-established name and presence in their respective segments, namely: Banking services (Central Cooperative Bank Plc and its subsidiaries CCB Skopje and TatInvestBank), Insurance and Reinsurance (Armeec Insurance JSC and CCB Life JSC), Pension Insurance Fund (CCB-Sila PIJSC), Mutual Funds (CCB Assets Management) and securitization real estate (CCB Real Estate Fund SPIC). A part of the above-mentioned companies were constituted by CCB Group JSC during 2006 and 2007 with the purpose to achieve full range of financial products and services offered by the holding. After their creation these companies developed sustainable operations and established a comprehensive presence on the market.



Main office of CCB, Sofia

“Central Cooperative Bank” AD

Central Cooperative Bank (CCB or the Bank) was registered by virtue of a decision of Sofia City Court on 28 March 1991. The Bank’s founders are the Central Cooperative Union, the regional cooperative unions and more than 1 100 cooperative organizations.

Shareholders

As of 31 December 2016 the Bank’s equity amounts to EUR 231.03 thousand. The capital adequacy ratio is 15.63%, exceeding the minimum requirements according to Regulation (EU) No. 575/2013 and Ordinance No.8 of the Bulgarian National Bank for banks’ capital buffers.

Shareholders of CCB AD as of 31 December 2015	Participation (%)
CCB Group EAD, Sofia	68.56
Chimimport AD	6.65
Other minority shareholders	24.79
Total	100

As of 31.12.2016 the shareholders of CCB are 5 310 individuals and 1 147 legal entities. The shares of CCB AD have been traded at the Bulgarian Stock Exchange since 4 March 1999. During the last 16 years the shareholding structure of CCB AD has undergone three major changes – in June 1999, when Bulbank sold to State Fund “Agriculture” its share of 35%; in June 2001, when the share of Fund “Agriculture”, passed initially through the Bank Consolidation Company, was purchased by Chimimport AD, and at the end of 2004, when the shares of the Central Cooperative Union were acquired by Chimimport through CCB Group EAD.

The last procedure on the company’s capital increase from EUR 42 516.53 thousand to EUR 57 854.87 through the issuance of 30 000 000 ordinary dematerialized voting shares with nominal value of BGN 1 each and emission value of BGN 1.50 was implemented at the end of 2011. As a result of the subscription close to 30 million shares were subscribed and paid up, thus an amount of about EUR 23.01 million was received in CCB AD’s fund-raising account.

CCB is a universal commercial bank, licensed to perform any and all types of bank operations countrywide and abroad. The Bank also performs activities as an investment intermediary and is approved by the Bulgarian National Bank as a primary dealer of state securities. The Bank is a leader in

servicing the agrarian sector in Bulgaria, with its goal in the future being to keep its leading positions by expanding the scope and volume of the operations thereof with the agricultural producers countrywide. At the same time CCB prioritizes the development of the retail banking and card payments, offering competitive products and services to individuals, as well as to small and medium enterprises and corporate clients from the other branches of the economy.

CCB has been licensed by MasterCard Inc. to issue and accept international debit and credit cards – MasterCard and Maestro, and is also a full member of Visa International, offering the full range of Visa Cards. Since August 2003 the Bank has been a representative for Bulgaria of the largest world company for fast money transfers - Western Union. In 2008 CCB became a direct member of the Pan-European payment system for net settlement EBA STEP2 SCT. Since July 1993 CCB has been a member of the European Association of Cooperative Banks with head office in Brussels, and since September 2004 – a member of the International Cooperative Banking Association, whose members are more than 55 institutions from 40 countries.

CCB reaches its customers through a central office in the city of Sofia and a well-developed branch network of 301 locations in the Republic of Bulgaria, a branch in Nicosia, Cyprus, and the branch networks of the

Main office of CCB, Sofia





subsidiary banks in the Republic of Macedonia – CCB Scopje AD and in the Republic of Tatarstan – AO IC Bank with a branch and offices in the city of Kazan and a branch office in the city of Moscow. As of 31 December 2016 the total number of the persons actually engaged and employed in the Bank is 2 161.

Central Cooperative Bank performs its international activity through a wide correspondent network that has been established and developed during the years and now encompasses more than 386 financial institutions all over the world. As of the end of 2016 CCB maintains 21 nostro correspondent accounts in banks abroad, allowing the execution of payment transactions in all freely convertible currencies.

CCB has a status of a public company and since March 1999 its shares have been traded at the Bulgarian Stock Exchange. Currently the Bank's shares are traded at the "Premium" formal market segment of the BSE and are included in three exchange indices – SOFIX, BGTR30 and BGBX40.

Market position

According to the statistical data for 2016 published

by the Bulgarian National Bank, CCB holds the 8th place in view of carrying amount of the assets from a total of 27 banks and branches of foreign banks in the banking sector.

Acquisitions

After the acquisition of CCB by the group of Chimimport AD, the Bank participates actively in the purchases of credit institutions, which have become insolvent during the second half of the 90s. Following Chimimport's gaining control of CCB in 2003, the Bank has started to show growth: the assets and net profit have increased significantly, the whole product range has changed and CCB has entered in completely new segments.

CCB acquires the commercial enterprises of six commercial banks in Bulgaria, declared insolvent: Agricultural Credit Bank, Credit Bank, Dobrudzha Bank, CapitalBank, Crystal Bank and International Bank for Commerce and Development. During the first quarter of 2008 Central Cooperative Bank AD acquired 75.51% of the capital of its first subsidiary – the Macedonian bank Sileks Banka AD, Scopje. After the company's capital increase in September 2008 the share of CCB in the credit institution grew up to 82.57% of the voting shares. In October 2008 the name Sileks Banka AD was changed to Central Cooperative Bank Scopje AD. After repurchasing own shares in December 2009 the share of the parent bank reached 82.63%. CCB plans to use CCB Scopje as a base for entering the Macedonian market and applying its successful strategy and experience in Bulgaria.

On 16 March 2010, pursuant to an extended commercial offer, CCB acquired a majority share to the amount of 93.72% in the capital of one more Macedonian bank – Stater Banka AD, the town of Kumanovo. At the beginning of 2011 the two subsidiary banks at the Macedonian market merged and CCB holds 87.35% of the capital of the united credit institution - CCB Scopje AD.

In 2012 CCB AD acquired 100% of the capital of CCB Assets Management EAD

In 2012 CCB AD acquired 100% of the capital of CCB Assets Management EAD.

In 2012 the Bank acquired 55.93% of the shares of ZAO ACB TatInvestBank, the city of Kazan, the Republic of Tatarstan, Russia, thus gaining control of the bank. Prior to the acquisition the Bank held ordinary voting shares, and later acquired additional shares from the capital of the subsidiaries. In 2013 and 2014 the Bank acquired additional shares of ZAO ACB Tatinvestbank. As of 31 December 2015 it holds 86.27% of the capital of AO IC Bank.

Card activity

In 2016 CCB AD retained its positions as one of the biggest issuers of credit and debit cards in the country. The Bank issues international credit cards Mastercard and Visa, cobranded credit card Visa CCB-Bulgaria Air, credit card Visa Platinum, as well as domestic credit cards.

The portfolio of debit cards offered by the Bank consists of international debit cards of high class World Debit MasterCard and Visa Debit, cobranded cards Debit MasterCard with Mobiltel AD and with Bulgarian Posts EAD, as well as domestic debit cards. The Bank also offers debit and credit cards EMOTION, the holders whereof may choose the vision of the card from the offered gallery of more than 50 designs.

The Bank provides its customers with the option to take advantage of the exceptionally fast contactless payments with all major brands of cards.

In 2016 the Bank launched certain new card products and services:

In July 2016 the Bank launched two new card products, specifically designated for companies – contactless debit cards Visa Debit Commercial and Debit MasterCard Commercial. The cards are of high class, with wide application and additional characteristics, satisfying the needs of the business customers. The cards allow online transactions (at all sites accepting credit cards), hotel booking, as well as other payments all over the world. At the end of

2016 the Bank implemented a campaign for promoting Visa Debit Commercial cards together with the card organization Visa.

High class credit card World MasterCard

Since 2015 the Bank has been offering a credit card of exceptionally high class - World MasterCard, intended for important and solvent clients. The credit card World MasterCard is a Premium product of MasterCard, positioned even higher than the Platinum credit cards.

In addition to the exceptionally attractive financial parameters of the card World MasterCard, it boasts with a number of further extras and privileges for its holders:

- » Free membership in the Priority Pass program – ensuring access to more than 700 business lounges at airports in more than 100 countries worldwide;
- » Special discounts from Bulgaria Air;
- » Free access to the business lounges Vitosha and Preslav at Sofia Airport and Sky Lounge and Jet Lounge in Vienna;
- » Insurance when travelling abroad with ZAD Armeec – 22 insurance coverages with maximum coverage amount of USD 50 000;
- » Additional insurance providing protection in case of theft of the card together with personal items and documents, protection at incident or theft of goods, purchased with the card, as well as the most advantageous price when shopping;
- » Discounts in the program CCB Club;
- » Discounts when shopping at selected stores in Bulgaria, included in the CCB World Offers Catalogue;
- » Additional attractive discounts abroad in hotels, famous stores and rent-a-car companies, ensured by MasterCard;
- » Many other discounts when shopping in the stores, included in the CCB Bonus program.

Debit card World Debit MasterCard

The Bank highlights the offer of the high-class debit card World Debit MasterCard. The card is designed for the premium, well-to-do clients, who have significant resources in the Bank or use credit

products in significant amounts. The customers receive special treatment and may take advantage of a number of additional privileges:

- » Discounts at selected stores in Bulgaria, as well as when travelling abroad;
- » Additional privileges at Sofia and Vienna airports;
- » Additional bonuses in the CCB Club Loyalty Programme;
- » Free insurance for travels abroad;
- » Free insurance, providing additional security and covering the following risks:
 - » Theft and/or accidental damage of articles purchased with the card;
 - » Protection for receiving the lowest price when making shopping with the card – if the customer finds the same goods at a lower price, the difference will be reimbursed thereto;
 - » Protection in case of theft or loss of the card together with keys and documents.

At the end of 2016 a campaign was implemented with additional bonuses when shopping with World Debit MasterCard cards. During the campaign, the holders of World Debit MasterCard received an additional bonus of 1% of the purchases, made with

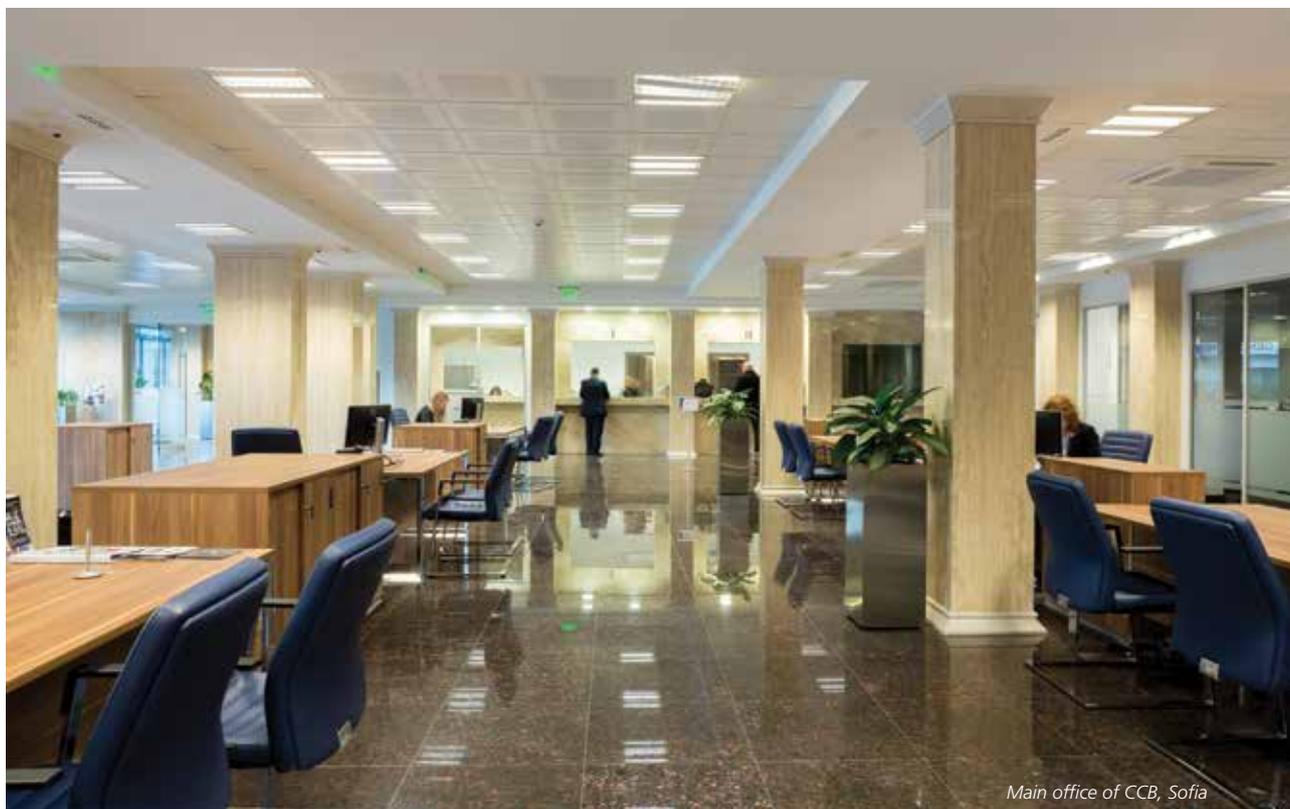
the debit card, credited to their club card CCB Club.

E-Secure service for secure online payments

CCB continues to offer the online secure payment service E-Secure. Through the registration for the E-Secure service the customers receive higher protection when making online payments with bank cards. Through this service they receive additional passwords, subject to an entry only when making online purchases. All of the Bank's international debit and credit cards are open in advance for registration for the E-Secure service. Thus, the Bank provides to all of its customers with international debit and credit cards additional security when making online purchases.

CashM service

CCB offers to its customers the innovative CashM service. The service provides opportunity for all CCB's cardholders to order payment transfers through their banking cards at ATMs. The transfer's recipient



Main office of CCB, Sofia



Office of CCB, Sofia



Office of CCB, Varna

withdraws the amount also from an ATM and does not need to have a bank account or a card.

Mobb service

CCB expanded the options for making payments with mobile phones through the Mobb service, introducing a new functionality that allows the transactions to be performed much faster and easier. Purchases are made by bringing the phone close to the POS terminal, analogously to the contactless payments with banking cards. In order to take advantage of this option, the customer should use a sticker placed on the mobile phone. Customers holding cards Visa Platinum, Visa Gold and MasterCard Gold by CCB, may take advantage of a free registration for the Mobb service.

Privileges in relation to the card products offered by the Bank:

The Bank offers credit cards with special conditions for the customers who receive their monthly wages to accounts held with the Bank. The privilege includes – no interest for the first 4 months and 12% annual interest after the expiration of the 4-month promotional period. When buying airplane tickets from Bulgaria Air with the cobranded credit card Visa Gold “CCB-Bulgaria Air” the cardholder receives a discount to the amount of 5%. From the end of 2014 the customers who hold Visa Platinum, Visa Gold or

MasterCard Gold cards by CCB may take advantage of a free registration for the Mobb service. In 2016 the holders of Visa Platinum cards by CCB were also able to use for free Vitosha business lounge at Sofia Airport, regardless of the air company they travel with. The holders of cards World MasterCard, Visa Platinum, Visa Gold or MasterCard Gold may use for free Vitosha business lounge at Sofia Airport both in case of international flights, as well as domestic flights.

Market positions and statistics

In 2016 CCB AD strengthened its excellent market positions as regards bank cards, with the total number of cards issued by the Bank as of 31.12.2016 being 648 446 cards. During the year an increase was witnessed in the number of the issued MasterCard and Visa credit cards from 34 779 to 36 457 cards. Significant successes were achieved also at the issuance of the debit cards Debit MasterCard and World Debit MasterCard, showing an increase with 85 904 cards, thus reaching 278 140.

CCB AD succeeded to retain good market shares also in relation to the development of its network of ATMs and POS terminals. The number of the virtual POS terminals in 2016 reached 406. At the end of 2016 the total number of the ATMs of CCB was 552. The total number of CCB's POS terminals at the end of 2016 was 4 361, including the POS terminals in bank premises. The total number of the new POS devices allowing contactless payments has reached 2 467.

A record of the market share of CCB AD as regards the cards as of 31.12.2016 is presented in the table below:

Cards	% of CCB from the total for the country
Credit cards Mastercard	5.55%
Credit cards Visa	2.93%
Debit cards Maestro	9.13%
Debit cards Mastercard	11.33%
Debit cards Visa	16.08%
Debit cards Visa Electron	3.77%
TOTAL debit and credit cards	8.30%

*Data source: own sources

A record for the share of CCB AD as regards the terminals (ATMs and POS) at the end of 2016 is presented in the table below:

ATMs and POS terminals	CCB	% of CCB of the terminals in the BORIKA system	% of CCB of the terminals in Bulgaria
ATMs	552	18.30%	9.60%
POS terminals	4 361	8.74%	5.11%

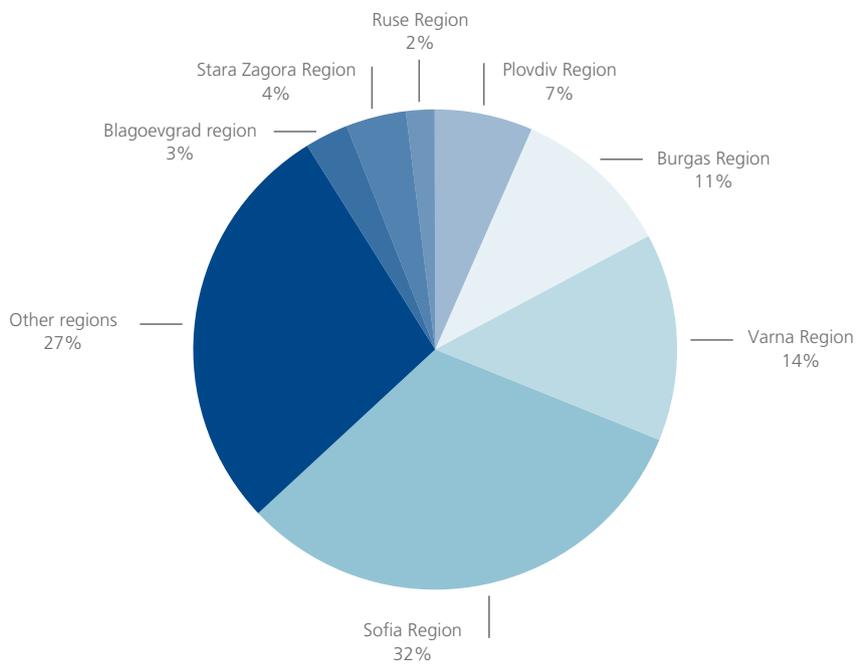
*Data source: own sources

The network of ATMs and POS terminals encompasses the whole territory of the country as follows:

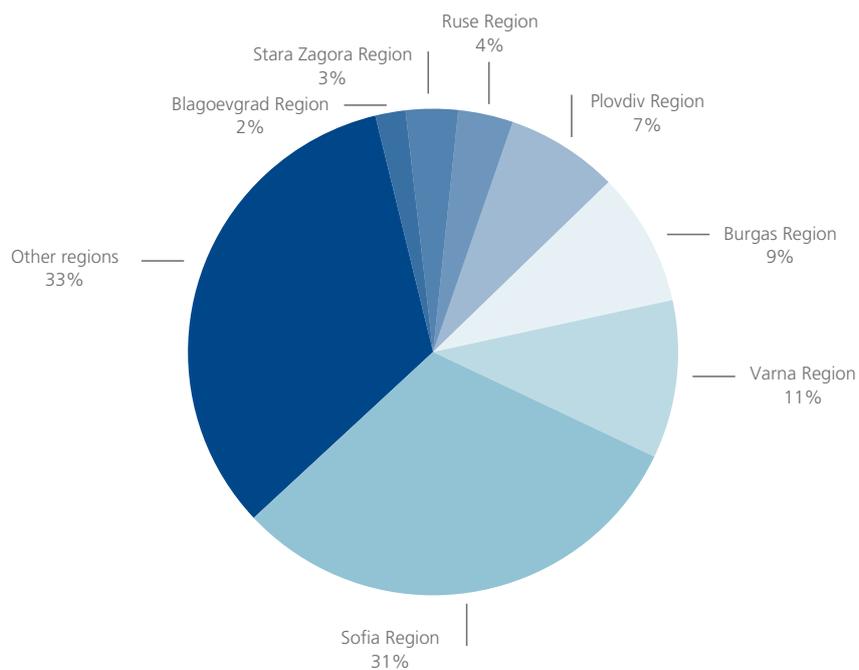
Region	Number of ATMs		Number of POS	
	BORIKA System	CCB	BORIKA System	CCB
Sofia Region	938	171	16 462	1 372
Varna Region	218	58	4 779	601
Burgas Region	243	49	6 037	458
Plovdiv Region	234	41	3 709	282
Ruse Region	83	20	1 235	82
Stara Zagora Region	117	19	1 633	173
Blagoevgrad Region	110	11	1 666	125
Other regions	1 111	183	13 759	1268
TOTAL	3 054	552	49 280	4 361

*Data source: own sources

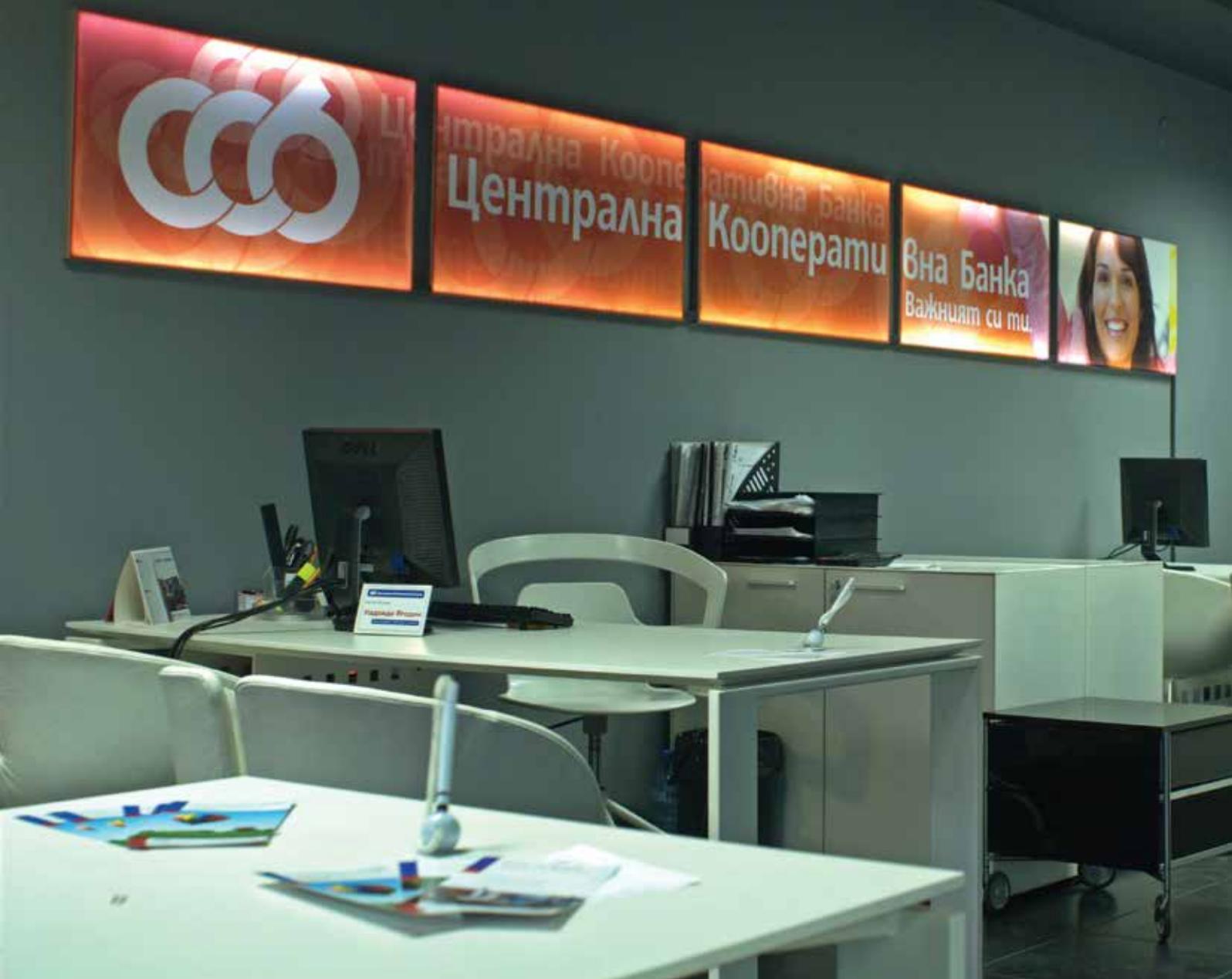
Distribution of CCB AD POS terminals in the large settlements



Distribution of the CCB AD ATMs in the large settlements



*Data source: own sources



Promotions for the cardholders of Visa and MasterCard credit cards by CCB

In 2016 CCB AD again implemented advertising campaigns together with the card organizations Visa and MasterCard, focused on stimulating the payments with CCB cards to merchants countrywide. The holders of international cards by CCB had the opportunity to participate in promotional events with attractive rewards and additional incentives.

In the period June – August 2016 CCB a joint campaign with MasterCard held aimed at promoting contactless payments with MasterCard and Maestro debit and credit cards with rewards for customers. In

September and October 2016 CCB held a campaign to promote the payments with the high-class debit cards World Debit MasterCard. An additional 1% of the value of all purchases made with World Debit MasterCard cards within the campaign was refunded to the customers in the form of bonus points to their club cards.

From October until the end of 2016 CCB held a campaign to promote the payments with MasterCard debit and credit cards with rewards for the customers – “The Reward Season with CCB and MasterCard”. Each week during the campaign the customers who had made at least one payment with the cards participated in a raffle with attractive rewards.

At the end of 2016 the Bank held a wide-scale advertising campaign for MasterCard credit cards. The campaign included the broadcasting of a video, advertising in Sofia metro, online publications and advertising in several print publications. At the same time all contactless MasterCard credit cards that were issued and activated within the period from 01.12.2016 to 15.02.2017 gained a promotional 4-month interest-free period.

The holders of CCB debit and credit cards had the opportunity to also participate in other campaigns with rewards, organized by the card organizations Visa and MasterCard.

CCB Bonus Program

CCB AD continued to develop the CCB Bonus program, which allows cardholders to make purchases with discounts in many stores. This program is an important advantage for customers when choosing a bank, not only for credit, but also for debit cards. The mobile version of the program gives customers access to the catalogue through mobile devices constantly updates them on the commercial sites and stores where they may enjoy discounts. In 2016 the number of CCB Bonus partners exceeds 220, having more than 600 commercial stores and sites countrywide.

CCB Club Loyalty Program

In 2016 CCB Club program retained its sustainable development course, with the 16 partners providing the following services:

- » Bulgaria Air provides to customers an attractive discount of 5% of the price of the tickets, supplemented with the discount when paying with cobranded credit card CCB – Bulgaria Air. Customers also value the privilege in the form of free carriage of additional luggage with each flight with Bulgaria Air.
- » Armeec provides the opportunity for the accrual of bonus points on the program in combination with

- the use of various other discounts on behalf of the insurance company;
- » Lukoil, due to the nature of its business, ensures the highest frequency of the bonus-yielding sales:
- » CCB Club Gold Card – discount to the amount of 4%;
- » CCB Club Silver Card – discount to the amount of 3.5%;
- » CCB Club Business Card – discount to the amount of 3.5%;
- » Standard card CCB Club – the discount of 3% remains;
- » HomeMax chain – 5% discount;
- » Etap-Address and Group Plus bus operators offer an exceptionally attractive discount of 10% for the program's customers;
- » HappyBar&Grill restaurant chain – 5% discount;
- » COOP commercial chain – 3% discount;
- » BM Market food chain – 3% discount;
- » Sport Depot sports goods chain – 5% discount;
- » Grand Optics & Joy Optics optical stores chain – 20% discount;
- » Frant male fashion stores – 10% discount;
- » Hush Puppies shoe stores – 5% discount;
- » Special offers from Mtel for the members of the CCB Club program;
- » CEZ Electro Bulgaria – 25 kWh daily electricity when making payments to the company using CCB service "Subscription for periodic bills".

At the end of 2016 the number of customers participating in CCB Club Loyalty Programme reached 529 839 people, with the bonus amount of sales exceeding EUR 19.94 million.

Consumer and mortgage crediting

In 2016 Central Cooperative Bank AD continued to treat crediting of individuals as a main priority. The Bank continued to focus on the customers who were assessed as more reliable and bearing significantly lower credit risk than the medium. Regardless of the increased competition, CCB succeeded in retaining its excellent market positions.

The successful application of the commercially

oriented work model in all of the Bank's branches and the adequate commercial policy continued to play an essential part in achieving good results. The continuous work on raising the qualifications of the employees, directly engaged with the sales of credit products and banking services to the Bank's customers, including through specialized trainings led by internal and external lecturers and trainers, affected directly the performance and respectively the increase of the Bank's credit portfolio.

The Bank's individual units continued to work actively on conclusion of contracts with employers – big private, state and municipal companies, for paying the wages of the personnel thereof to accounts kept with CCB AD. The fierce competition in the segment imposed working style through personalizing the proposals and offering special, customized deal parameters. This was the very reason why the Bank continued to offer privileges to the employees of the partner companies. The Bank also continued to offer credit products with specific terms and conditions for employees of reputable and stable companies, with which it has no contract for wages and salaries transfer. The bank's employees keep a close relation with the key employers in the individual regions and periodically present the products of the bank before the employees.

The analysis of CCB AD activity for the past year shows the following

From the beginning of the year the Bank has had new retail credits for close to EUR 144.74 million, from which:

- » EUR 99.94 million consumer credits;
- » EUR 44.80 million mortgage credits;
- » The newly allotted consumer credits have increased by more than 48% during 2016 as compared to 2015;
- » The mortgage loans have increased during 2016 by 1.5 times as compared to 2015;
- » As a result of the sale activity the net increase of the retail portfolio (the increase after deducting the

settlements) as compared to 2015 was EUR 70.05 million.

In 2016 the centralized processing of the applications received in the Bank's branches for consumer loans, credit cards and overdrafts continued, performed by Consumer Crediting Department (Credit Center) with Retail Banking Directorate. In 2016 the centralized approval of mortgage loans was focused on the acceleration of application processing, thus ensuring additional competitive advantage of the Bank's mortgage products. The quality of the Bank's mortgage retail portfolio is exceptionally good, from the start of the centralized approval of the mortgage loans there is no loan with overdue instalment for more than 90 days.

CCB AD continues to offer to its customers the option to purchase on credit the chosen goods in the commercial network of the Bank's partners. The processing of any requests received by the merchants countrywide is implemented by personnel of the central office exceptionally fast, within 20 minutes from the receipt of the request. This product is important for attracting new borrowers and expanding the base of loyal customers. As of the end of 2016 the number of merchants offering goods on credit was close to 615.

In 2016 the network of outside agents offering the Bank's credit products was optimized. The main partners in the intermediary activity are credit consultants and real estate agencies with significant market shares. The focus of the joint activity is on the credits, secured with a real estate, as well as consumer credits for well-paid customers.

The Bank continued to encourage the imitateness and development of the employees thereof, organizing two cycles of training for improvement of their sales skills. The participation of the front office personnel and the service and sales specialists in the activity on attracting new customers, holding presentations and implementation of retail sales, both in the banking premises, as well as through visiting customers, employers and other Bank's partners, is actively on the increase.

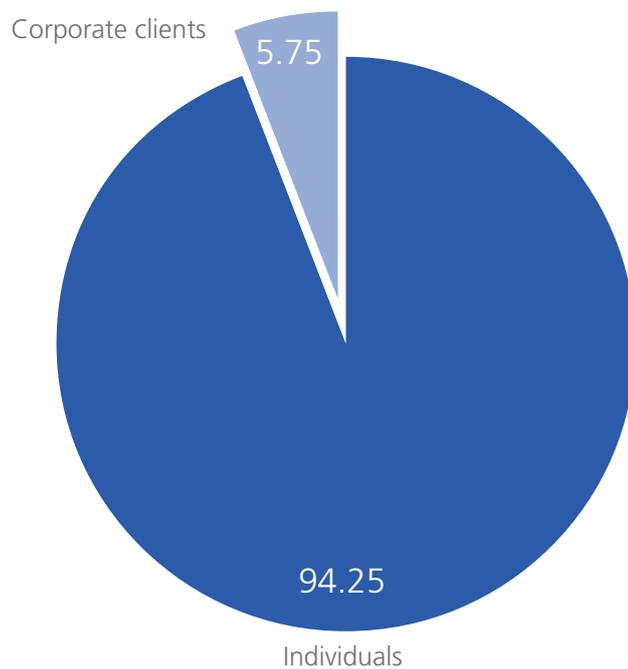
Client structure

The customers of the bank have made a significant contribution to the successes and strengthened market positions thereof. As a result, CCB AD has attracted more customers, especially individuals, households, small and medium enterprises. The Bank's portfolio is fully focused on meeting the customers' needs and desires. The efforts are concentrated on offering competitive and attractive products.

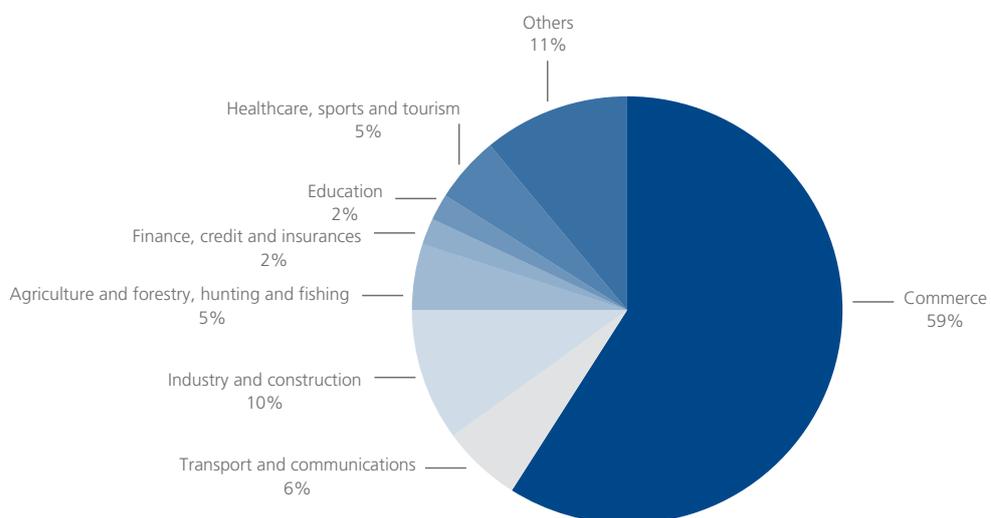
Branch	31.12.2015	31.12.2016
Individuals	1 528.56	1 581.88
Commerce	55.18	58.06
Transport and communications	5.50	5.68
Industry and construction	9.70	10.12
Agriculture and forestry, hunting and fishing	4.89	5.00
Finance, credit and insurances	2.01	2.04
Education	1.94	2.05
Healthcare, sport and tourism	4.58	4.99
Others	9.55	10.33
Total:	1 621.87	1 680.15

**Data source: own sources*

The number of Bank's customers has increased again, reaching 1 680 145 as of the end of 2016. Compared to the previous year the increase is by 3.59%, with the results showing main increase for the individuals. The number thereof has increased with 53 326, or 3.49% as compared to 2015. The positive growth observed during the last several years is mostly due to the Bank's strive to develop in one of the most competitive banking sectors, namely the "Retail Banking". The crediting of small and medium enterprises also shows growth.



Branch structure of the customers – legal entities as of 31.12.2016 (in %)



**Data source: own sources*

Allocation of the credit portfolio as of 31.12.2016

Products	Value, EUR'000	%
Mortgage	82.03	7.13%
Overdrafts	257.93	22.41%
Consumer credits	158.44	13.77%
Others	530.47	0.16%
Company credits	650.71	56.54%
TOTAL	1679.58	100.00%

Individuals	259.75	22.57%
Corporate clients	891.18	77.43%
TOTAL	1 150.93	100.00%

Main office of CCB, Varna

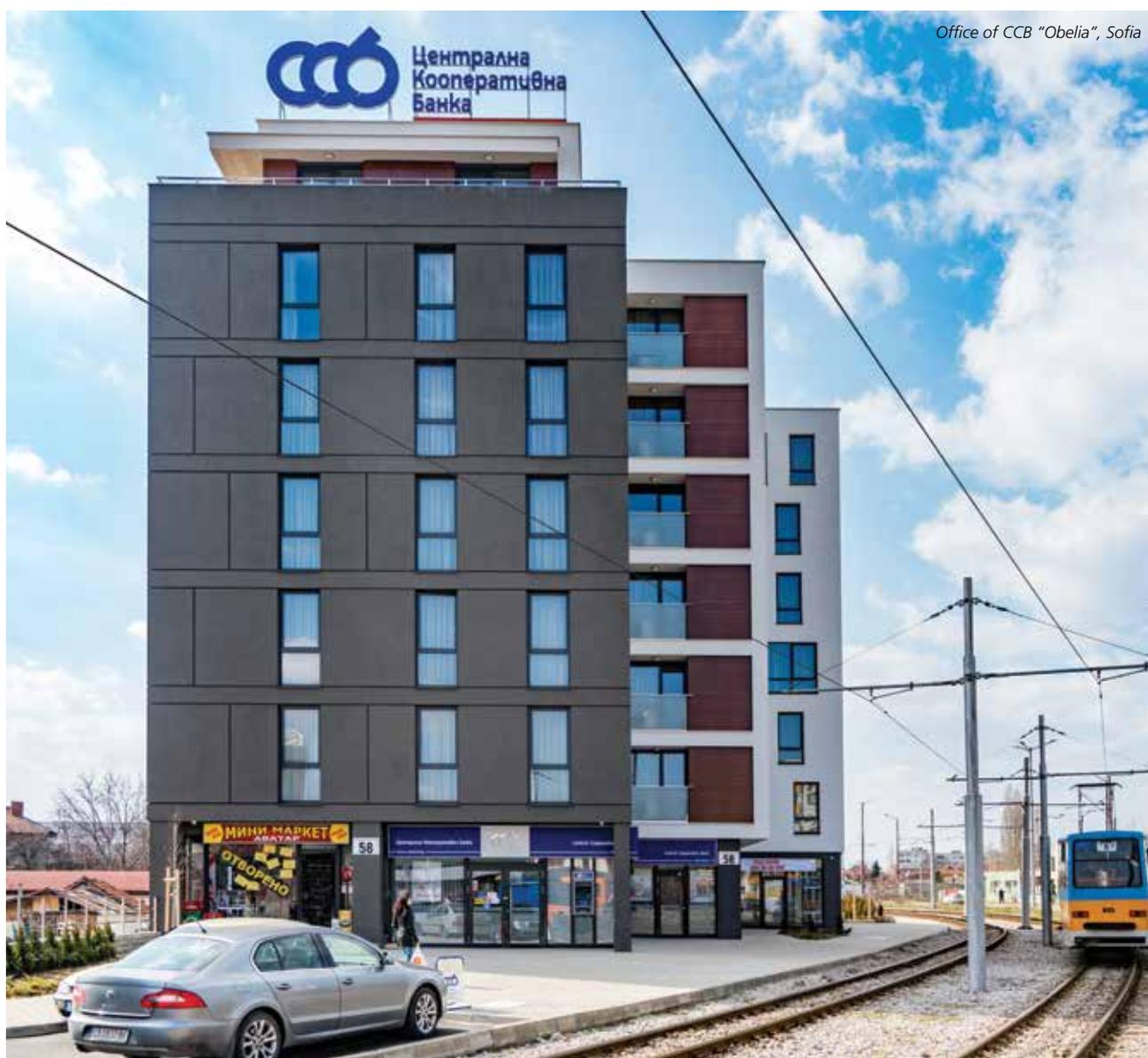
Credit portfolio (carrying amount)	1 104.43
Total assets	2 541.19
%	43.46%

**Data source: own sources*

The Bank in the future

Central Cooperative Bank AD strives continuously to increase the number of its customers, maintaining optimal risk level and excellent financial results.

The Bank's future goals are:



Office of CCB "Obelia", Sofia



- » New products and services for individuals;
- » Retaining the achieved successes and market share in the card business, ATM devices and POS terminals;
- » Benefits from the existing wide branch network;
- » Cooperation with leading financial institutions from the EU, USA and Asia;
- » Maintaining the quality of the credit portfolio and deposit base;
- » Adequate monitoring and management of the customer, credit and market risk;
- » Strengthening its place among the 10 biggest and most efficient Bulgarian banks;
- » Maintaining the good liquidity and increasing the balance sheet number;

- » Personnel training and qualifications.

In 2017 the Bank will strive to deepen and expand its relations with the foreign financial institutions, to retain its positions as a reputable and well-developed bank, with focus on the retail banking, and to keep proving its worth to counterparties and be ahead of its competitors. All that in combination with its good reputation, market positions and widely developed branch network will allow CCB AD to meet the ever increasing requirements of its customers.



Office of CCB, Stara Zagora

“Central Cooperative Bank” Plc. Skopje

History

Sileks Bank JSC Skopje was founded on December 5th, 1999. In September 2001, Agricultural Bank JSC Skopje was merged into Sileks Bank JSC Skopje. By the end of 2007, Central Cooperative Bank Plc Sofia purchased 35 000 shares, thus acquiring 15.40% of the capital of Silex Bank JSC Skopje. Under the Law for acquisition of Joint-Stock Companies, on February 28th, 2008 CCB Sofia purchased additional 136 658 shares and became the majority shareholder with a relative share of 75.51% from Silex Bank JSC Skopje’s capital. By the end of 2008, Sileks Bank JSC Skopje changed its name to Central Cooperative Bank JSC Skopje.

After the realization of private tender offer for 93 038 shares, CCB Sofia increased its share in the capital of Central Cooperative Bank JSC Skopje, and by December 2009 its share amounted to 82.63%. On April 6th, 2010, CCB Sofia purchased 93.72% from the capital of Stater Bank JSC, Kumanovo. Stater Bank JSC Kumanovo is the successor of Communal Bank of Kumanovo district, which was founded in 1955. From 1966 the bank operated as Commercial Bank Kumanovo, and from 1968 as Commercial Investment Bank Kumanovo. Few years later, the bank became a branch of Stopanska Banka Skopje, and later it was transformed to Stopanska Banka Osnovna Banka Kumanovo. On January 31st, 1990 the management decided to establish Stopanska Banka JSC Skopje, where Stopanska Banka Osnovna Banka Kumanovo became the chief branch of Stopanska Banka JSC Skopje.

Due to reorganization of the banking system in Macedonia, on June 14th, 1995, Stopanska Banka JSC Skopje Chief Branch Kumanovo was reorganized into Commercial Investment Bank JSC Kumanovo (CIB), by transferring the capital deposits of the founders of Stopanska Banka JSC Skopje, Chief Branch Kumanovo, into Commercial Investment Bank JSC, Kumanovo.

On July 1st, 2008, Commercial Investment Bank JSC Kumanovo changed its name into Stater Bank JSC Kumanovo, due to its full privatization by Milestone Ltd from Iceland, which acquired 312 647 shares or 92.18% from the bank shares.

In April 2010 Central Cooperative Bank Plc Sofia, Bulgaria, became the majority owner of Stater Bank

JSC Kumanovo. On January 3rd, 2011, Stater Bank JSC Kumanovo merged into Central Cooperative Bank JSC Skopje.

CCB JSC Skopje is a public company with shares traded on the Macedonian Stock Exchange, Skopje – unofficial market. By December 31st, 2012 the bank owned assets in total amount of EUR 110.43 million.

Activity

CCB Plc. Skopje has a full license issued by the National Bank of the Republic of Macedonia to carry out all types of banking activities:

- » Approval of Loans to individuals and legal entities;
- » Deposits in national and foreign currencies;
- » Perform payment operations on the territory of the Republic of Macedonia and internationally;
- » Performing transactions in foreign currency;
- » Issuance of letters of credit and guarantees;
- » Issuance of debit and credit cards;
- » Payment of salaries to employees of corporate clients;
- » Securities trading, etc.

The Bank operates through 5 branches and 19 offices on the territory of the Republic of Macedonia - Skopje, Kumanovo, Ohrid, Kratovo, Probistip, Stip, Resen, Tetovo, Gevgelija, Veles, Bitola, Strumica, Kriva Palanka, Kavadarci and Prilep.

“Central Cooperative Bank” Plc. Skopje has developed international correspondent relations with many banks around the world through the SWIFT network and has direct correspondence with six banks in the world.

Market position

According to the grouping made by the National Bank, banks in Macedonia are divided into three groups according to the size of the assets - large (with assets over 32.1 billion denars), medium (with assets between 8.0 and 32.1 billion denars) And small (with assets below 8.0 billion denars). At the end of 2016, CCB Plc. Skopje belongs into the second group of banks with an asset of 8.4 billion denars.



Office of CCB, Skopje

Card payments

“Central Cooperative Bank” Plc. Skopje issues domestic cards, Visa and MasterCard cards. As products from domestic cards, customers are offered debit cards - Classic Card and credit cards - Star Card for individuals and Business Card - credit cards for legal entities. These cards can be used only on the territory of the Republic of Macedonia for cash withdrawals at ATMs and bank counters and for in-store purchases.

On the 3rd of February 2012, the Bank was granted a Principal Member license in MasterCard Worldwide and since November 2011 it has issued Maestro debit cards and MasterCard Standard credit cards for individuals and MasterCard Business for legal entities. These cards can be used anywhere in the world where the MasterCard sign is used to withdraw cash at ATMs and bank counters and in-store purchases. In accordance with the obtained license from Visa International, from 4th of October 2010, CCB Plc. Skopje is a member of the Affiliate Member in Visa Int'l, with a bank sponsor Halkbank Plc. Skopje.

The Bank issues Visa Electron debit cards and Visa Revolving credit cards for individuals, as well as Visa Business Card debit and credit cards for legal entities,

By the 31st of December 2016 the Bank has installed 30 ATMs and 133 POS terminals. By the 31st of December 2016 the number of cards is as follows:

Type of card	Number
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Office of CCB, Skopje

Debit cards – Visa Electron	17 711
Debit cards – Maestro	13 877
Debit cards – Debit MasterCard	751
Credit card – Star Card	293
Credit card – Business Card	7
Credit card – Visa Revolving	515
Credit card – MasterCard Revolving	2 024
Credit card – Visa Business	45
Credit card – MasterCard Gold	134
Credit card – MasterCard Business	122

Basic financial information for CCB Plc. Skopje

Indicators (mil. euro)	2014	2015	2016
Total assets (balance sheet amount)	136.52	131.64	136.41
Equity	19.92	19.10	19.17
Share capital	22.73	22.73	22.73
Attracted funds	115.76	111.87	116.45
Loans and advances (net)	59.33	71.96	84.57

*Data source: own sources

Perspectives and development

The main goals of the Bank in the future are:

- » Providing maximum security for the clients and depositors of the Bank;
- » Develop new segments, products and distribution channels in the field of banking;
- » Expanding the branch network and market share;
- » Attracting new clients from the segments of SMEs and individuals;
- » Optimize the correspondence network to make fast and seamless payment;
- » Maintaining high and secure asset quality;
- » Maintaining high capital sustainability;
- » Achieve effective cost control;
- » Maintaining an optimal balance between profitability and liquidity;
- » Maintaining a significant amount of profitable assets;
- » Establishment of significant deposit base with optimal client and maturity structure;
- » Achieving high return on equity in the long run;
- » Achieve high net income from the activity and high return on assets.

AO IC Bank, Russian Federation, the Republic of Tatarstan, Kazan

www.icbru.ru

AO "Investment Cooperative Bank" (AO "IC Bank") Kazan was established in March 1992 based on the Vahitovsko division of the State Bank of USSR. It is registered in the central bank of the Russian Federation (number of the state registration: 1732, date of the state registration: 27 March 1992).

Till February 2014 the Bank name was

ZAO AKB "TatInvestBank".

Since 1.06.2015 the company name of the Bank was changed from closed Joint-stock Company "Investment cooperative bank" to Joint-stock Company "Investment cooperative bank" (short name AO "IC Bank").

AO "IC Bank" is an independent, universal credit institution, which offers a wide spectrum of services to its clients. The Bank has good business reputation on the market of bank services, offers quality and competitive servicing, has a stable client base and enjoys the trust of clients.

AO "IC Bank" is a member of the following

organizations:

- » Association of the Russian Banks;
- » Bank Association of Tatarstan;
- » NKO ZAO "National Accounting Depository".

AO "IC Bank" has a license №1732 dated 18.05.2015 for the performance of the following bank operations:

- » Opening and maintenance of bank accounts of legal entities and individuals;
- » Attracting funds from legal entities and individuals in deposits (current accounts and deposits for a specified term);
- » Placement of the attracted funds from legal entities and individuals (current accounts and deposits for a specified term) on its behalf and expense;
- » Performance of money transfers at the order of legal entities, including correspondent banks from their bank accounts;
- » Performance of money transfers at the order of individuals from their bank accounts;
- » Collection of funds, bills of exchange, payment and accounting documents and cash servicing of

IC Bank, Moscow Office



- individuals and legal entities;
- » Purchase and sale of foreign exchange in materialized and non-materialised form;
- » Issuance of bank guarantees;
- » Performance of money transfers without opening an account, including electronic money transfers (with the exception of postal transfers).

The main and priority direction in the active operations of the Bank is lending to corporate clients and individuals.

The Bank performs active operations associated with investing the free cash resource in highly liquid government securities, interbank deposits and deposits in the Bank of Russia.

In 2016 the Bank deployed its activity in Moscow. In March 2016 a bank branch started operations in the Russian capital, which renders the full spectrum of bank services.

The main sources of financing the active operations are the attracted funds on client accounts – checking and deposit accounts of legal entities and individuals.

The Bank offers the following services:

- » accounting cash servicing of legal entities, Internet banking for legal entities;
- » operations with bank cards (salaries on card accounts, debit cards and VISA credit cards for individuals, installation of POS-terminals at the trade shops and other services);
- » servicing bank cards of the “MIR” local system;
- » servicing the foreign trade business of clients – legal entities (conversion operations, foreign exchange control, consulting and other services);
- » collection and supply with cash availability for

- clients – legal entities and other banks;
- » servicing individuals, including sending and receiving money transfers via the systems “Golden crown”, “Unistream”, “Leader” and other services.

AO “IC Bank” services over 2400 clients – legal entities and individual entrepreneurs, as well as over 9 600 individuals. AO “IC Bank” issues VISA bank cards. In 2015 a transition was made to the issuance of EMV chipped cards. During the same year the Bank started the issuance of credit cards to individuals, whereas as at 31.12.2016 there are 182 issued credit cards. At the end of 2015 the Bank received own BIN for the issuance of VISA Gold cards, VISA Classic and VISA Business, which allowed it in 2016 to offer premium card products to individuals. In 2016 the Bank started the issuance of contactless VISA Gold and VISA Classic debit cards. As at 31.12.2016 the active cards, issued by the Bank, are 1 581.

The client servicing is rendered at a central office of the Bank in Kazan, a bank branch in Moscow and 8 additional offices, on the territory of the town of Kazan. Target clients of AO “IC Bank” are Bulgarian companies that have business on the territory of the Russian Federation, as well as Russian companies that have business in Bulgaria, individuals, Russian citizens travelling to Bulgaria with the purpose acquisition of real estate, tourism or temporary stay. In 2017 the efforts of the Bank are directed at deployment of the branch network and building up offices together with “Armeec” insurance company. The Bank staff as of 31.12.2016 is 201 people.

The share capital of the Bank is 293.7 million rubles, whereas the main package of shares is held by “Central Cooperative Bank” AD, Sofia.



Main shareholders of AO IC Bank (as of 31.12.2016)

Identification of the shareholder	Amount of the shares held in the share capital (RUB)	Relative share in the share capital (in %)	Number of shares
"Central Cooperative Bank" AD, Sofia	253 383 940	86.27	25 338 394
OOO "Energoproekt"	27 938 300	9.51	2 793 830
E000 "PRIMA CHIM"	7 320 500	2.49	732 050
AO "Chimimport", Sofia	5 370	0.01	537
Minority shareholders	5 051 890	1.72	505 189
Total:	293 700 000	100.00	29 370 000

*Data source: own sources

According to the rating of INTERFAX-100, in 2016 AO "IC Bank" ranks on the 453d place among Russian banks (out of 563 banks, included in the rating) in terms of the assets, 419th place in terms of the shareholders' equity and on the 438th place in terms of financial result.

Main indicators for the activity of the Bank (as of 31.12.2016):

Identification of the indicator	31.12.2016 (million RUB)	31.12.2015 (million RUB)
Assets	1 525.2	1 595.9
Shareholders' equity	418.0	446.4
Share capital	321.2	321.2
Attracted funds	1 107.3	1 149.4
Loans and advances	658.3	828.1
Profit (Loss)	(37.8)	(54.2)

*Data source: own sources

Perspectives and main directions for development:

- » Deployment of the office network and increasing the market share, establishing mutual offices with "Armeec" insurance company JSC;
- » Development of the card business, issuance of cobranded bank cards VISA Classic, VISA Gold and VISA Business with the logo of AO "IC Bank" and SK "Armeec";
- » Issuance of debit cards with possibilities for use of overdraft loan of individuals.
- » Protection of the funds of clients and depositors;
- » Deployment of the spectrum of the offered

- products and services;
- » Increasing the relative share of loans to individuals, SMEs and individual entrepreneurs in the loan portfolio of the Bank;
- » Attracting new clients for bank servicing;
- » Automation of the processes and implementation of contemporary bank technologies;
- » Deployment of the own network for servicing bank cards, including the number of ATMs and POS terminals;
- » Synchronization of the business processes with Central Cooperative Bank AD, Sofia.

Joint Office of Armeec and CCB, Bourgas



Joint Office of Armeec and CCB, Bourgas

“Armeec” Insurance JSC

About the company

- » **April 1996** Armeec Insurance Jsc was established in the structure of the Ministry of Defence.
- » **June 1998** Armeec Insurance Jsc was licensed to carry out insurance activities in the field of general insurance pursuant to licence no 7, issued by the National Insurance Council.
- » **July 2002** Chimimport AD acquired 91.92 per cent of the company capital. The Ministry of Defence and the trade companies from its system retained 8.08 per cent of the share capital.
- » **October 2007** Armeec Insurance Jsc was assigned its first credit rating by the Bulgarian Credit rating Agency (BCRA).
- » **April 2008** Armeec Insurance Jsc sent notification to the Financial Supervision Commission of its intention to provide insurance services on the territory of the EU.
- » **July 2011** Armeec Insurance Jsc is the first company which owns the naming rights of the sports and entertainment facility Arena Armeec Sofia through a general sponsorship agreement.
- » **December 2012** Armeec Insurance Jsc ranked first on the Bulgarian non-life insurance market with a market share of 12.8 per cent.
- » **December 2015** Armeec Insurance Jsc is the first insurer in the modern Bulgarian non-life insurance business crossing the border of EUR 102 258.38 thousand of premium income for one year.
- » **April 2016** On 11 April 2016 Armeec Insurance Jsc celebrated 20 years of its incorporation.
- » **May 2016** Armeec Insurance Jsc won the first prize at the ceremony Insurer of the Year for 2015 in the category “Non-life Insurance”.



Joint Office of Armeec and CCB, Bourgas

Shareholders

As at 31 December 2016 the paid-in capital of Armeec Insurance Jsc amounted to EUR 16 882 thousand. The following are the main shareholders of the company:

Company	Number of shares	%
CCB Group EAD	281 913	85.38
Niko Commerce EOOD*	5 946	1.80
Invest Capital AD*	6 920	2.10
Chimimport AD*	29 655	8.98
Other minority shareholders	5 756	1.75

* belong to Chimimport Group

Corporate Governance

Armeec Insurance Jsc has a two-tier management system consisting of Supervisory Board and Management Board.

Supervisory Board

Chairman:

Chimimport AD, represented by Nikola Mishev

Members:

prof. Ivanka Daneva
Central Cooperative Bank AD, represented by Georgi Konstantinov, Sava Stoynov, Georgi Kostov and Tihomir Atanasov

Management Board

Chairman:

Alexander Kerezov

Members:

Mirolyub Ivanov, Konstantin Velev, Vasya Kokinova, Valentin Dimov, Galin Gorchev

Representatives

Executive Directors:

Mirolyub Ivanov, Konstantin Velev, Diana Maneva, Vasya Kokinova

Insurance Business

Armeec Insurance Jsc holds a license to perform insurance activities on the territory of Bulgaria and the European Union. The company offers all types of insurance products and services in all lines of non-life insurance business - motor, property, aviation, marine and transport insurance, rail vehicles insurance, construction, crop and livestock, tourist and personal insurances, liability insurances, financial and commercial risks insurance.

Armeec Insurance Jsc operates through a branch network consisting of 51 agencies and over than 50 representative offices throughout the country. The distribution of the insurance products is also carried out by 300 insurance brokers and 1 100 insurance agents.

Reinsurance program

The purpose of the reinsurance program of Armeec Insurance Jsc is to ensure stability of the insurance portfolio and to meet the needs of all its clients in

case of unfavourable developments. The program has been prepared on the grounds of a thorough risk and insurance – technical parameters analysis.

The reinsurance contracts of Armeec Insurance Jsc cover the major insurance business lines and correspond to the General Terms and Conditions and the underwriting rules of insurances.

The reinsurance program complies with the requirements of the Insurance Code and the contracts concluded contain all necessary requisites ensuring the timely payment of indemnities in case of insurance events, optimum distribution of risks and protection against unfavourable events, which could affect temporarily even the company's financial stability. Armeec Insurance Jsc has established business relations with reinsurance companies holding all ratings required by international standards. Our risks are shared by companies, such as Swiss re; MS Frontier Reinsurance Ltd; Hannover Re; Partner Re; Deutsche Ruckversicherung AG; Endurance Speciality Insurance Re; AIG; Allianz, Catlin; Amlin, and other world-renowned reinsurers. Over the years the company built fair and transparent cooperation with its partners.



Memberships and credit rating

Armeec Insurance Jsc is a member of Bulgarian and international organizations, such as: Association of Bulgarian Insurers, National Bureau of Bulgarian Motor Insurers, Bulgarian Chamber of Commerce and Industry, Sofia Chamber of Commerce and Industry, Bulgarian-Russian Chamber of Commerce and Industry.

In December 2016 the Bulgarian Credit Rating Agency awarded a long-term rating of Armeec Insurance Jsc of BB+, stable perspective, as well as a long-term rating according to the National scale of A- (BG), stable perspective.

Market environment and positions of Armeec Insurance Jsc

In 2016 the European economy slowed down its growth rates. It is expected that in 2017 its development will remain oppressed due to the increasing uncertainty in the region connected to geopolitical tensions, the migration flow to the EU Member States and the effect of the exit of Great Britain from the European Union, and the deteriorated economic and political environment in Turkey.

In the current international environment of instability and internal political developments, the real growth of the Bulgarian economy reached 3.4% in 2016. Essential drivers of economic growth are domestic consumption and exports of Bulgarian goods and services. The general macroeconomic indicators have a positive influence on the insurance market, reflected in a more active demand for insurance solutions by households and businesses. In 2016 private investments scored a growth, for the first time from 2012, accompanied by improvement of the general business climate.

In 2016 the non-life insurance market was characterised by strong competition in terms of insurance products' pricing, continuing growth and concentration of broker's channels of distribution, as well as strengthening the role of the regulator. The regulatory processes, assets review and the subsequent stress tests became the main market indicators in 2016. Despite the administrative challenges, according to preliminary data of the

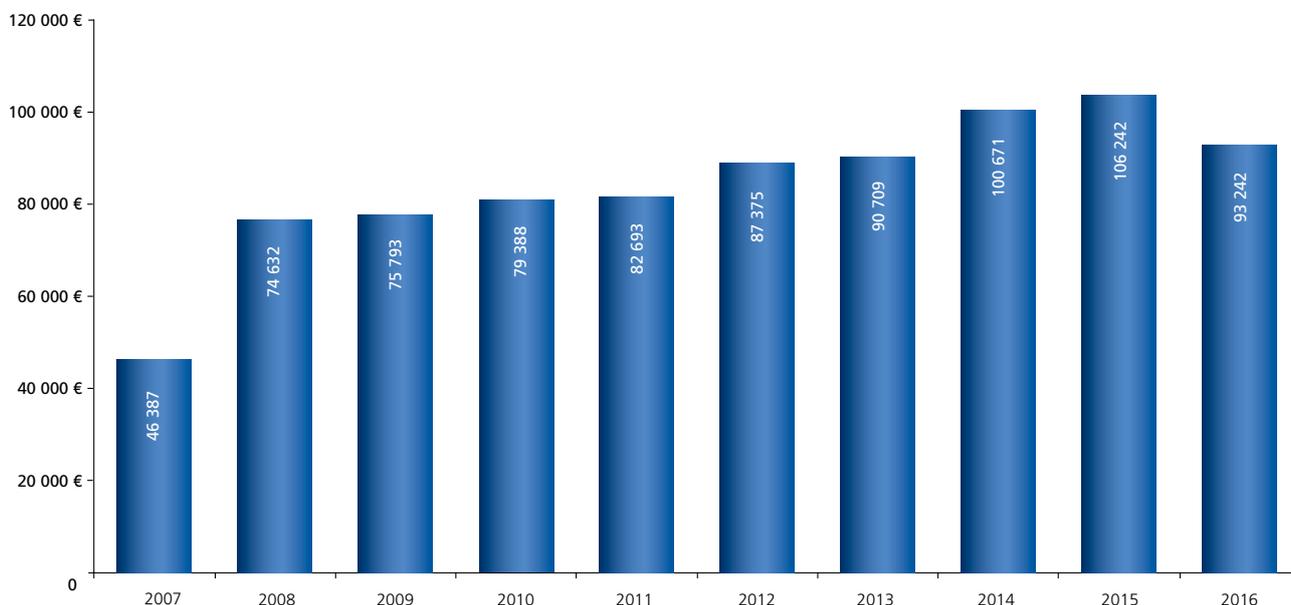
Financial Supervision Commission (FSC) at the end of December 2016, the non-life insurance market in Bulgaria amounted to EUR 829.70 million and a growth by 3.13% was achieved compared to 2015. The total gross premium income was reported on the basis of premiums written on non-life insurance, including active reinsurance, realised by 29 insurers operating directly on the Bulgarian market, other than those that work on the basis of „freedom of services“. The concentration of Motor insurance was preserved at the level of 2016 and the growth in the market is mainly due to these business line. At the end of 2016, the non-life insurance market continued to be competitive and under the pressure of the price war for Motor Third Party Liability insurance. This insurance underlies market positioning as well, incl. that of Armeec Insurance Jsc. Market concentration continued, with the top 5 companies realising 55.54% of total premium income.

The premium income of Armeec Insurance Jsc amounted to EUR 93 226 thousand in 2016. Its market share of the non-life insurance market reached 11.2%. The company ranked third in the market, which was a result of the management decision to reduce the portfolio in business line Motor Third Party Liability insurance.

According to final data, the premium income of Armeec Insurance Jsc amounted to EUR 93 242 thousand in 2016, or there is a decline by 12% compared to the previous year. This decline was due to changes in the strategy and principles of management of the company, with the improvements of the positive technical result by business lines being a major priority for the management of company. The corporate governance in 2016 was directed towards achieving compliance with the regulatory requirements of Solvency II Directive, and adapting and developing all policies relating to its implementation. Some changes in the management bodies of the company and the development strategy for the next three-year period 2017 – 2019 took place during the year.

It was the development of sales business lines, the moderate risk assumption policy and the balance of the insurance portfolio, which has enabled Armeec Insurance JSC AD to close the year with a positive financial result amounting to EUR 4 328 thousand.

Premium income of Armeec Insurance Jsc for the period 2007-2016 (EUR, thousand)



Business overview

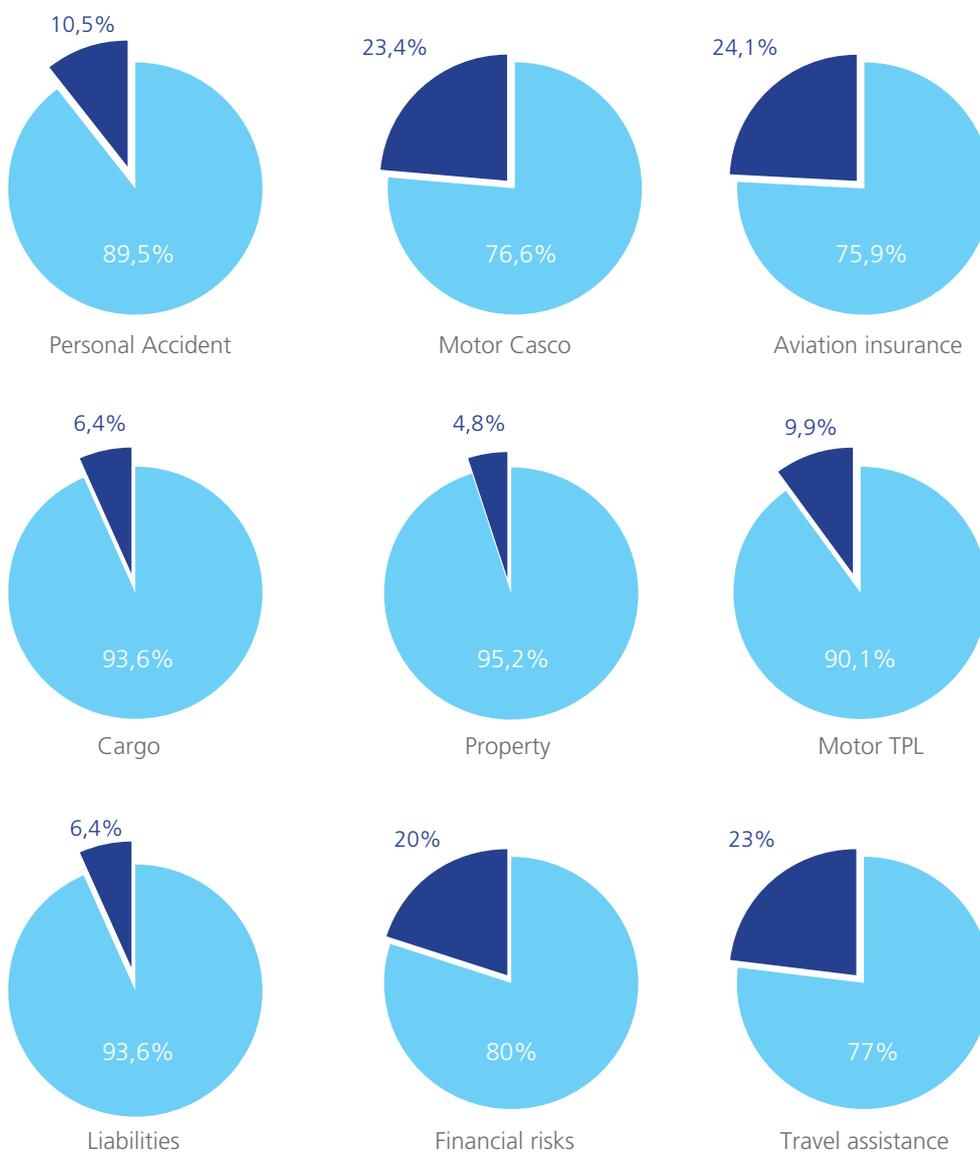
The year of 2016 was a good year for the non-life insurers in Bulgaria. There were no catastrophic events causing massive damages to assets as those in 2014. The relatively stable processes of post-crisis recovery of the economy enabled the companies operating in this sector to optimize their businesses and to put more emphasis on making their activities compliant with the new requirements imposed by Directive 2009/138/EC. The new Insurance Code entered into force at the beginning of 2016, by virtue of which the new financial regime of Solvency II was implemented and a reform of the legislation regulating insurance contracts was implemented. A review of the balance sheets of the insurers, licensed by FSC, was launched at the initiative of the European Commission. The review was carried by independent external experts and was combined with stress-tests. At the beginning of 2017, FSC announced the results from the Insurance Balance Sheet Review of the Bulgarian Insurance Sector. The results reaffirmed the financial stability of Armeec Insurance Jsc. The review of the company's balance sheets was carried by the independent external reviewer KPMG, Romania. According to the summarized report of the review project manager, Ernst & Young, Greece, and the press release of FSC, upon application of an integrated approach for valuation of the balance

sheets of all companies, Armeec Insurance Jsc covers the capital requirements under Solvency II Directive and the Insurance Code. The company covers the minimum capital requirement for solvency (MCR) by 288%. Armeec Insurance Jsc has the highest amount of insurance and technical provisions, more than EUR 109 000 thousand. After further strengthening the capital positions of the company in 2016, the majority shareholder of Armeec Insurance Jsc increased its equity by more than EUR 10 000 thousand.

In April 2016 Armeec Insurance JSC celebrated its 20th anniversary. For a sixth consecutive year the company is included in the See Top 100. Thanks to its good results, the company took 21st position among the top insurance companies in Southeast Europe. Armeec Insurance JSC took the second position in the eight issue of the ranking for „Most preferred brand“ for 2016 of the Bulgarian user in the category „Insurance companies and brokers“. Through the management of the Naming rights held over the Multifunctional Sports Hall Arena Armeec Sofia, the promotion of the Armeec brand continued in 2016 as well.

Armeec Insurance Jsc continued its work on socially responsible campaigns and in 2016, continuing their Patriotism campaign, many projects relating to emblematic dates from the Bulgarian history were implemented with the assistance of the newspapers

Market share of Armeec Insurance JSC by major business lines as of 31 December 2016



Trud and 24 hours. The idea behind the project is for us to take a look back at our history, traditions and the lessons in patriotism current generations either have not read or have forgotten. The company won the first place for its Patriotism campaign in favour of the Bulgarian society and strengthening the good image of the insurance industry for 2015, organized at the initiative of the Association of Bulgarian Insurers (ABI) and the Bulgarian Association of Insurance Brokers (BAIB).

Within the campaign "Bringing Back the Saker Falcon

to Bulgaria!", voliers were constructed at the Wildlife Rescue Centre in the town of Stara Zagora in 2016, fully financed under the project, and the young falcons hatched in the centre were released.

Traditionally over the year, the company continued to support various sports initiatives. Armeec Insurance JSC is the main sponsor of the Bulgarian Karate Kyokushin Federation (BKKF) and ensures financial support to all competitions, championships and trading caps with the aim being the promotion and development of that sport.

Future Development

The comprehensive programme of operations of the company is based on the risk management policy, sales and underwriting policies, all directed towards achieving compliance with the capital requirements and ensuring financial stability and open and transparent policy of distribution of the insurance products. The main strategic goals of Armeec Insurance Jsc for the next reporting period are as follows:

- » To improve the technical result of the overall insurance portfolio;
- » To balance the portfolio with a growth in property and corporate insurance, positioning in profitable market segments by selecting the risks and actively managing the insurance portfolio;
- » Maintenance of adequate reserves and reinsurance protection of the company;
- » Cost optimization through a set of measures in the area of insurance payments and acquisition and administrative costs.

The sales for the next programming period are planned on the basis of market statistics, regulatory corrections and historical experience, results achieved and the company's strategic goals. The distributions channels, used by the company to distribute its insurance products, will continue to be its own channels, agencies and insurance agents, as well as

external channels. Brokers are the major external channel of distribution and the company will continue to develop bank channels and to position itself in bank insurance.

The estimates of risk and technical result development have been forecasted by considering the trends in the historical development of risks taken, as also the expected effect of the measures being planned to optimize the loss ratio and future selection of risks written. In 2017 and the first half of 2018, it is expected that the negative impact on business, loss ratio and the result under Motor Third Party Liability insurance, written in previous insurance period, will be overcome. The risk selection and active measures aiming at reducing insurance indemnities will have a positive impact on the portfolio's technical result. Armeec Insurance Jsc expects an average annual growth rate in sales of more than 7% over the next three-year period. This growth will guarantee that the company will preserve its leading positions on the non-life insurance market of Bulgaria. Armeec Insurance Jsc will preserve its position of the most preferred insurer for Motor Casco insurance, Travel Assistance Abroad insurance, and will increase its market share in the property line of business, including Fire and Natural Disasters insurance and Property Damage insurance. The forecast is based on a moderate risk appetite, in compliance with capital requirements and underwriting rules of the company.



Main office of CCB Sila, CCB Life, office of Armeec, Sofia

“CCB-Sila” Pension Insurance JSC

CCB-Sila PPJSC was established in February 1994. The company is the first provider on the market for supplementary pension provision in the country. With twenty-two years of tradition, CCB-Sila PPJSC has established itself as a secure and reliable partner in the field of pension provision.

The Company manages three licensed funds for supplementary pension provision, which operate on the fully funded principle:

- » Universal pension fund CCB-Sila;
- » Professional pension fund CCB-Sila;
- » Voluntary pension fund CCB-Sila.

In late 2002, the group of Chimimport Plc acquired the majority shares in the Pension provision company. Up to that moment the number of participants in CCB-Sila PPJSC pension funds is 57 284, which is 3.17% of the market share in terms of insured persons, while the managed assets amount to EUR 3 131.15 thousand, which is 1.84% of the market share under this index.

Company's net financial result for past 2016 is

EUR 4 786.71 thousand, as the profit of pension insurance activities is EUR 3 285.05 thousand. For comparison, company's realized net financial result in 2015 is EUR 763.87 thousand, and the profit of pension provision activities is EUR 3 566.26 thousand.

The outcome of the long-term presence at the pension provision market is presented by the following figures:

- » As per December 31, 2016 within the managed by CCB-Sila PPJSC pension funds 420 947 persons are insured, which represents 9.41% of the market share by number of insured persons.
- » In 2016 a growth of the net assets of the funds for supplementary pension provision is observed. As per December 31, 2016 the sum of net assets reached EUR 540 825.12 thousand, against EUR 480 676.23 thousand at the beginning of the year. This represents an increase by EUR 60 148.89 thousand or 12.51%. Company's market share by net assets is 9.83% at the end of 2016.

Development of the pension funds managed by Ccb-Sila Pension Provision JSC during the past 5 years

CLIENTS	2012 г.	2013 г.	2014 г.	2015 г.	2016 г.
Number	382 086	396 256	416 065	422 808	420 947
Market share (%)	9.34	9.46	9.70	9.64	9.41
NET ASSETS	2012 г.	2013 г.	2014 г.	2015 г.	2016 г.
EUR Million	276.05	337.35	415.32	480.67	540.83
Market share (%)	9.50	9.69	9.95	10.07	9.83

Company's income from main activities is EUR 7 167.80 thousand, market share by that indicator is 9.94% in 2016.

Universal Pension Fund CCB-Sila

Rate of return, which is geometrical mean nominal on an annual basis over 10-year period (Jan 1, 2007 – Dec 31, 2016) is 3.03%. Standard deviation for the same period is 4.32%.

Market share as of Dec 31, 2016 in number of insured persons is 9.32%, and in managed net assets is 9.86%. Newly insured persons in 2016 are 8 862 – 8.81% of all newly insured.

Professional Pension Fund CCB-Sila

Rate of return, which is geometrical mean nominal on an annual basis over 10-year period (Jan 1, 2007 – Dec 31, 2016) is 2.88%. Standard deviation for the same period is 6.29%.

Market share by number of participants as of Dec 31, 2016 is 11.79%; market share by managed net assets: 11.22%. Number of newly insured persons in 2016 is 2 928 – 18.53% of all newly insured.

Voluntary Pension Fund CCB-Sila

Rate of return, which is geometrical mean nominal on an annual basis over 10-year period (Jan 1, 2007 – Dec 31, 2016) is 2.21%. Standard deviation for the same period is 8.37%.

Market share as of Dec 31, 2016 by number of insured persons is 8.91%; market share by managed net assets is 8.32%.

Number of insured persons in 2016 increased by 1.71%; new participants are 2 330 – 11.92% of all new participants. The gross income from pension contributions score a growth of 9.15%, while the same index decreases by 19.12% for the entire pension provision market.

There is a balance between contracts for personal contributions and contracts for employer's contributions.

VPF CCB-Sila keeps its leading positions by number of

granted fixed and lifetime pensions. That shows customers' loyalty.

Among bigger corporative customers (who insure their workers and employees for a supplementary voluntary pension) are:

» Lukoil Bulgaria JSC; CIBANK JSC; Lukoil Neftochim Bourgas JSC; Central Cooperative Bank Plc; Guard HMS Plc; NC Control JSC; DS Smith Bulgaria Plc; "Ivan Skenderov" Hospital; National Academy of Music "Prof. Pancho Vladigerov"; "Blagoevgrad" Hospital; SGS Bulgaria Ltd; "Yuliya Vrevska" Hospital; Lukoil Aviation Bulgaria Ltd; Balkani-LK JSC; Municipality Kaynardzha

The Fund offers flexible pay-out options among various types of lifetime or fixed term pensions, lump-sum or programmed withdrawals of the accumulated funds. VPF CCB-Sila starts paying pensions in 1996.

Note:

Data is from the FSC website (www.fsc.bg), geometrical mean nominal rate of return of the pension funds is calculated after item 23.2 of the Regulations to advertising and written information matter of the pension funds and pension insurance companies. Sharpe ratio data is presented on www.ccb-sila.com. The results are not indicative of future results and do not guarantee future positive returns, preservation of the full investment amount or increase of the unit value. Meaning and methodology for calculation of the indexes, funds' investment policies and their modifications are released on www.ccb-sila.com.

Customer Service:

- » The customer service is conducted through the branch network of Central Cooperative Bank Plc, which covers the whole country;
- » Each client receives a personal identification code by which the individual account can be checked at any time on www.ccb-sila.com;
- » The insured person may refer all questions of interest, including fund's dynamics in the individual account, with Customer Care Service at 0700 11 322.

Insurance Company "CCB Life" JSC

The insurance company "CCB Life" is a single – shareholder establishment, incorporated in 2007 by the virtue of Resolution №1333-ЖЗ from the 31.10.2007, issued by the Financial Supervision Commission, with the aid of which the Company then obtains a license to maintain insurance policies for the following cases of insurance:

- » Insurance "Life";
- » Marital and child insurance;
- » Supplementary insurance;
- » Insurance "Accident".

The Company is managed by a Board of Directors consisting of:

A Chairman: Yaroslava Krasteva

And Members: Zdravka Dimitrova and prof. Tsvetan Davidkov doctor of economical sciences

- » Insurance Company "CCB Life" JSC operates in strict adherence to the Insurance Code of the Republic of Bulgaria, as well as to the applicable normative documents.
- » the share capital of the company is EUR 3 783.56 thousand. All of the shares have not been registered of the Bulgarian Stock Exchange.

The main goal of Insurance Company

"CCB Life" JSC is first rate customer service and provision of effective insurance protection through the offering of wide range of insurance products amongst which one can find the following:

- » Individual risk insurances "Life";
- » Group risk insurances "Life";
- » "Life" insurances for credited entities;
- » Individual savings insurances, combining a savings account and different options for supplementary risk coverage;
- » Group savings insurances "Life";

By the development and the implementation of specific projects, the company aims to please the individual needs of each and every customer.

In order to provide complex financial services, Insurance Company "CCB Life" JSC works on combined sales with the other companies from the financial sector of the "Chimimport" Holding. The company exercises its activity on the entire territory of Bulgaria with the aid of the well developed branch network of Insurance Company "Armeec" JSC and other leading insurance brokers. The cooperation between Insurance Company "CCB Life" JSC and "Central Cooperative Bank" JSC is very successful especially regarding the sales of "Life" insurances and "Life" insurances for credited entities.



Main office of CCB Sila, CCB Life, Sofia

“CCB Assets Management” JSC

Chimimport Plc owns 100% of the share capital of CCB Assets Management JSC through its subsidiary Central Cooperative Bank Plc, which during the fourth quarter of 2011 acquired 500 000 dematerialized, ordinary and registered shares with right to vote, having nominal value of BGN 1.00 each.

CCB Assets Management is one of the leading asset management companies in Bulgaria whose investment products are developed and managed by a team of experts with solid experience in the financial markets. According to the size of the managed assets CCB Assets Management JSC holds the sixth place in the ranking of the asset management companies – members of the Bulgarian Association of Asset Management Companies (BAAMC), having market share of 5.09%. As of December 31st, 2016 the assets managed by the company amount to EUR 25 791.10 million.

Scope of Activity

CCB Assets Management JSC was established as a management company on November 22nd, 2006. Since the beginning of June 2007 the company is managing three mutual funds with different risk profile:

» CCB Leader Mutual Fund

CCB Leader is a fund suitable for investors with an aggressive investment strategy seeking higher income for their savings while taking **moderate to high risk**.

Investments are made primarily in shares accepted for trading on regulated markets in Bulgaria and abroad. The fund can invest also in debt financial instruments and money market instruments mainly with the purpose of maintaining liquidity in times of market disruptions.

As of December 31st, 2016 **CCB Leader is one of the largest mutual funds investing in shares in assets under management to mutual funds** with an aggressive investment strategy managed by

companies that are members of the Bulgarian Association of Management Companies (BAAM).

» CCB Active Mutual Fund

CCB Active is suitable for investors with a balanced investment strategy, seeking stable income and moderate growth of their savings while taking **moderate risk**.

The investment policy of the fund envisages realization of capital gains from shares and dividend earnings, as well as current income from debt securities, instruments of the money market and other financial instruments accepted for trading on regulated markets in Bulgaria and abroad.

As of December 31st, 2016 **CCB Active is ranked in Top 3 by assets under management** compared to the mutual funds with balanced investment strategy, managed by companies that are members of the Bulgarian Association of Management Companies (BAAM).

» CCB Garant Mutual Fund

CCB Garant is suitable for investors with a conservative investment strategy, seeking stable income for their savings while taking **low risk**.

Subject to investments are primarily high-quality bonds, other debt securities and money market instruments, accepted for trading on regulated markets in Bulgaria and abroad.

The main goal of CCB Garant is to preserve the value of the shareholders' investments and also to ensure stable increase while taking minimal risk.

CCB Garant brought investors a return for the year 2016 at the rate of 3.64%. A reference to the data of the Bulgarian Association of Management Companies (BAAM) on an annual basis **shows that this is the another year in which the mutual fund CCB Garant ranks among the top positions** in yield compared to the other bond funds managed by companies that are members of the association.

Detailed information on the mutual funds managed by CCB Assets Management can be found in the Prospectus and the Document with key information for the investors that can be accessed on the company's website: www.ccbam.bg.

Advantages of mutual funds

- » High investment liquidity - Investors can receive the cash equivalent of their units in the fund at any time through the redemption of units;
- » Tax relief -The income from investments in mutual funds is exempt from tax under Bulgarian law;
- » Asset Allocation - The Funds invest in a large number of financial instruments in different spheres of the economy and geographic regions, leading to optimization of the risk;
- » High return - It is possible to achieve a higher profit rate than another type of savings and to keep finance from inflation;
- » Security - Purchased units of the funds are a direct property of the investor that is inherited;
- » Transparency - Daily information for the value of the units of the mutual funds is published on the website of CCB Assets Management www.ccbam.bg, www.investor.bg, www.baud.bg. So every day, the investors could see how much their money has become.

Distribution

The mutual funds managed by CCB Assets Management are offered in the offices of Central

Cooperative Bank Plc, indicated in the Prospectus for the respective fund, on the basis of a signed distribution contract.

Strategy and Goals

The mission of CCB Assets Management is oriented towards continuing the development of the company as one of the leaders in the financial sector through deployment of a policy corresponding to the best industry standards and international standards.

The main goals of the management company are:

- » Preservation and increase of the investment the managed by CCB Assets Management funds and realization of higher profit while taking the respective risk depending on the fund's profile;
- » Ensuring liquidity of the investments;
- » Increasing the growth rate of the managed funds by raising the general level of social knowledge about the financial products and services.

Investors should keep in mind that the value of the units and the income from them may decrease, profits are not guaranteed, there is a risk for the investors not to recover the full amount of the investment. The investments in units of the fund are not guaranteed by a guarantee fund or otherwise. The future performance of the mutual funds is not necessarily linked to the results of previous periods.

The main building of Bulgaria Air

TRANSPORT SECTOR



“Bulgarian Airways Group” JSC

The investments of “Chimiport” JSC in the aviation sector are made mainly through “Bulgarian Airways Group” JSC which was established in 2003 under the name “Balkan Hemus Hold” JSC. The company was founded as the sole property of Chimiport with the purpose of acquisition through its subsidiary company “Hemus Hold” LTD of 51% of the share capital of “Hemus Air”.

In early 2004, “Hemus Hold” LTD won a tender and became the owner of the avio-technical base of the Sofia Airport. At the end of the same year (2004) the merger of “Hemus Hold” and “Hemus Air” into “Bulgarian Airways Group” JSC was done and the company gained control over the airway entity.

In early 2007, “Bulgarian Airways Group” JSC won the tender for the privatization of the National Airways “Bulgaria Air” JSC.

The company also participates in “Lufthansa Technik Sofia” LTD. In 2011 “Bulgarian Airways Group” JSC expanded its cooperation with “Lufthansa Technik Sofia” LTD by the increase of the hangar base, respectively the capacity, for the servicing of the Boeing and Airbus aircrafts.

Projects in Russia

In the spring of 2011, “Bulgarian Airways Group” JSC

successfully completed two international projects in the Russian Federation. The establishment papers of the joint venture ZAO TAT AVIA were signed in order for the latter company to perform the large reconstruction and development of the international airport in the city of Kazan, and namely:

- » Building of a new terminal 1A, the capacity of which is increased up to 2.5 million passengers per year and its official opening was on the 12th of December, year 2012.
- » The company ZAO TAT AERO was founded in Russia for the performance of another large project – the reconstruction, modernization and development of the TATARSTAN airways. That project ended successfully in January 2012 and was followed by ownership transfer back to the local State, thus putting the project to an end in December 2012.

The policies of “Bulgarian Airways Group” JSC are dedicated to the development of the subsidiary companies creation of joint ventures with local and foreign companies, active participation in airport concessions (presently the “Chimiport” group controls 40% of the capital of “Fraport Twin star Airport Management” – concessioner of Burgas and Varna Airports for a term of 35 years), as well as in provision of complex services for present and former customers. Currently a large scale investment program is being performed, as well as a restructuring of the aviation business within the holding.

The hangars of Lufthansa Technik Sofia



“Bulgaria Air” AD

“Bulgaria Air” AD is a joint stock company, national carrier of the Republic of Bulgaria. By 14 February 2007 sole proprietor of the company was the state in the form of the Ministry of Transport, and thereafter the company has been privatized. Holder of the capital is “Bulgarian Airways Group” EAD, whereas one of the shares with serial number No.1 is property of the Bulgarian state. The capital of the company amounts to EUR 61.36 million – 120 thousand shares of face value BGN 1 000 each.

The airline is a member of the International Air Transport Association (IATA) and the International IATA Clearing House and the BSP.

The airline “Bulgaria Air” pursues the following scope of activities:

- » regular flights from Sofia, Varna and Bourgas to 22 major cities in Europe and the Middle East: capitals and big cities in Russia, Germany, the United Kingdom, Switzerland, Spain, France, Italy, Czechia, Austria, the Netherlands, Belgium, Greece, Israel, Lebanon and Cyprus, as well as domestic flights to Varna and Bourgas;
- the airline has Code-share contracts signed with airlines such as Air Berlin, Aeroflot, Air France, Alitalia, Iberia, Czech Airlines, KLM, Tarom, Air Serbia, Aegean;
- “Bulgaria Air” offers its customers the opportunity

to fly to more than 400 cities in Europe, Asia, Africa and North America on the basis of contracts for partnership signed with a number of airlines;

- » charter and business flights to more than 100 destinations;

Aircraft of the company are hired throughout the year by big tour operators for carriage of tourists to various destination in Europe, the Middle East and North Africa. “Ad-hoc” charters are also offered – single charter flights for corporate and private clients;

- » aircraft lease – aircraft are offered for wet and dry lease to other airlines in Europe and the Middle East;
- » carriage of cargo and mail – the airline works with all shipping agents registered on the Bulgarian market and with selected partners on the international markets;
- » on board sales – on board its aircraft the airline offers the “Sky Shop” service – sales of various articles on flights within the EU and duty free sales on flights to destinations beyond the EU. Shopping on board the aircraft of “Bulgaria Air” is convenient and attractive for passengers: the prices do not include any duties on flights to certain destinations (DF), the assortment has been carefully selected and of guaranteed origin, with choice of various categories of products,



appropriate as special gift or everyday use. "Sky Shop" also offers a special service: passengers may order in advance a specific article and they can rest assured the article will be delivered on board the aircraft and kept particularly for them.

The management strategy in effect provides for rapid growth of business operations and entering new markets by expanding the flight network, increasing the frequency of operations and attracting new clients with advantageous offers for direct and transfer flights, depending on the specificity of each particular market.

The passenger based market share of the airline is 21.7%.

"Bulgaria Air" distributes its product on the Bulgarian

market via travel agencies and tour operators, the offices of "Central Cooperative Bank" throughout the country, as well as via its own Call Centre and its own sales offices, inclusive of the Internet site www.air.bg. The airline works with some 160 travel agencies and tour operators in the country. The sales by agents in Bulgaria account for 61% of the value of sales on annual basis, and the sales by own offices in Bulgaria and abroad – 39%.

The main objective of the company is to uphold its existing market share and to improve the indices relevant to the number of passengers and the average rate of revenue per passenger. The clients are offered the maximum choice on destinations of "Bulgaria Air" and the whole range of services offered by other air carriers, of comparable quality but at more advantageous prices. On the basis of



Airbus A319-112



Airbus A320-214

the Code-share contract with the "Air Berlin" airline the company was provided with the outstanding opportunity to expand the offering of convenient flights to Scandinavia – Helsinki, Göteborg, Stockholm and Copenhagen, as well as to a number of points in Germany – Düsseldorf, Cologne, Stuttgart, and to supplement the offering of destinations in demand in the USA – Chicago, New York and Miami. According to the newly signed Code-share contract with the Aegean Airlines, "Bulgaria Air" is expanding the offering of flights to the Middle East, the Mediterranean (Beirut, Tel Aviv, Larnaca), as well as to the capital of Armenia – Yerevan, operated by the Aegean Airlines with convenient links via Athens.

The company has representative offices in London, Moscow, Brussels, Frankfurt and Zurich. "Bulgaria

Air" airline has completed its ambitious programme for expansion and optimization of its operations. The company made investments for modernization of its fleet of aircraft and for obtaining last generation of technology for more efficient management of its business operations. The objective was to enhance substantially the quality of the transport service offered and to introduce the highest standards of service in both economy and business classes.

Ground services for "Bulgaria Air" are provided by Swissport Bulgaria.

The service maintenance of all aircraft is done at the aviation technical base of Lufthansa Technik – Sofia.

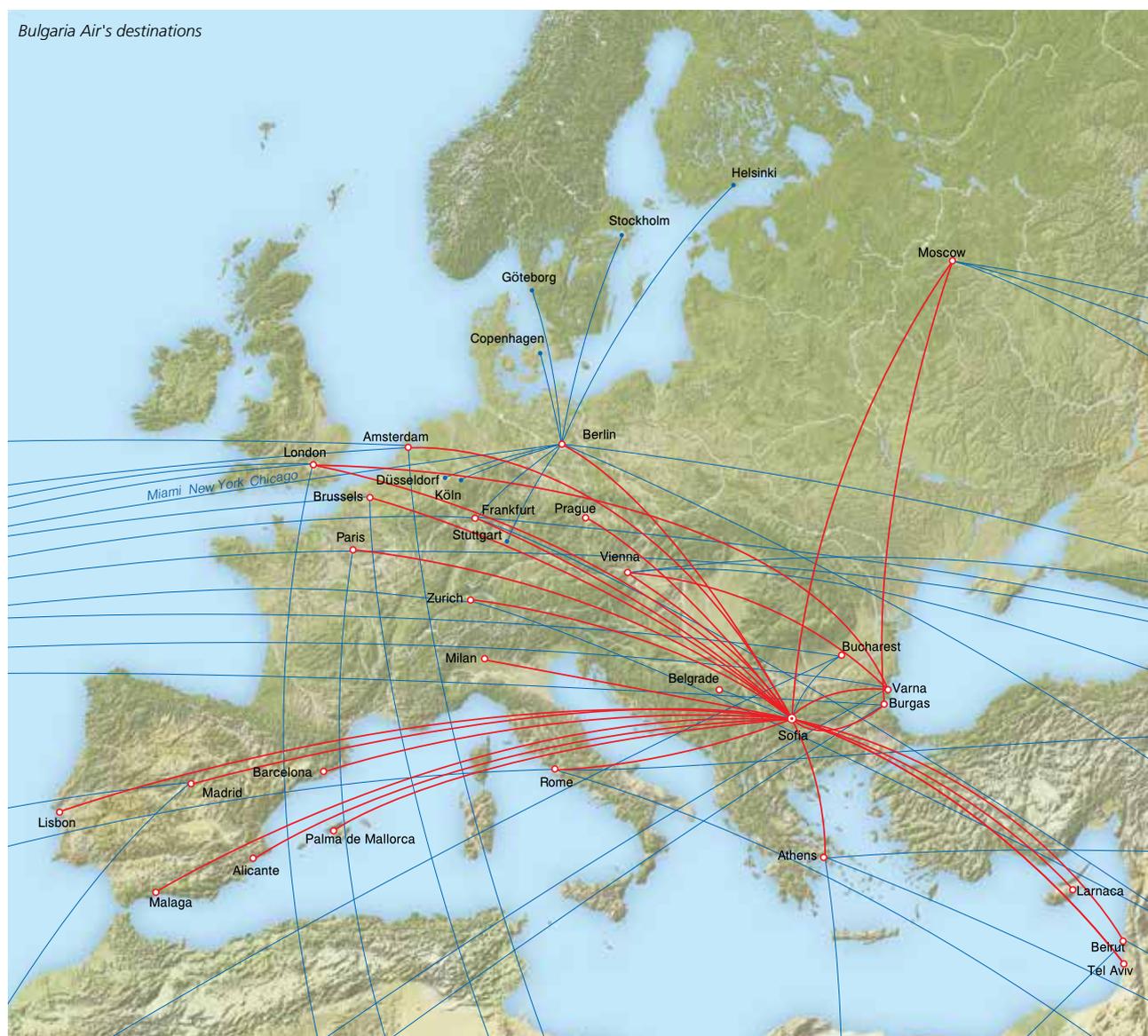
The employees of "Bulgaria Air" are 392, comprising 76 pilots and 106 persons as cabin crew.



Embraer E190-100

Most of the investments were targeted for replacement of the existing fleet with new aircraft from the Airbus concern, as well as from the Embraer concern, which in 2012 added to the fleet of the Bulgarian carrier 4 new, specially manufactured E-190 airplanes. This enabled flying to more distant destinations, higher efficiency, and improvement of the services rendered in general. Further to its lighter

fuselage, this airplane boasts least harmful emissions in its segment, reducing directly the fuel costs and the en route and landing charges. Its novel construction offer more comfort for passengers on board. The optimal dimensions of the machine allow the national carrier to implement its strategy for development of new destinations and to increase the frequency of flights.



Embraer E190-100



The main building of Bulgaria Air



United fleet of "Bulgaria Air"

Manufacturer	Type of airplane	Flights operated by	MSN	Registration No.	Configuration
Airbus	A319-112	Bulgaria Air	3564	LZ-FBA	8C/132Y
Airbus	A319-112	Bulgaria Air	3309	LZ-FBB	8C/132Y
Airbus	A320-214	Bulgaria Air	2540	LZ-FBC	180Y
Airbus	A320-214	Bulgaria Air	2596	LZ-FBD	180Y
Airbus	A320-214	Bulgaria Air	3780	LZ-FBE	8C/156Y
Embraer 190	Embraer 190-100	Bulgaria Air	19000492	LZ-SOF	8C/100Y
Embraer 190	Embraer 190-100	Bulgaria Air	19000496	LZ-VAR	8C/100Y
Embraer 190	Embraer 190-100	Bulgaria Air	19000551	LZ-BUR	8C/100Y
Embraer 190	Embraer 190-100	Bulgaria Air	19000584	LZ-PLO	8C/100Y



Embraer E190-100

“Bulgaria Air Maintenance” EAD

Bulgaria Air Maintenance EAD is a single-shareholder joint-stock company, entered in the Commercial Register at the Registry Agency on 06 January 2015. On 19 December 2014, the companies Bulgaria Air AD and Aviation company Hemus Air EAD decided on the incorporation of the company Bulgaria Air Maintenance AD via contribution in kind of real estate properties consisting of investment properties (land and buildings) valued at EUR 43 848.39 thousand and buildings valued at EUR 2 481.81 thousand. The newly-established company was entered in the Commercial Register on 06 January 2015. On 09 January 2015, a share purchase agreement was signed for the shares of Bulgaria Air Maintenance AD, with which Bulgarian Airways Group EAD acquire all transferable property and non-property rights to 100% of the shares of the Company. With a decision for transformation adopted on 19 July 2017 by the sole shareholder of the Company - Bulgarian Airways Group EAD, part of the assets of the Company was transferred into the acquiring company Rest and Fly EOOD.

The seat and address of management of the Company is Sofia, Slatina District, Airport Sofia, 1, Brussels Blvd.

The share capital of the Company is EUR 44 836.72 thousand, divided into 44 836.72 common, available, registered voting shares with face value of BGN 1 each. Shares are securities certifying the participation of their holders in the Company.

The company has a one-tier management system, its governing bodies are the General Meeting of Shareholders and the Board of Directors.

The Company has a Board of Directors (BD) consisting of:

- » Hristo Todorov Todorov - executive member of BD;
- » Maria Ilieva Vladimirova - executive member of BD;
- » Plamen Tsvetkov Atanasov – President of BD;
- » Bulgarian Airways Group EAD - member of BD, represented by Lyubomir Todorov Chakarov.

Bulgaria Air Maintenance EAD is represented jointly by the two executive directors Maria Ilieva Vladimirova and Hristo Todorov Todorov.

The scope of business of Bulgaria Air Maintenance EAD is construction and facility management for basic and linear technical service, maintenance and repair of aircraft, construction of logistic centers and cargo terminals, aviation services, consultancy activities and any other activity that is not prohibited by the legislation of the Republic of Bulgaria.

The company's activity consists of leasing the corporate real estate – land, hangars and auxiliary buildings thereto.

Description of the Company's real estate

The investment properties of the Company include land, hangars and auxiliary buildings in operation located on the territory of Sofia Airport. The most important of them are as follows:

- » LAND – 119 616 sq.m.;
- » LAND – 1 743 sq.m.;
- » LIGHTWEIGHT HANGAR WITH CONNECTING CORRIDOR;
- » HANGAR 2;
- » HANGAR 3.

Strategic objectives

The strategic objectives of the company are connected with the implementation of two investment projects on the territory of Sofia Airport Complex.

The “West Wing Extension Project: Expanding of Lufthansa Technik - Sofia OOD MRO facility with provision of buildings and infrastructure by Bulgaria Air Maintenance EAD”, which was launched in December 2015, is successfully proceeding within the timeframe stipulated by the agreement, with the first stage of the project completed in December 2016 – construction of a new checkpoint and parking lot for Lufthansa Technik - Sofia. The following buildings will be erected and leased as part of the project – a new hangar with total built-up area of approximately 6 209 sq.m. and a 5-storey office building, new workshops and adjacent areas

necessary for expanding the maintenance and repair facility of Lufthansa Technik - Sofia OOD.

Opening: on October 2017

In September 2016, a second project implemented by Bulgaria Air Maintenance EAD was launched, and namely the construction of a new logistics center for DHL Express Bulgaria OOD, entitled: "Logistics center with administrative section and underground car park for DHL Express Bulgaria EOOD". The duration of the project is 20 months from the date of signing of the contract to its construction and the newly-built premises will be leased long term.

The Company will continue to develop its investment

activities towards the achievement of the strategic goals set. The management expects the completion and handover for use in October 2017 of the project: "West Wing Extension Project: Expanding of Lufthansa Technik - Sofia OOD MRO facility with provision of buildings and infrastructure by Bulgaria Air Maintenance EAD", which will contribute to the successful development of the financial status, operation and cash flows of the Company for the purpose of ensuring the expected return on investments, as well completion of over 50% of the construction work for the project: construction of "Logistics center with administrative section and underground car park for DHL Express Bulgaria EOOD", which would ensure its completion within the prescribed contractual time limits.



“Lufthansa Technik Sofia” Ltd.

Construction activities for the expansion started in July 2016 and are scheduled to be completed in September 2017.

The project includes the construction of a new entrance building and employee parking, a 6 level multifunctional building and an aircraft hangar.

The multifunctional building accommodates office spaces, workshops for repair and maintenance of aircraft parts and a new employee canteen.

The new hangar will be able to accommodate three narrowbody aircraft or alternatively one wide body aircraft up to Airbus A380.

Extension of existing aircraft maintenance and repair facilities for Lufthansa Technik Sofia Ltd.

(West Wing Project), Sofia Airport

The project includes the following Sub-projects:

- » Checkpoint, parking lot and corridor access south of the existing structure;
- » Five storey administration and service building with basement and a transport corridor along the surrounding area and infrastructure;
- » New Hangar 1 for aircraft maintenance and repair and site networks

The reconstructed checkpoint and the adjoining parking lot will be used by employees and visitors of Lufthansa’s aircraft maintenance and repair facilities at Sofia Airport District.

The checkpoint reception hall contains two work

Lufthansa Technik Sofia Ltd.



West Wing Extension Project: Expanding of Lufthansa Technik - Sofia



West Wing Extension Project: Expanding of Lufthansa Technik - Sofia

West Wing Extension Project: Expanding of Lufthansa Technik - Sofia



The construction of Expanding of Lufthansa Technik - Sofia
Opening on October 2017



places and a reception desk for visitors, as well as two check-lines for visitors, equipped with a scanner and a metal detector. There are also waiting places in the hall. The lobby's built up area for customer service in the reconstructed checkpoint is 76 m². Two sections WC, one of which is suitable for use by people with disabilities, are also provided for visitors and security staff.

The reconstructed checkpoint's built up area, together with the coverage - canopy is 200 m².

The parking lot for clients and employees is designed as new traffic organization and marking, with controlled access from the existing entry/exit point and an internal street for complex access through the checkpoint. The reconstruction of the parking includes replacement of pavement and new road marking, new drainage and site lightning.

Totally 115 car parking places are provided, 2 – for TIRs; 40 for motorcycles, 25 for bicycles, as well as 6 parking places for people with disabilities with a suitable route to the checkpoint and to all the premises in the building.

The parking lot's area is 5 427 m².

The administration and service building consists of a basement, five above ground floors and roof installation premises. It is multifunctional. The administration and service building contains office premises, workshops, utility rooms, canteen with kitchen. As a service building for the complex, it houses the main administration and sanitary premises.

The building is situated South of the existing Hangar 2, Hangar 2-extension and Hangar 1A, and West of the existing Hangar 3. It includes a one-storey building – a communication corridor – North of the building, serving as a functional connection to the above-mentioned hangars as well as to the new Hangar 1, situated West of the building.

The total built up area is 12 661.47 m²

Hangar 1 consists of three docks for narrowbody aircrafts type Airbus A320, Boeing 737 and other aircrafts Code C, and respectively one dock for widebody aircrafts type Airbus A380-900 (B747-8, B777-300ER, A330-300 и A340-600) in position on jacks, along with the adjacent areas and infrastructure (Hangar 1). The tail-house is subject of a future project.

The total built up area is 7 612 m²



The construction of Expanding of Lufthansa Technik - Sofia

Logistics base with administration part and underground parking for “DHL Express Bulgaria” LTD

The subject of this project is the construction and commissioning of Logistics base with administration part and underground parking for “DHL Express Bulgaria” Ltd on a site within the municipal area of Sofia, at Sofia Airport area.

The building is functionally adapted to the combined requirements of trans-shipment operations. The delivery of shipments takes place day and night via HGVs with a maximum overall weight of 40 t. The project is divided into 2 functional areas - Terminal and Office Building.

Terminal

Central body with underground parking, docks for intercity transport of shipments, distribution of shipments with conveyor processing technology.

Core body, with mainly linehaul-docks, distribution

of shipments, partially with conveyor technology, building additionally suitable for dangerous goods handling.

PuD – Fingers, as an area suitable for PuD activities (Pickup and Delivery), partially with conveyor – technology only with Van-docks

Office building

The administration building is attached to the terminal. It provides all necessary space for staff's accommodation, according to the numbers of employees - 247 (74 Women /173 Men), and for visitors reception (up to 10% of staff).

The total Site area: 12 837 m²

Opening on: October 2018

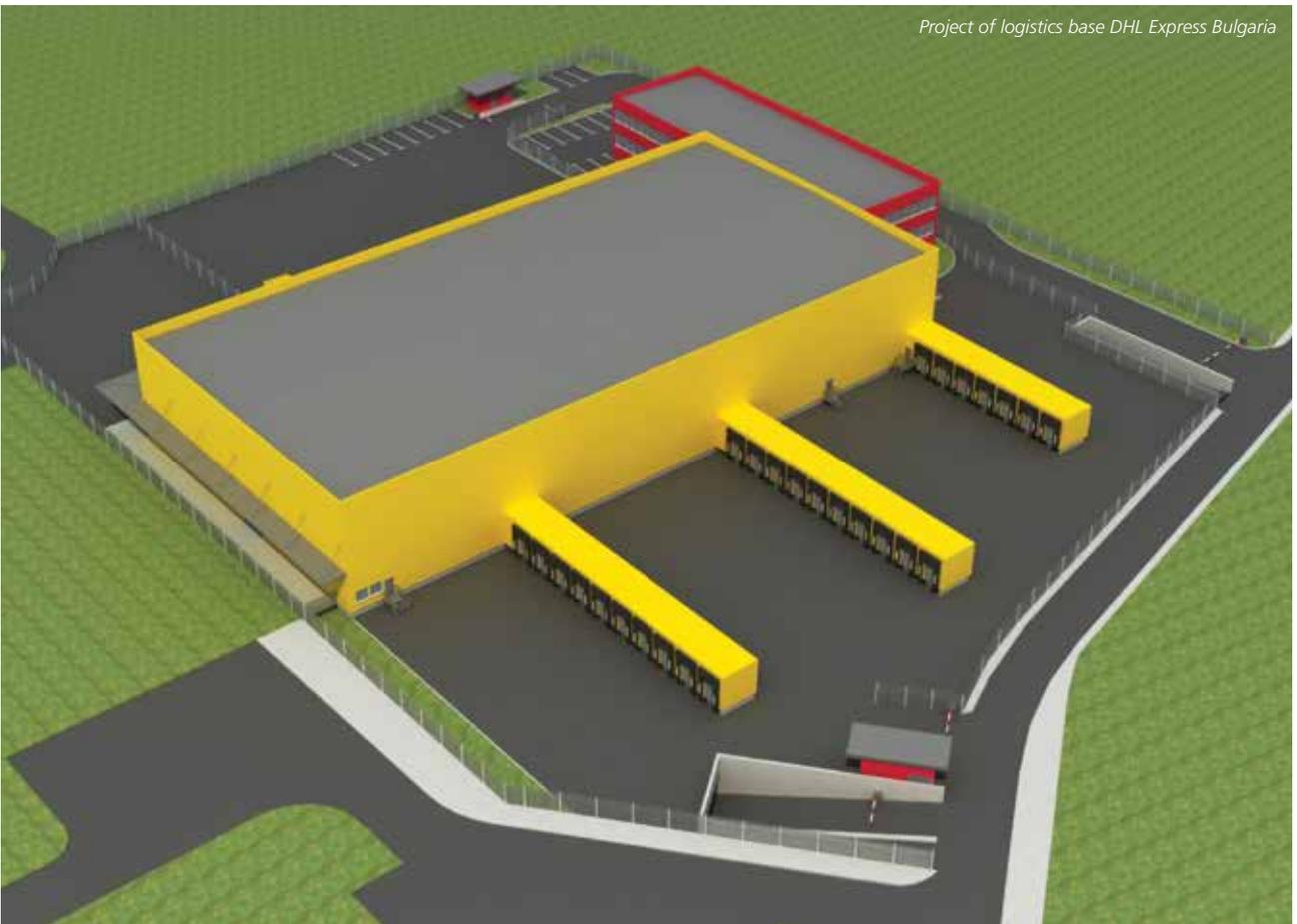
The construction of logistics base DHL Express Bulgaria



Project of logistics base DHL Express Bulgaria



Project of logistics base DHL Express Bulgaria



“Swissport” Bulgaria

Swissport Bulgaria is a joint venture between Swissport International and Bulgarian Airways Group. Swissport International Ltd. provides ground and cargo handling services on behalf of some 835 client companies in the aviation sector and handles around 230 million passengers and 4.1 million flights (movements) per year. With a workforce of around 62 000 personnel, Swissport is active at more than 280 stations in 48 countries across five continents, and generates annual consolidated operating revenue of EUR 2.7 billion. On the other hand, Bulgarian Airways Group is a leader in the Bulgarian aviation sector, successfully integrating

aviation companies under one umbrella.

Swissport Bulgaria AD is focused on providing comprehensive range of services including Passenger & Ramp Services, Lounge services, De-icing and Fueling Services at Sofia Airport. Sofia Airport is the largest airport in Bulgaria with more than 5 million served passengers per year. Swissport Bulgaria AD has more than 350 employees and the company generates annual revenue of more than EUR 5.5 million. In order to strengthen its market presence Swissport Bulgaria AD is focused on introducing new services and innovating existing.



Embraer E190-100



“Amadeus Bulgaria” Ltd.

On September 11th, 2009 the national air carrier Bulgaria Air JSC acquired 45% of Amadeus Bulgaria Ltd. The company is subsidiary of the Spanish Amadeus IT Group SA, established in 1987 by Air France, Iberia, Lufthansa and SAS – and for more than two decades it assists information and travelling agencies and service providers.

Amadeus Bulgaria is the leader on the Bulgarian market, working with more than 300 travel agencies. The company distributes a wide range of products of Amadeus IT Group, a world leader in providing information and reservations for – tickets for more than 484 airlines, over 550 000 hotels, rent-a-car companies with more than 37 000 offices around the world, rail companies, ferries, cruises, etc. As of December 31, 2016 the Amadeus system serves over 700 airlines, solutions used by over 350 airports, with over 595 million bookings made and more than 55 000 requests per second processed.

Operating the most exhaustive travelling data base in the world, Amadeus is the leading company for information technologies, servicing the world travel and tourist industry. It is the supplier of extensive information, options for booking and modern technologies for the travel industry.

As an international company, Amadeus develops its activity within 195 countries. The strong presence, both at the international and at the local market is a result of company’s unique approach when working with partners.

Amadeus has at its disposal an extensive range of products and services. It includes centralized data base, systems for booking, as well as powerful IT solutions for the tourism business. In line with the introduction of the new technologies, Amadeus makes active investments in new developments focusing on strategic partnerships.

Amadeus dedicates large resources in building up of systems for e-commerce, thus providing its clients with additional opportunities.

Amadeus Bulgaria Ltd was launched in February 1999, offering the products of Amadeus, along with training and assistance to its clients in order to meet the specific needs of the Bulgarian travel agencies. Amadeus Bulgaria Ltd offers to the Bulgarian travel agencies and the tourist business an extensive range, both offline and online information solutions, divided into the following groups: Distribution&Content, Sales&Electronic Commerce, Business Management and Services&Consultations.

The Bulgarian team of specialists in the field of the tourist business provides comprehensive assistance and consultations through the Help Desk services, as well as a wide range of opportunities for training with experienced consultants at the offices of Amadeus in Sofia.

The products’ reliability makes Amadeus a unique player at the market of global distribution systems, which ensures the access to the system for its users 24 hours a day, 365 days a year.

“Fraport Twin Star Airport Management” AD

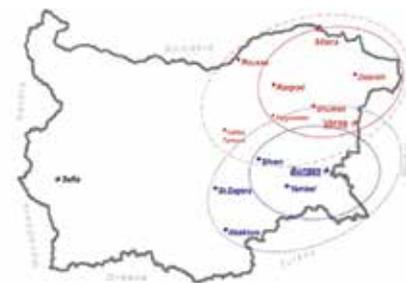
Fraport Twin Star Airport Management AD is the German-Bulgarian concessionaire of Burgas Airport and Varna Airport, 60 percent owned by the global airport operator Fraport AG and 40 percent held by Airport Services Bulgaria.

Since 2006, the company manages and develops both Black Sea airports under a 35-year concession granted by the Bulgarian State. Fraport Twin Star has invested so far more than EUR 178.95 million private funds in the expansion and modernization of the infrastructure and the technical equipment as well as in the training and qualification of staff, which led to a higher level of safety and security, service, reliability and efficiency.

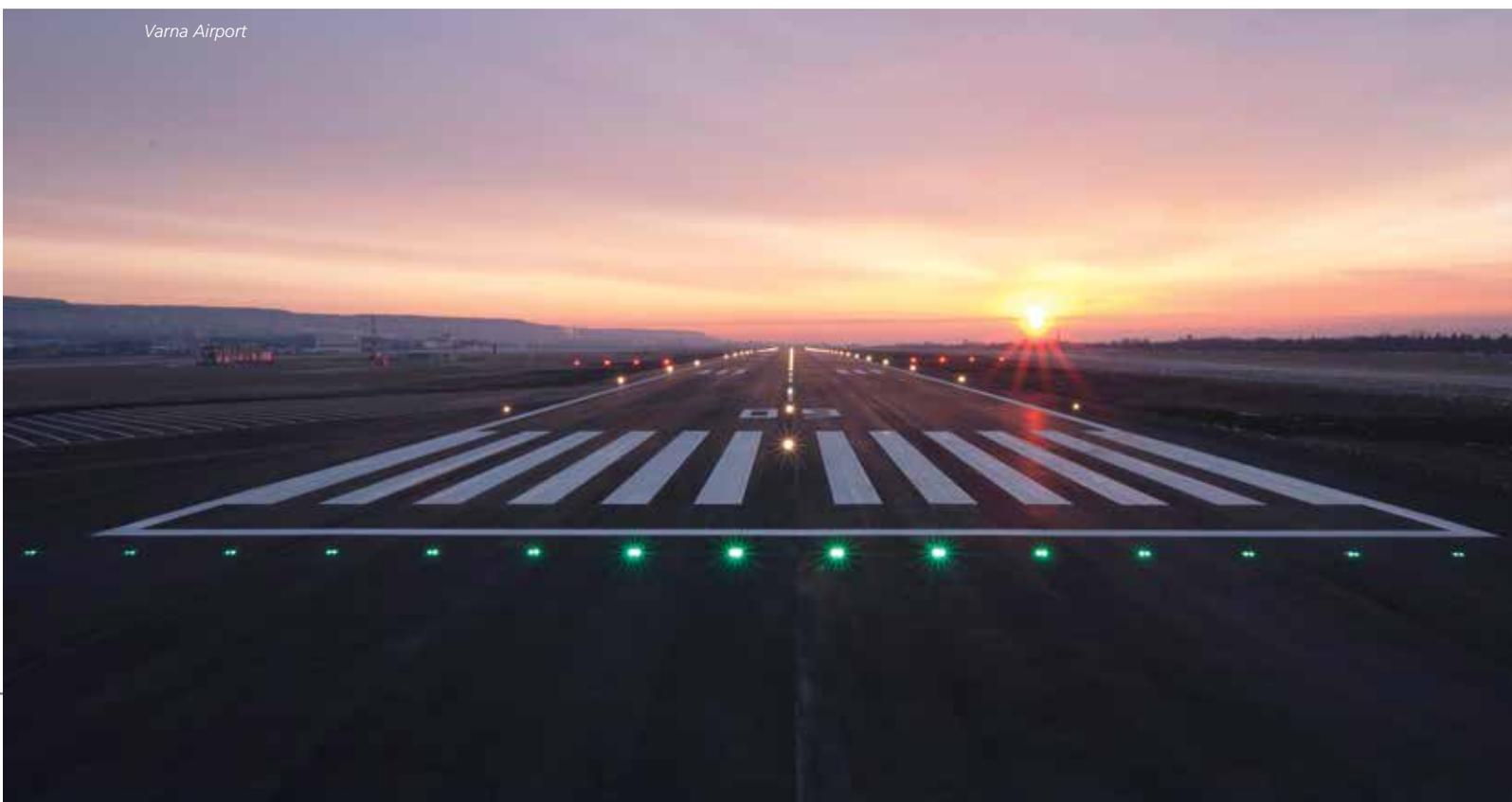
In 2016 Fraport Twin Star Airport Management marked the first decade of its successful airport concession at Burgas and Varna airports. The year was record-breaking in number of passengers, over 4, 5 million passengers. The operator of the sea airports achieved 22% growth in serviced passengers, a new historical record for both airports. Over 35 000 flights of more than 100 Bulgarian and international airline companies, servicing charter and regular flights to over 140 destinations in Europe, Asia and Africa were handled. Fraport Twin Star Airport Management AD employs more than 615 people throughout the year

and an additional more than 1150 during the summer season.

In 2013, Fraport Twin Star Airport Management AD inaugurated two new modern passenger terminals at Varna Airport and Burgas Airport. The construction of the two new terminals is of utmost importance for the development of the two Black Sea coast cities and the tourism industry in the region. The new facilities offer spacious areas for arriving and departing passengers, modern passenger and baggage processing systems, attractive commercial zones, as well as comfortable open spaces. The design is the work of the well renowned designers and architects and aims to keep the vacation mood of the passengers during their stay at the airports and involves as well elements typical for the Bulgarian architecture and nature.



Varna Airport





Burgas Airport

CHECK-IN

CHECK-IN 0-10

Зупа: 01000, Бургас
Зупа: 01000, Бургас







Fraport Twin Star Airport Management AD received prestigious awards for its large-scale investments:

- » Award of the German Economy in Bulgaria 2016, category “Large enterprise”;
- » An overall contribution to tourism development at the Bulgarian Black Sea Coast by the Bulgarian Hotel and Restaurant Association in 2016;
- » “National Champion” in “Customer Focus” category in The European Business Awards;
- » First place in category “Career services for non-students” in Euroguidance National competition 2015;
- » “Investor of the Year” for 2013 in the sector “Transport and Logistics”, awarded by the Bulgarian Investment Agency;
- » “The largest investment in Tourism in 2013”, awarded by the Bulgarian Hotels and Restaurants Association;
- » “The largest investment, made at Burgas Airport in the recent decades and a wonderful sample of public-private cooperation”, awarded by Burgas Chamber of Commerce in association with the Burgas Municipality and the Regional Government;
- » “Largest investor in Tourism for Varna region in 2013”, awarded by Varna Municipality;
- » “Building of the Year 2013”, awarded in the

- category “Urban Environment - Transport Infrastructure” in the National Competition by “City Media Group” under the patronage of the Ministry of Regional Development and the Ministry of Investment Design, supported by the professional organizations in the field of architecture and construction in Bulgaria;
- » “Event of the Year – Varna 2013” Varna Airport’s Terminal 2, in the category “Economy and Business”, awarded in the frame of the project “TIME: VARNA”, a joint initiative of Varna Municipality and the University of Economics – Varna;
- » “Most significant event – Varna 2012” in the sector “Economy and Business” for the successful implementation of the project “Varna Airport Runway Rehabilitation”, awarded in the frame of the project “TIME: VARNA”, a joint initiative of Varna Municipality and the University of Economics – Varna;
- » Golden Jubilee Sign and Diploma by the Bulgarian Industrial Association for the investments, incorporating the scientific product “An integrated system for recording and processing of flights” and number of jobs provided in 2011;
- » Honorary diploma for the year 2010 in the good financial results category, new investments and strengthening new markets, awarded by the Burgas Chamber of Commerce and Industry.



“Nuance BG” AD

Nuance BG AD is a joint venture between The Nuance Group (50%) and Bulgarian Airways Group EAD (50%). The company has operated the Duty free and Duty paid shops at airport Varna and airport Burgas since 2013, offering a wide choice of first-class products in the categories of Perfumes & Cosmetics, Liquor, Tobacco, Confectionary, Local Food & Liquor, Toys, Sunglasses, Leather Goods & Bags, Watches & Jewelry.

With retail space of close to 1 000 sq. m. in each airport, divided into a Walk-Through Duty Free Store, an Arrival store, a Gate shop, Specialty store and Bulgarian Bazaar store, the joint venture presents an ultra-modern airport shopping experience perfectly combined with true Bulgarian style.

After a successful acquisition in September 2014,

The Nuance Group became part of Dufry achieving even greater levels in terms of market share, turnover volume, geographic footprint and number of employees. The combination between the two companies confirmed Dufry as an industry leader and the largest travel-retail company, with presence on 5 continents across the globe, operating more than 2200 shops in 63 countries.

In 2016 Dufry confirmed its profitable growth strategy with strong financial performance and a substantial number of contract extensions, which account for close to 80 000 m².

Dufry Ltd is publicly listed in Switzerland and in Brazil. The headquarters of the Group are located in Basel, Switzerland.



“Silver Wings Bulgaria” LTD

In 2013 a joint venture was established between Bulgarian Airways Group holding – 42.5% of the shares, LSG Lufthansa Service Europe / Africa GmbH with 28.75% shares, and Alpha Flight Group Limited with 28.75% shares, which was established in 1998 when it was registered under the name Abela Airport Services Ltd, but due to a change in ownership in 2005, it was renamed to Alpha Airport Services Ltd.

The newly established company is registered under the name of Silver Wings Bulgaria OOD as its main activities are airline catering and restaurant management.

At present the headquarters and registered office of the company is on 138 Mimi Balkanska Str., municipality of Slatina in Sofia city. The main activity of the company is carried out in a newly built catering owned by the company.

The site is built and equipped according to the latest

international requirements for aviation catering.

The company performs the restaurant business at two sites, rented from Sofia Airport on Terminal 2. The locations are named Deli Sandwich Bar and World News Coffee.

Major customers of the company are the following airlines:

- » Bulgaria Air;
- » British Airways;
- » Air France;
- » Lufthansa;
- » Wizz Air;
- » Qatar Airways and others.

In addition the company also serves the government's Air Force 28, and the majority of charter and business flights to and from Sofia and Plovdiv Airports.



Building of Silver Wings, Sofia

“Bulgarian Shipping Company” JSC

Chimimport’s investments in the river and marine transport industry are realized through its subsidiary Bulgarian Shipping Company, 100% owned by Chimimport Plc.

Bulgarian Shipping Company JSC was established in 2006 with the purpose to consolidate the interest of Chimimport Plc in the river and marine transport.

Bulgarian Shipping Company, being a parent-company, has an effective control over its subsidiaries Bulgarian River Shipping Plc, where the company owns 76.15% of the shares (directly or via affiliates), Bulgarian Logistic Company Ltd.– 100%, and since 2011 – 100% of the capital of Portstroy Invest Ltd.

Through Bulgarian River Shipping, the Bulgarian Shipping Company JSC holds the majority share capital in the following companies:

Subsidiaries:

- » Mayak KM JSC – 94.25%;
- » Interlichter Slovakia Ltd – 100%;
- » Port Invest Ltd – 100%;
- » Port Pristis Ltd – 55%;
- » Blue Sea Horizon Corp – 100%.

Associates:

- » VTC JSC – 41%



Jointly controlled:

- » Varnaferry Ltd – 50%

Bulgarian Shipping Company JSC effectively participates in the management of:

- » Port Lesport JSC – subsidiary of Chimimport – 99%;
- » Lesport Project Management Ltd – subsidiary of Port Lesport – 100%;
- » Danube Investment Company Ltd – subsidiary of Chimimport – 100%;
- » Port Balchik JSC – subsidiary of Zarneni Hrani Bulgaria – 65%;

- » Since the middle of 2016 Bulgarian Shipping Company JSC has not been a member of the Board of Directors of Ship Repair Yard Odessos Plc.

Bulgarian Shipping Company JSC has direct ownership of 33% of the share capital of Port Balchik JSC.

The future plans of the Bulgarian Shipping Company include acquisition of shares in ports, ship-building and ship-repairing companies, construction of new port terminals, purchase and management of vessels for river and sea, as well as improvement of the transport streams from/to Russia and the region.



“Bulgarian River Shipping” J.S.Co

“Bulgarian River Shipping” J.S.Co Ruse is the undisputed leader among the Bulgarian companies dealing with river navigation, as the volumes of transport activities and the company's fleet exceed considerably those of its closest competitors sailing under Bulgarian flag.

The company was established in March 1935 under the name “River Cabotage”. In May 1940 it was transformed into a separate company “Bulgarian River Shipping” based in the town of Rousse. The company has been public till January 2004, its shares are currently traded on the official stock market – segment “B” of the Bulgarian Stock Exchange – Sofia JSCo.

“Chimimport” through “Bulgarian Shipping Company”, as well as through other subsidiaries, is the owner of 82.10% of the capital of “Bulgarian River Shipping”.

As of 31.12.2016 the shared capital of the company amounts to EUR 18 257.21 thousand, as the shares are in possession of more than 500 shareholders legal entities and individuals.

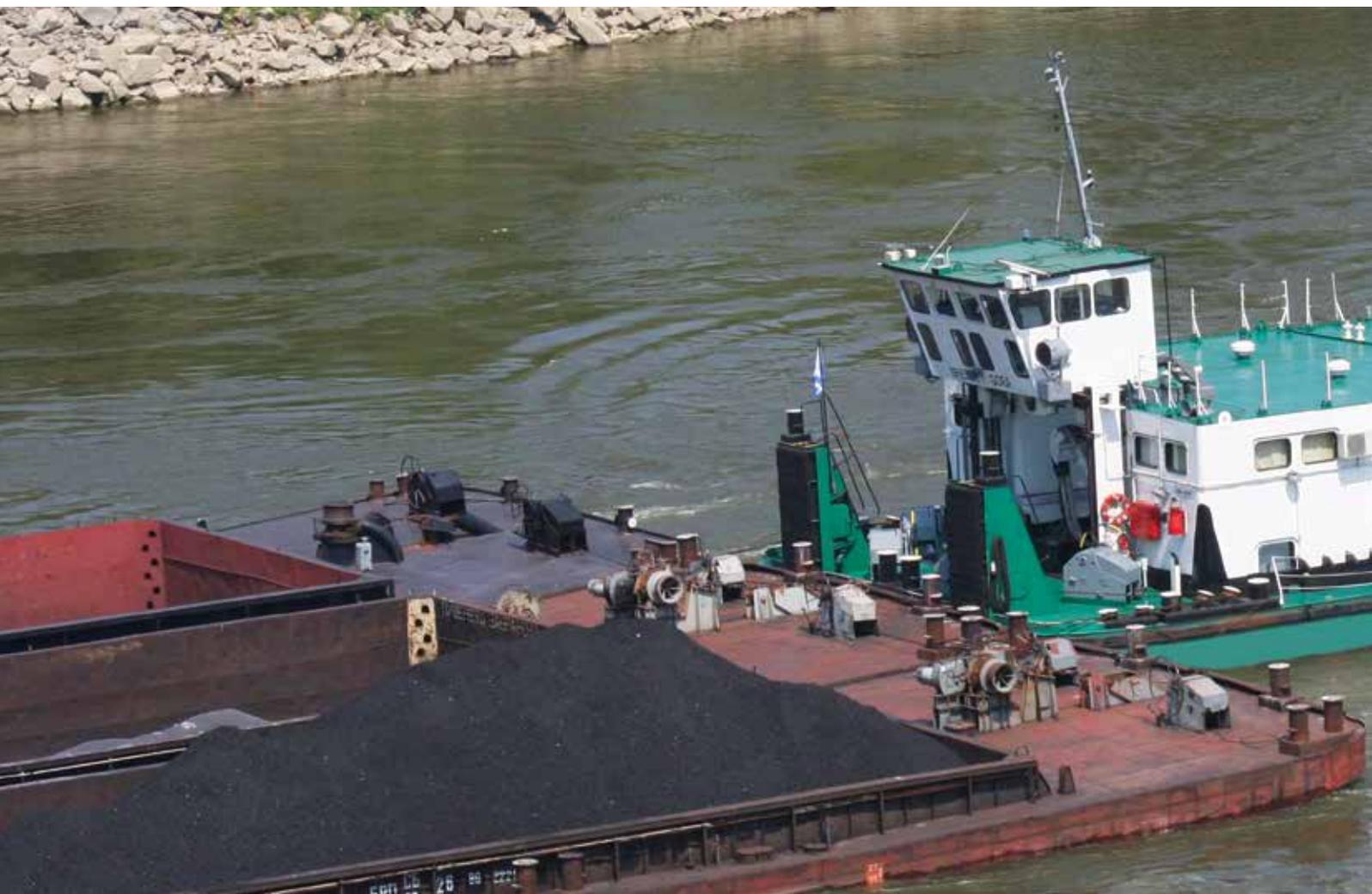
As to 31.03.2017 Bulgarian River Shipping is the owner of a fleet, consisting of:

» Self-propelled vessels:

- Pushers with 1540-2700 HP – 17 pcs.;
- Self-propelled ships – 3 pcs.;
- Assisting ships – 2 pcs.;
- Maneuver ships – 2 pcs.;
- Ferryboat platform for transport of passengers and motor vehicles.

» Non-propelled fleet:

- 3 tank-barges;
- 67 barges, including:
 - 29 pcs. with hatch covers:
 - Type SE-2000 with TTC up to 2000 MT – 8 pcs.;
 - Type SE with TTC between 1500-1700 MT – 13 pcs.;
 - Type SB with TTC up to 2100 MT – 5 pcs.;
 - Barges for the self-propelled ships with max. TTC 1100 MT – 3 pcs.;
 - 21 pcs. open top barges with max. TTC up to 2200 MT;
 - 13 pcs. barges with crew with TTC from 1000 to 1500 MT;
 - car-carrier type barges – 2 pcs.;



- Ro-Ro – 2 pcs.

» **Pontoons** – 20 pcs.

Bulgarian River Shipping J.S.Co offers a wide range of services to its clients, covering most of the needs of the companies looking for transport on the Danube. The company is specialized in:

- » Transport of bulk and general cargoes, liquid non-hazardous cargoes and fuels, large-sized and concentrated cargoes;
- » Container transport;
- » Ferry services between Port Nikopol and Port Turnu Magurele;
- » Agency services for Bulgarian and foreign ships in all Bulgarian Danube river ports;
- » Shipping, forwarding and chartering of river and sea vessels;
- » Organizing of combined transport: river – railroad – sea and river – sea.

Bulgarian River Shipping maintains:

- » Own agency offices rendering agency services to the fleet of the company, as well as to other ship-owners in the ports of Rousse, Lom, Vidin and Svistov;
- » Agency representative office in the port of Budapest, dealing with agency and chartering of own and foreign vessels.

Bulgarian River Shipping J.S.Co has its own repair facilities in the town of Rousse for ship repairs and technical works.

Holding company “Chimimport” undertook to invest in Bulgarian River Shipping JSCo 25 million EUR during 2007 – 2011 through its subsidiary company “Bulgarian Ship Company”. The main objective of the investment program was the increasing of the tonnage of Bulgarian River Shipping, as well as renovating the fleet of the company by replacing ship engines with new ones, product of “Caterpillar”; making constructive changes in some of the pushers thus enabling them to sail in the Upper Danube. The full reconstruction and replacement of the engines of 6 of the pushers was completed and their exploitation proved





Constantza Port

exceptionally good, resulting in low fuel consumption and minimal environmental pollution.

The investment program paid special attention to the building of new vessels, as well as to the growth of the fleet through purchase of vessels from other ship-owners.

Upon signing a contract with "Ship Building" JSC – Varna in 2008 started the building of six covered barges (2 000 DWT dry cargo river barges "Europe-II" type). "Ship Building" JSC – Varna launched the first two barges in 2008 and by the end of 2009 with the building of the other 4 barges the series was completed and they were put also into operation. At present, these barges are the newest barges on the Danube under Bulgarian flag.

In 2010 in implementation of the investment program Bulgarian River Shipping increased its fleet with purchasing, as follows:

» 10 pcs. river vessels, incl. 3 self-propelled vessels

with 3 barges to the vessels, 2 non-propelled river barges and 2 pushers. The acquisition of the vessels was due to the contract between Ship Building JSCo and Bulgarian River Shipping, as a result of which the fleet of the company was increased by additional loading capacity of 9 400 MT and power of 6 600 HP;

» 4 pcs. non-propelled river barges and 1 pusher, purchased from Eastern River Shipping - Rousse.

Due to these two transactions the fleet of the company was increased by a total of 17 000 MT loading capacity and 7 500.

The investment program of Bulgarian River Shipping foresees the building of a logistics center with a capacity of over 25 000 square meters, facilities for the storage and marketing of petroleum products with a capacity of over 10 000 tons and grain silo with a capacity of 2 780 cubic meters. The center is going to cover an area of 185 000 square meters (45.7 acres) owned by BRS



Port Vidin

in the Industrial Zone Rousse-East, next to bank of the Danube River.

On 20.08.2010 the Ministry of Transport, Information Technologies and Communications concluded with Bulgarian River Shipping JSCo contract to award a 35-year concession for the operation of **Port Terminal "Vidin-North" and Ferryboat Terminal "Vidin"**, parts of Port for Public Transport of National Importance Vidin. The contract entered into force on 20.10.2010 and is for a period of 30 years.

Port Terminal "Vidin-North" is with overall port area of 120 000 m², disposes of railway tracks, there is a road connection with national road E79. The open storage area is total up to 10 000 m², there is a built and functional covered storage with total are 4 000 m². On the territory of the terminal is set up and is functional storage under the customs warehousing procedure. Port Terminal "Vidin-North" disposes of 4 berths, two of them

are specialized in handling of grains (at berth No.4 e. g. the output is 250 MT/hour transshipment from truck to ship without any crushing, scattering or contamination of the grain) and the other two berths are multipurpose.

Port terminals "Vidin-North" and Ferryboat Terminal "Vidin" form the territory and operational aquatory of port "Vidin-North", namely from km. 792.800 till km. 793.600 according to Danube mileage.

Huge problem for most river ports are the low waters of Danube River during the summer months. Having in mind the depth of the port aquatory and the technical parameters of the port technique for transshipment, this matter does not concern port Vidin-North at all. Even during the lowest water levels ever measured so far, the port provides incessancy of the transshipment operations, which contributes to more qualitative services for the clients.



Port Vidin

Port Terminal "Vidin-North" is certified for handling of general cargoes (containers, metals, machinery, equipment, over-dimensioned and heavy packages, etc.), bulk cargoes (grains, aggregates, woods, coal, etc.), non-hazardous liquid goods (vegetable and animal oils, liquid chemical products and preparations, etc.), supplying ships with electricity and communication, ship bunkering (fuel, lubricants, water, etc.), providing of maritime-technical services, supplying with food and other products.

Major proportion of the total cargo volume is for the bulk cargoes; leading bulk cargoes with highest volume are the agricultural products, followed by gypsum, technical wood, coal, etc.

The covered warehouse is with total built-up area of 3725 m² and it's divided into 5 separate sections, each with area of 745 m².

Height, width and length of every section are, as follows: 6.10 m / 17.75 m / 42 m.

Port "Vidin-North" is an advanced modern port

with well-developed infrastructure. The port terminals dispose of the necessary equipment, advanced technologies and qualified personnel for providing the full circle of port services – handling of ships, wagons and trucks from accepting the cargoes, their storage in open and covered storage areas until their expedition to the final recipients.

In October 2013 Bulgarian River Shipping JSC concluded a contract with the Ministry of Transport, Information Technologies and Communications to award a 35-year concession for the operation of **"Port Terminal Nikopol"**.

The terminal provides port services for operating ro-ro ships and passengers, in particular the ferryboat line Nikopol – Turnu Magurele. Besides these services Bulgarian River Shipping J.S.Co, together with municipality Nikopol, operates also the passenger ships, arriving at port Nikopol, part of Port for Public Transport of National Importance Ruse.

The main purpose of Port Terminal Nikopol is to

provide place for berthing of ro-ro ships with horizontal loading for passengers, cars and agricultural and wheeled vehicles, sailing between the Bulgarian and Romanian shore on the Danube River within the ro-ro line Nikopol – Turnu Magurele.

By the end of June 2015 in Port Nikopol was put into service another berth, specially intended for direct loading of grains (“truck – ship”). In the plans for development of the port is the intention one more berth for grains to be put into service, as well as there are plans for building of storages (silos) for grains, which will allow also indirect option for loading.

With the conclusion of these 4 agreements, Bulgarian River Shipping J.S.Co enriched its main activity with more services – i.e. to act as a port operator, providing transshipment operations and port services to passenger and cargo ships in several Bulgarian ports.

Since December 2006 the company is certified by the Germanischer Lloyd Certification GmbH according to ISO 9001:2000. The number of employees in the company by the end of 2016 runs to 229 people.

General financial data

Bulgarian River Shipping J.S.Co completes its production activities for 2016 with reported results 585.3 KT transported goods. The volume of cargoes on the Danube for the EU member countries amounts to 77.1% of the total transport volume, for non EU-member countries is 22.9%.

The financial result (audited) of the company for 2016 amounts to EUR 588.50 thousand after income tax.

On the 15.03.2011 Bulgarian River Shipping J.S.Co and Navibulgar (Bulgarian Maritime Fleet J.S.Co) established a joint limited liability company “Varnaferry” for providing ferryboat transport of cargoes on the **direct rail-ferry line “Varna – Caucasus (Russia)”** (each company owns 50% of

the capital of “Varnaferry” Ltd.).

“Varnaferry” Ltd. assures high-quality sea transport service on this line, without damages and/or claims for the cargoes. There are regular trips, thus realizing fast and on-time wagon turn.

Since April 2014, mv “Varna” commenced regular weekly trips on the line Varna – Caucasus.

At the end of 2015 “Varnaferry” Ltd. succeeded in attaching one of the biggest daughter companies of Gazprom as a client. This allowed gaining the position of exclusive sea carrier for companies, such as Gastrade /Austrofin/, Nordstar, etc. Currently the contracts, concluded with them, provide monthly up to 6 000 – 8 000 t LPG. As a result, in 2016 the operational profit of the company amounts to EUR 999.58 thousand. An expert evaluation was prepared for mv “Varna” and the determined market value was USD 13 239 thousand.

Investments in daughter companies

Mayak KM Ltd.

“Bulgarian River Shipping” JSCo owns 94.25% share in Mayak KM Ltd. The daughter company manufactures ship equipment – cranes, anchor mechanisms, grippers and other steel constructions for shipbuilding and engineering. Within the counterparties of the company are serious clients, such as Rolls-Royce.

Port Invest Ltd.

“Port Invest” Ltd. is registered as a limited liability company with head office in Ruse. “Bulgarian River Shipping” JSCo is the sole owner of the capital with 100% share. In 2013 “Port Invest” Ltd. is determined as a concessioner of Port Terminal Lom, part of Port for Public Transport of National Importance Lom. The port has established an ambitious program for innovation and modernization.

Participation in VTC Ltd. – Varna

The company owns 41% voting rights and the sole capital of VTC Ltd. The company provides mainly maritime and navigational services, forwarding and



	Registered capital EUR'000			Fixed assets EUR'000			Net sales EUR'000			Operational profit EUR'000		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
Bulgarian River Shipping JSCo	18 258	18 258	18 258	38 653	39 684	40 017	7 798	8 519	8 911	376	465	499
Port Invest Ltd.	818	102	102	2 916	1 815	1 580	1 963	2 056	2 104	403	760	710
Varnaferry Ltd.	5 171	5 171	51	7 212	8 251	9 282	5 599	4 042	1 564	1 000	388	-1 092
Mayak KM Ltd.	513	513	513	937	1 075	1 082	1 048	1 632	2 296	-19	46	184
VTC Ltd.	562	562	562	1 835	1 954	1 964	2 880	2 971	2 664	929	1 058	852
Interlighter – Budapest	417	417	417	380	391	402	3 239	6 151	3 795	27	36	34

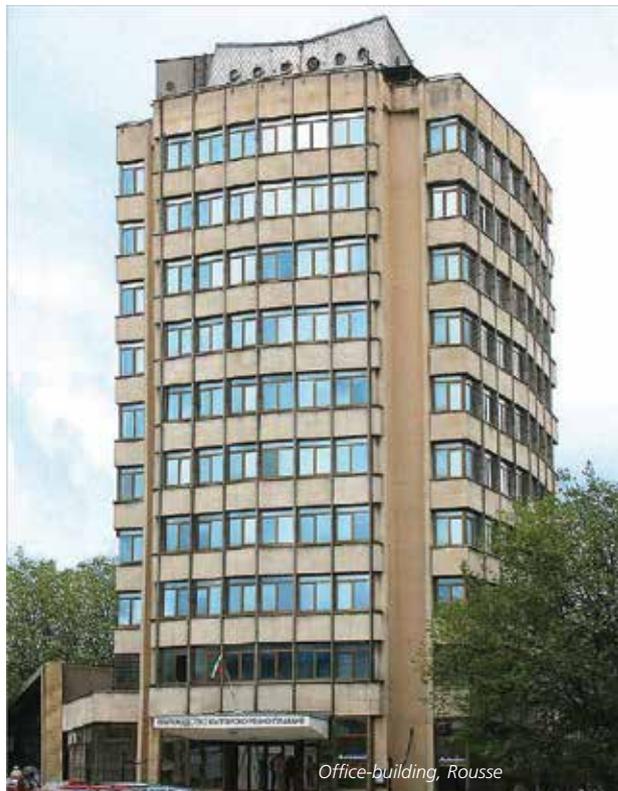
towage activities, including port towage in all 10 ports in the vicinity of Varna, as well as port Balchik. As to 31 December 2016 the investment in the associated company amounts in EUR 265 thousand.

Participation in Interlighter – Budapest

The company participates with 25% voting rights in the management and in the shares of the company. Interlighter – Budapest is primarily engaged in inland water transport and brokerage activities.

Nowadays Bulgarian River Shipping J.S.Co is the biggest Bulgarian river carrier on the Danube River. It's almost impossible the company to be displaced from the leading positions in the transport of mass cargoes as coal, fertilizers, ores, coke, grains, etc, as well as general cargoes like containers, heavy parcels and project cargoes.

Bulgarian River Shipping J.S.Co is in successful partnership with over 200 small and large companies all over Bulgaria and Europe.



Office-building, Rousse

Port Terminal Nikopol



“VTC” S.A.

“VTC” S.A. (hereinafter referred to as VTC) is an associate of Bulgarian River Shipping J.S.Co. The company is founded in 2005. The authorized capital of VTC amounts to EUR 560 thousand, Bulgarian River Shipping J.S.Co owns 41% voting rights and the sole capital of VTC.

The company’s main activities are maritime and navigation services; towing activities, incl. performing port service harbour towage, towing or pushing of ships; agency services; chartering and freighting of ships; handling of ships and ships’ supplying; bunkering; forwarding and comprehensive transport activity in Bulgaria and abroad; representation services of local and foreign persons and legal entities; consulting and expertise in the area of maritime transportation; calculation of maritime cargoes; management of the entire main activity, as well as performing any other services, related with shipping.

VTC is performing its main activity /towage and mooring services/ in all ports within the jurisdiction of Executive Agency “Maritime Administration”, Directorate Varna: Varna East, “Petrol”, Odessos Shiprepair Yard S.A., Bulyard Shipbuilding Industry AD, “Maritime Antipollution Enterprise” J.S.Co, Port Odesos PBM, Port Lesport S.A., MTG Dolphin Shipyard, TPP Varna EAD, TEREM - KRZ FLOTSKI ARSENAL VARNA EOOD, Varna West and Port Balchik. The main activity – towage and mooring services – includes berthing, re-birthing, towage, shifting of ships from one berth to another, mooring and unmooring of ships, as well as transport of people, supplies and equipment to/from ships, located in the sea.

The tug boats of the company perform also regular sea towages between Varna and Bourgas, as well as between Varna and Constanta.



Tug boats: “SANMAR XII”, “SANMAR XIII” and “SANMAR XIV”

Tug boat "SANMAR"



The company owns 3 tug boats: "SANMAR XII", "SANMAR XIII" and "SANMAR XIV", which assist VTC in performing the company's main activity. The characteristics of the tug boats are, as follows:

- » Built – 2003;
- » Place – Gernan, Tuzla – Istanbul;
- » Maximum length – 18.28 m;
- » Breadth – 6.70 m;
- » Draught – 3.20 m;
- » Engines – CATERPILLAR 2 x 746kW (2 x 1014BHP);
- » Bollard Pull – 27 t;
- » Engines – CATERPILLAR 2 x 746kW (2 x 1014BHP);
- » Bollard Pull – 27 t.

Customers and partners of VTC are leading shipping companies, such as Agropolychim AD, Agrotrade Ltd., Bulgarian Shipping Company J.S.Co, Bon Marine Agency Ltd., Bulyard Shipbuilding Industry AD, VESEM OOD, Zodiac Maritime Agencies Ltd., Industrial Holding Bulgaria (IHB), Odessos Shiprepair Yard S.A., Neft Oil Ltd., Overseas Commerce Company Limited OOD, Navigation Maritime Bulgare

(NAVIBULGAR®), Sea Partner Shipping Ltd. TRANS SEA SERVICE Ltd. and many others.

VTC is the undisputable leader among the market of towage services in ports Varna and Balchik with market share over 39%. In 2016 the company has handled over 1000 vessels and has generated revenues from sales, amounting to EUR 2.88 million. Net operating profit after tax for 2016 amounts to EUR 840 thousand.

Gross operating incomes of VTC are, as follows:

- » for 2006 – EUR 1.06 million;
- » for 2007 – EUR 2.43 million;
- » for 2008 – EUR 1.24 million;
- » for 2009 – EUR 3.64 million;
- » for 2010 – EUR 1.86 million;
- » for 2011 – EUR 2.29 million;
- » for 2012 – EUR 2.29 million;
- » for 2013 – EUR 2.73 million;
- » for 2014 – EUR 2.66 million;
- » for 2015 – EUR 2.97 million;
- » for 2016 – EUR 2.88 million.

“Mayak - KM” JSC

“Mayak - KM” JSC was founded in 1968 at the industry zone of the town of Novi Pazar, located 70 kilometers to the West from the city of Varna close to the “Hemus” motorway.

The company was initially transformed into a joint-stock company in 1966 and since 2006 is a fiduciary company of “Bulgarian River Shipping” J.S.Co.

The company is occupying 90 acres, 15 of which are closed manufacturing areas.

The core manufacturing is performed at a building with dimensions 96x130 meters, as well as in a preparatory workshop with dimensions 48x60 meters. The plant is designed to produce machine building products and metal constructions for the construction of ships and the energy sector.

Production capacities:

- » digital machines for gas and plasma cutting of sheets with dimensions 2.5x8 m and thickness up to 100 mm;
- » guillotines for cutting and partitioning of sheet metal up to 20 mm thick;
- » presses up to 2 000 tons;
- » abcant presses with load up to 200 tons;
- » bending machines for sheet metal up to 25 mm thickness;
- » Hobel milling machine with table dimensions 1000 x 5400 mm;
- » carousel lathe with plan washer 2200 mm;
- » coordinate drilling CNC machines;
- » the assembly workshops are equipped with cranes for loads up to 12.5 tons, welding equipment from ESAB for semiautomatic welding, ovens for thermal treatment of welded constructions, radial and column drilling machines, stands and welding equipment, section for hydraulic density testing;
- » section for jet cleaning up to degree Sa 2.5;
- » painting section.

The company had 80 employees in 2016, 16 of which have higher education degrees. The latter are highly qualified experts with numerous years of practice and

have the required knowledge of the requirements that the production shall meet. All of the welding personnel have updated certificates of welding and some of them are certified by LR as well.

During the years the company produced:

- » ship cranes with load carrying capacity up to 40 tons by license from the Swedish “HAGGLUNDS”;
- » ship life rescue devices and mechanisms;
- » grips of all sorts and sizes;
- » metal constructions for the fifth block of the “KOZLODUY NPP” and technological lines for the TPP “Maritza Iztok”.

During the last few years, “Mayak - KM” JSC produces hydraulic system components for propulsion and guiding of sea ships and floating vessels. After the year 2000, the fundamental customer of “Mayak - KM” JSC is Rolls-Royce Marine Companies - Finland. For Rolls-Royce the company has delivered: cisterns of different volume and purpose; fundamentals of pump aggregates; protectors for pumping screws and others as the total amount of items ordered reaches up to 12 thousand per year. As a result from the successful performance of the orders for Rolls-Royce, the company gained some new customers – Polarteknik, Fluid House and Bosch Rexroth. In 2014 a new framework contract was signed. The sales for Rolls-Royce, Polarteknik, Fluid House and Bosch Rexroth produced around 90% of the total capacity of “Mayak - KM” JSC.

In 2010 a pilot order for Rolls-Royce Marine AS – Norway was performed and approved by the customer and in the fourth trimester of 2010 “Mayak - KM” performed the first regular orders. In 2011 some pieces went to a new Norwegian customer –Tingstd.

Thanks to the active price policies in the conditions of crisis in the month of June, year 2013, the company managed to perform a pilot order for PMC GROUP AB Sweden.

The outputted regular production for the external market is as follows:

- » Rolls-Royce Finland;
- » Polarteknik;
- » Fluid House;
- » PMC GROUP AB Sweden;
- » PMC GROUP AB Poland;
- » Senmia Finland;
- » Rolls-Royce Norway;
- » Tingstd – Norway;
- » Spare parts for ships.

Except the deliveries for Rolls-Royce the following more noticeable items are being produced:

- » grips for harbor and industrial needs;
- » metal constructions for the new grain terminal of “Port Balchik”;
- » emergency ladders for public buildings;
- » metal constructions for reconstruction of river floating vessels.

In 2016 the company registered income not only from its regular activity – production of metal items, but also from the rendition of services – mainly equipment repair, as well as income from the sale of scrap metal and other materials.

“Varnaferry” OOD

The joint-stock shipping company “Varnaferry” OOD has been established with the view to provide ferryboat carriage on the line Varna-Kavkaz. By running the ferryboat “Varna”, it is our obligation, as a Bulgarian marine carrier, according to the the Bulgaria-Russian agreement to organization the ferry service between port of Varna and port Kavkaz.

This ferry-line has been officially opened up on 03.03.2009 and it is the first direct transport line between Bulgaria and Russia. It saves the distance up to 800 km between the two countries. As a direct transport connection, it gives priority to the business and provides opportunity for sparing financial means and transit fees.

Varna Ferry Complex is situated at the west coast of

Beloslav lake by 30 km from Varna and it is only place in the Black Sea region with possibility to changethe rail car bogies from European (1 435 mm) to Russian standard (1 520 mm) wheel-gauge. This is a unique advantage of this terminal offering one of the shortest and cheapest routs for the cargo traffic between Europe and Asia.

The ferry terminal Varna has two shipping places at its disposal which are equipped with lifting bridges having 5 tracks in one wheel-gauge (1 520 mm).

The ferryboat vessel “Varna” will be able to carry 42 railwagons /50 cisterns on an upper deck and 24 heavy-trucks on a lower deck. On average the line will service once a week. Ships will be cover the distance between the two ports for 36 hours.



Varna ferry-boat, designed for the line Varna - Port Caucasus BRP building, Rousse

“Port Lesport” S.A.

Port Lesport S.A. – Varna was established on 15th of March 2005 with Resolution of Varna county court. The company has a capital of EUR 7.67 million, divided into 4000 shares with nominal value (issue) BGN 3 750. Major shareholder is Chimimport JSC which possesses 99% of the capital and Invest Capital JSC possesses 1%. On 8th of June 2005 has been signed Concession contract for 30 years period between “BM PORT” S.A. (new name “Port Lesport” S.A.) – Varna (a “Concessionaire”) and the Republic of Bulgaria, represented by the minister of transport and communications (a “Conceder”) for Port terminal Lesport, a part of port Varna – a public port of national importance. The Concession contract comes into force on 30th of May 2006.

General informaton

Port Lesport is located on the northern shore of Lake Varna, at a distance of about 8 km from the lighthouse “St. Nikolay”. Due to its location, the port is protected from wind and is accessible all year round. The port is connected to the national railway network via Ezerovo station and to the national road network through the exit of the highway Sofia - Varna.

The total area is 124 000 m². The port has 3 berths with a total length of 450 m and a maximum draft of 9.10 m. There are six indoor warehouses with a total area of 2 176 m². The open warehouse area is 22 000 m², 16 000 m² of which are under Customs regime.

“Port Lesport” S.A. has 5 port cranes “Kirovets” with 10 t load capacity, gantry crane “ABUS” – 10 t and 2 modern “SENNEBOGEN” diesel cranes with load capacity of 10 t. The company owns also modern lifting equipment and wheel loaders “Svetruck” and “Volvo” for handling the port cargoes.

“Port Lesport” S.A. is a holder of an Operational Certificate for handling general, bulk and ro-ro cargoes and vegetable oils. In 2016 Port Lesport developed new technological cards for handling of open top, refrigerated and ISO standard containers, municipal waste containers and drilling waste containers, also cargoes under IMDG Code –

explosives, sources of ionizing radiation for civilian purposes, types of flammable gas and flammable liquids; caustic soda in bags of 25 kg on pallets and cargo baskets; fuel - container tanks; Gas cylinders for maintenance in containers; Ammonium nitrate in big begs; vegetable oils.

“Port Lesport” S.A. meets the requirements of European Quality Standard ISO 9001:2008 for port activities, including stevedore operations, storing and other parallel cargo handling. The certificate is issued by SGS United Kingdom Ltd.

In order to improve working conditions and quality of work, increase labor productivity of employees and competitiveness of the company by reducing the risk of accidents, incidents and health damage in the working environment, in 2014 a System for Management of Health and Safety at Work is developed, which is certified according to the international standard BS OHSAS 18001: 2007. The certificate was issued by SGS United Kingdom Ltd.

“Port Lesport” S.A. meets the port compliance requirements of the International Ship and Port Facility Security Code (ISPS Code). The port operates in accordance with an approved security plan.

A technical and organizational facility for maintenance and repair of the port mechanization has been established in the port area. On the territory of the port there is BG Lesport 2006 Customs checkpoint, Border Police checkpoint and an office of the National Plant Protection Service, allowing full servicing of import-export and transit cargoes.

Activity

As a company managing multifunctional port equipment, Port Lesport S.A. provides the whole spectrum of port services in compliance with the Concession contract:

- » Reception, storage and dispatch of cargo;
- » Loading and discharging cargo from vessels, railcars and trucks;
- » Cargo lashing, unlashng and cargo weighing;
- » Supplementary services- cargo sorting, wagon fumigation, container stuffing and unstuffing, etc.

The port has established itself on the market as a reliable partner of grain, timber, soda, glass and scrap exporters as well as ferrous metals and aluminum importers.

In compliance with the concession contract, since 08.02.2008 a Master plan for development of port terminal Lesport has been in force. For its elaboration the experience of world- famous Dutch consulting and engineering company is used – Royal Haskoning.

A forthcoming update of the Master plan is being planned in accordance with the Bulgarian legislation.

Planned investments are EUR 65.96 million.

Total Project

In 2015 "Port Lesport" S.A. has started its participation in a project of national importance to Bulgaria – the first oil and nature gas deepwater exploration in the exclusive economic zone of the Republic of Bulgaria in the Black Sea, according to a tender announced by Total E&P Bulgaria B.V. for the provision of integrated logistic services for 1-21 Han Asparuh Block. Shore base is located on the territory of port terminal Lesport and its official opening was

in the beginning of 2016. Under contract with successful bidders Bon Marine in consortium with the Spanish company Geodis Wilson Spain SLU, "Port Lesport" S.A. provides port and storage services, ensuring the realization of the project.

On the territory of the shore base are stored pipes, materials, equipment and supplies needed to supply the drilling vessel and carrying out deep-sea exploration. In 2016 the drilling ship was being served by platform supply vessels (PSV), calling at Port Lesport. The shore base includes offices, where is positioned Executive leadership team of the project.

"Port Lesport" S.A. provides additional resources in the face of labor and port equipment.

Investments, turnover and gross operating income

Current investments of "Port Lesport" S.A. are EUR 8 036 thousand and the company has paid concession payments of EUR 10 361 thousand.

The company has invested funds in the rehabilitation of public state property and the purchase of new reloading equipment.



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The actual turnover and the number of ships processed since the entry into force of the concession contract were the following:

- » 2007 – 178 ships and 395 114 t;
- » 2008 – 177 ships and 434 243 t;
- » 2009 – 239 ships and 656 130 t;
- » 2010 – 252 ships and 635 892 t;
- » 2011 – 214 ships and 611 128 t;
- » 2012 – 237 ships and 693 117 t;
- » 2013 – 265 ships and 1 004 370 t;
- » 2014 – 187 ships and 716 103 t;
- » 2015 – 109 ships and 453 160 t;
- » 2016 – 132 ships and 367 107 t.

Gross earnings of “Port Lesport” S.A. are the following:

- » for 2006 – EUR 1.09 million;
- » for 2007 – EUR 1.77 million;
- » for 2008 – EUR 2.28 million;
- » for 2009 – EUR 2.90 million;
- » for 2010 – EUR 2.67 million;
- » for 2011 – EUR 2.78 million;
- » for 2012 – EUR 3.03 million;
- » for 2013 – EUR 3.96 million;
- » for 2014 – EUR 5.91 million;
- » for 2015 – EUR 3.02 million;
- » for 2016 – EUR 4.68 million.

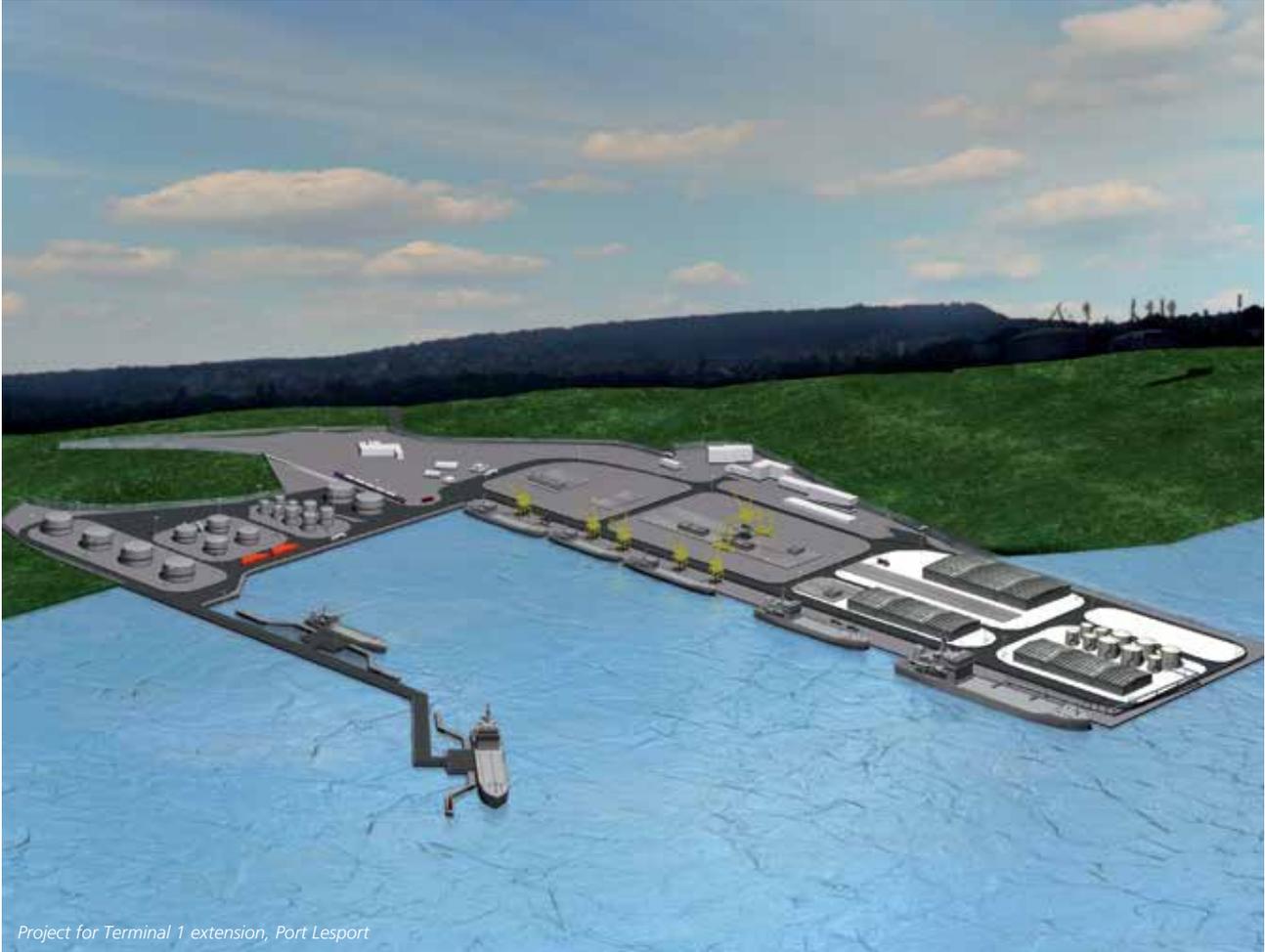


Port Lesport

“Lesport Project Management” Ltd.

Lesport Project Management Ltd. is 100% owned by Port Lesport S.A. It is established to assist Port Lesport

S.A. in the design, logistics and port facility building of Lesport port terminal.



“Port Balchik” Plc

“Port Balchik” Plc is a limited company registered in July 2005. The company has a capital of EUR 1.02 million.

From May 25, 2006 “Port Balchik” Plc is the concessionaire of the “Port Terminal Balchik” - territorial area of the port for public transport of national importance Varna. The concession contract was signed between the Republic of Bulgaria, represented by the Minister of Transport, Information Technology and Communications as grantor, and “Port Balchik” Plc concessionaire. The term of the concession is 25 years.

General information about port

Port terminal Balchik is situated in the region of the northern coast in the central part of the town of Balchik within regulation.

Balchik port terminal is part of a public transport port of national importance Varna. The port terminal is built and operated since 1969 ranks as the third place among the largest ports on the Black Sea coast. Implemented under the scheme is single walled mall (so Balchik breakwater). The total area is 11 338 km. m. It has two berths with a total length of quay wall 164 meters. It is equipped with two 10-ton overhead cranes and all necessary mechanization quay for handling general, bulk and liquid cargo

plant. In the port terminal can be processed simultaneously by two small vessels (ie 3000-4000) in permissible draft 8 m.

The port terminal has a 4 000 sq m outdoor storage areas. The territory has established a border checkpoint, customs office, post phytosanitary control and others. Cargoes to and from the port terminal is transported by road. The port terminal is designed for handling import and export of general, bulk, liquid vegetable cargo and mail.

In execution of the concession contract “Port Balchik” Plc build in Balchik port terminal “Complex for storage, transportation and loading of bulk / grain /” with loading capacity of 2 000 tons.

Silo complex consists of two silos with a loading capacity of 1 000 tons each, made of rings made of galvanized steel sheet, the size of the silos: diameter - 11.45 m; height of the cylinder with the roof - 15.84 m and single volume - 1385 cubic meters / total volume of 2770 cubic meters /. The silos are fitted with everything you need for temporary storage of grain in them as parameters of grain is controlled by the control system parameters, and the regulation itself is performed by venting the wheat from the ventilation system, which is installed on each silo. Overall clearing silos to empty the grain from them is carried out by sweep auger, with capacity of 80 t / h, installed in each.



Producer of the grain complex is a world leader in this type of equipment "Cimbria Unigrain" A / S - Denmark and the contractor of the works is "Stimex" Plc.

The work of the grain complex is carried out in several technological options:

- » tovarene ship from silo - this type of grain silos in a system of grain transporters, elevators, conveyors and machine korabotovarna cargo ship. Loading productivity in this version of the work is 300 tons / hour;
- » loading of grain from car-Grain in silo - when this option grain poured into the car unloading, where a system of grain transporters, bucket elevators transported to fill the silos. Productivity in this version of the work is 150 tons / hour. The auto has the following dimensions: length 11 meters and width - 3 m with opportunities for the adoption of cars with side and rear dump;
- » loading a ship from car-Grain - this type of work grain poured into the auto, which through a system of grain transporters, elevators, conveyors and machine korabotovarna cargo ship. Productivity in this version of the work is 150 t / h;
- » loading of vehicles from grain-silo - this type of work from grain silos in a system of redlers and bucket elevators transport loading car-grain. Loading productivity is 150 tons / hour.

"Port Balchik" Plc holds

The company "Port Balchik" Plc is a business of port services of loading, unloading, stacking, storage, repackaging of different types of loads, intra / terminal / cargo and mail in public ports, sea-technical services to which requires the use of port territory and / or port facilities - supplying ships with water, telephone and electricity mooring.

Development of the compan

During the period of concession "Port Balchik" Plc strives to bring the port terminal in accordance with the highest standards at European ports and in accordance with best international practice by reconstruction, modernization and construction of new infrastructure on the territory of the port terminal.

With the signing of the concession contract is accepted and investment program for the implementation of "Port Balchik" Plc. The total investment for the entire duration of the concession amounted to EUR 1 776.74 thousand, for the first ten years implementation must amounted to EUR 1 458.20 thousand. The total amount of investments made by recognized investment programs from the beginning of the concession period to 31 December 2016. amounted to EUR 2 316.66 thousand.

The cargo turnover from "Port Balchik" Jsc from the concession beginning is:

- » between may 25th and December 31st 2006 - the 50 ships and 139 058 tons cargo;
- » between may 25th and December 31st 2007 - 67 ships and 201 667 tons cargo;
- » between may 25th and December 31st 2008 - 60 ships and 191 530 tons cargo;
- » between may 25th and December 31st 2009 - 69 ships and 228 848 tons cargo;
- » between may 25th and December 31st 2010 - 48 ships and 168 641 tons cargo;
- » between may 25th and December 31st 2011 - 44 ships and 143 335 tons cargo;
- » between may 25th and December 31st 2012 - 62 ships and 261 479 tons of cargo;
- » between may 25th and December 31st 2013 - 98 ships and 409 115 tons of cargo;
- » between may 25th and December 31st 2014 - 76 ships and 296 096 tons of cargo;
- » between may 25th and December 31st 2015 - 53 ships and 204 584 tons of cargo;
- » between may 25th and December 31st 2016 - 40 ships and 184 575 tons of cargo.

Gross operating income of "Port Balchik" AD are as follows: thousand

- » for 2006 - EUR 433.06 million;
- » for 2007 - EUR 618.15 million;
- » for 2008 - EUR 601.79 million;
- » for 2009 - EUR 692.80 million;
- » for 2010 - EUR 533.79 million;
- » for 2011 - EUR 416.19 million;
- » for 2012 - EUR 748.53 million;
- » for 2013 - EUR 1 241.93 million;
- » for 2014 - EUR 895.78 million;
- » for 2015 - EUR 577.25 million;
- » for 2016 - EUR 557.31 million;

Port "Pristis" Ltd.

Port "Pristis" LTD was initially registered in the month of September, year 2010, as a limited liability company with seat and administrative address: city of Ruse, 2 "Otets Paisii" square, floor 8.

The capital of Port "Pristis" LTD is in the amount of EUR 51.13 thousand and is divided into 10 000 shares of 10 BGN each one. The shares are divided between the associates as follows:

- » "Bulgarian River Shipping" J.S.Co. – 55%;
- » "Cosmos Energy" LTD – 15%;
- » "Balkantours" LTD – 15%;
- » "DD Logistics" LTD – 15%.

The subject of activity for Port "Pristis" LTD is the performance of commercial services, which are typically available at a port.

During the month of November, year 2010, Port "Pristis" LTD won a contest for harbor operator and signed a contract with the Municipality of Ruse for the rendition of port services at the site of a public transportation harbor with regional importance

"Pristis" – Ruse. The "Pristis" port is located at the central river bank zone of the city of Ruse and spans over 32 618 square meters on the right bank of the river Danubee between kilometers 493.800 and 495.500 by the river mileage.

Port "Pristis" excels at traveller services, docking and ship supplies and bunkering as it operates with 11 dock spots. At the harbor one can find sailing-technical services (mooring services, supply of ships with water, electricity and communications, ship bunkering and others); services related to traveler handling – boarding and unboarding, loading and unloading, as well as storage of luggage; supplementary activities (sports-entertainment, agency-expedition services, restaurant management – trading services and others).

Since the signing of the contract for access provision and harbor services rendition at the port with regional importance "Pristis" – Ruse, by the end of the year 2016 the number of passengers, who visited the port exceeds 175 500 and the number of serviced ships exceeds 7 000.



Port "Pristis" – Ruse



Ships and passengers that visited Port "Pristis" by years:

Year	2011	2012	2013	2014	2015	2016	TOTAL
1. Arrivals of ships, number:	1 292	1 100	1 074	1 092	1 258	1 296	7 112
1.1. Passengers ships:	169	189	230	283	201	236	1 308
1.2. Commercial ships:	1 123	911	844	809	1 057	1 060	5 804
2. Passengers, number:	20 654	25 282	32 139	39 443	27 556	30 816	175 890

Port "Pristis" LTD runs, maintains and functions by the requirements of the international standard ISO 9001:2008 with the aid of a Quality Management System for the following scope: "Management of port activities", which is supervised by SGS Bulgaria

LTD. This system guarantees the ability of the company to provide harbor services with permanent and consistent quality all the while adhering to the requirements of its customers and the applicable norms of the national legislation.

Port "Invest" Ltd.

Port "Invest" Ltd. is registered as a limited liability company with registered offices and head office: Bulgaria, Ruse 7000, 2 Otets Paisii Sq., floor 8. The company is registered in the Bulgarian commercial register in 2012 with Registration Act No. 20121102153848.

The issued capital of Port "Invest" Ltd. amounts to EUR 102.26 thousand, distributed into 2 000 shares, BGN 100 each. "Bulgarian River Shipping" J.S.Co (public limited company) is the sole owner of the capital. Port "Invest" Ltd. doesn't possess branch offices within the meaning of the Commerce Act.

The business activities of Port "Invest" Ltd. include the implementation of activities of a port operator; provision of port services, chartering and transport-forwarding activity; commercial navigation on river, sea and related inland waterways, including carriage of goods by waterway and combined transport; transportation of passengers and luggage; rental and leasing of ships, other vessels and other means of transport; towing and pushing of vessels and cargo; ship supply, carrying out of river, marine services and other ancillary commercial and technical activities and operations associated with the Merchant Navy; commercial representation, brokerage and ship agency; home and foreign trade; ship repair for own and other needs; investment and

engineering, research and development; training and qualification of personnel; other types of business for which there is no statutory prohibition.

By Decision № 49 of 24.01.2013 of the Council of Ministers of the Republic of Bulgaria, **Port "Invest" Ltd. has been determined as a Concessionaire of the Port "Terminal Lom"**, part of the port for public transport of national importance, Lom. Under the concluded concession contract, "Port Invest" Ltd. owns the rights of a **sole port operator of the Port of Lom.**

Port Lom is situated on the right shore of the Danube River; from river/km 742 000 to river/km 742 500, in the central part of the city of Lom, district Montana, North-western Bulgaria. It is 162 km north of Sofia, 56 km south-east of Vidin, 49 km north of Montana and 42 km west of Kozlodui. The city of Lom is an administrative and economic centre and second in population in the district. The development of the city as a big port centre on the river (2nd after Ruse) is defined by being the closest port to the capital of Bulgaria (Sofia). Port Lom is with overall port area of 371 129 m². The basic port infrastructure and facilities are built on area of 302 379 m². The port is connected with the National railway network and the road network. Through the city of Montana there is a connection with international road E79.



Infrastructure, technological and technical security of Port Lom:

- » **Piers and berths:** the port disposes of 5 piers and 13 berths, three of them (No.1, 2 and 3) are situated on the main Danube and the other 10 – in the firth.
- » **Covered and open storage areas:** solid storages and shelters with overall area of 8 343 square meters and open storage area 117 921 square meters.
- » **Cranes and transshipment facilities:** the basic transshipment facilities for handling of cargoes are 19 el. gantry cranes with lifting capacity between 5 and 20 t. The port disposes of parking zones for

cars/ trucks, as well as internal port railway network. The port fleet consists of 1 pusher, supporting the port aquatory and the adjacent roadstead.

On the territory of the terminal are located border crossing point, customs office, plant-health control post, etc. The cargoes from and for the port are being transported by road, railway and inland waterway. The Port Terminal is designed for handling of import and export cargoes. The port services, typical for universal port, are guaranteed by the located on the territory of the port open and covered storage areas, handling facilities and engineer infrastructure for water supplying, energy supply system for the specialized handling facilities and lighting facilities.



“Port Terminal Lom” is entered in the Register of Ports of Republic Bulgaria, led by the Executive Agency Maritime Administration (BMA) under No.13 on p. 49.

“Port Invest” Ltd is entered in the Register of Port operators of Republic of Bulgaria under No.13, p. 49-52. The company is in possession of a Certificate No. 70/09.05.2013 for registration as a port operator in Port Lom, part of port for public transport of national importance Lom.

The port terminal is in operational suitability and has a Certificate of operational suitability No.307/15.10.2013 for processing general and bulk cargoes, and ship supply issued by the Ministry of Transport, Technology and Communication.

In carrying on its activity, Port “Invest” Ltd. is guided by the best European practices, the existing normative documents and the integrated by the company Environmental management system, Quality management system, Health and safety at work system.

» **The company holds Certificate No.P112/04.02.2015 for entering in the Registry of the State agency for metrological**

and technical surveillance (SAMTS), as legal entity, performing maintenance, repairs and re-engineering of cranes; power-driven electric trolleys, running on elevated railways, not mounted on cranes; electric hoists, not mounted on cranes; excavators intended to work with hook, grapple or electromagnet; lifting accessories; suspended pots for lifting people; movable work platforms.

» **Certificate No.4410417320057, issued by TUV NORD CERT GmbH** for evaluation and certification of the implemented in the company **Environmental management system** in accordance with the international standard **ISO 14001:2015**, for the activities of handling bulk and general cargoes, issuing of transport documents, repair works and providing port services;

» **Certificate No.4410017320057, issued by TUV NORD CERT GmbH** for evaluation and certification of the implemented in the company **Quality management system** in accordance with the international standard **ISO 9001:2015**, for the activities of handling bulk and general cargoes, issuing of transport documents, repair works and providing port services;

» **Certificate No.4411617320057, issued by TUV NORD CERT GmbH** for evaluation and certification of the implemented in the company

Types of cargoes, transhipped in 2016, along with their relative shares

Cargo type	Quantity (ton)	Relative share (%)
Metals	150 184	31.04
Grains	144 072	29.78
Coal	74 158	15.33
Ores and concentrates	51 059	10.55
Artificial fertilisers	48 903	10.11
Coke and coke breeze	14 028	2.90
Fluorite	1 118	0.23
Paving units	226	0.05
Machines and equipment	25	0.01
TOTAL	483 773	100%

Health and safety at work system in accordance with the international standard **BS OHSAS 18001:2007**, for the activities of handling bulk and general cargoes, issuing of transport documents, repair works and providing port services.

For the period from 01.01.2016 to 31.12.2016 on the territory and in the operative aquatory of the Terminal have been handled 483 773 t cargoes, among which for 2016 metals are with the largest share (31.04% from the total cargo volume), followed by grains (29.78% from the total cargo volume) and coals (15.33% from the total cargo volume).

The structure of the handled cargoes as to their

directions include:

- » Handled cargoes from import – 53.58% from the total cargo volume. Among them with largest share (47.24%) are the metals;
- » Handled cargoes for export – 45.40% from the total cargo volume. Among them with largest share (65.42%) are the grains;
- » Handling of coastal cargoes – 0.37% from the total cargo volume. Among them with largest share (77.02%) are the coals;
- » Transshipment of cargoes – 0.65% from the total cargo volume.



Port Lom

“Trans Inter-car” Ltd.

“Trans Inter-car” is a company, which is a part of “Chimimport” providing automobiles on operative leasing. The company disposes with an automotive park with

more than 100 automobiles, which are part of its activity. Some of the main customer-companies are participants in “Chimimport”, as well as some external customers.



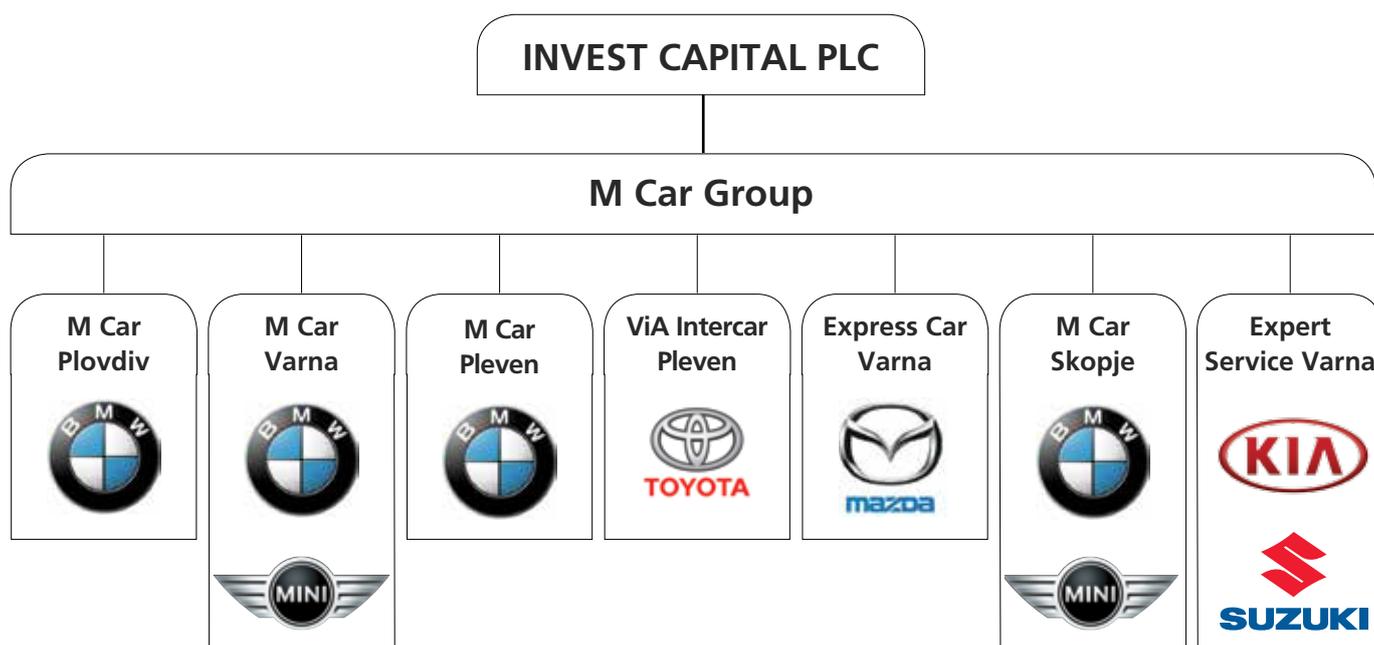
“M Car Group”

During the same year “Invest Capital” launched a new project – namely for the construction of two service stations in Sofia and Varna. Their purpose is to provide quality and all-round service for the customers of Insurance Stock Company “Armeec”, as well as for all the companies participating in the holding.

In the end of the year 2014, “Invest Capital” with the aid of a fiduciary company acquired the facilities of the importer of BMW and Mini in Skopje from April 2015, after complete reconstruction in compliance to the latest standards and the requirements of the German manufacturer, “M Car Skopje” became the official dealer of the brands BMW and MINI for Macedonia and Kosovo. In 2015 the new showroom in Varna opened for business over 1000 square meters presenting Kia and Suzuki automobiles. In 2016, following its marketing strategy of implication

and population of the brand “M Car”, two of the dealerships of BMW “Varna Cars” and “ViA Intetrcar” have been renamed correspondingly to “M Car Varna” and “M Car Pleven”. During the same year “M Car Varna” performed an overhaul and reconstruction of the BMW showroom while complying with the standards and the requirements of BMW AG and opened the second showroom of the BMW Motorrad for the territory of Bulgaria.

In 2016 started the construction of the largest sales and service BMW and MINI Complex. M CAR Sofia is due to open in 2017 and it will span over 11 000 square meters. The Complex strategy of “Invest Capital”, with the aid of its fiduciary company “M Car Group” is to expand, in the future, its activity in the automotive tier as it acquires new dealerships, expands its activity over the available and to increase the quality of the newly opened service centers.







“M Car” Ltd. - an authorized representative of BMW for Southeast Bulgaria

“M Car” is an authorized representative of BMW for Southeast Bulgaria. The company is registered in 2001 as from the very beginning of its activity is a dynamic tempo setter and therefore takes the leading position in the premium automobiles sales segment.

The high level of professionalism, the flexible and creative company policies are all set and developed in the attitude of “M Car” towards the customer which leads to high performances with respect to satisfaction and to the increase of the customers beyond the limits of Southeast Bulgaria.

“M Car” incorporates the sale of new and used BMW automobiles in its activity, as well as the offering of after sale servicing of BMW and MINI. The “M Car” team passes a number of professional trainings every year, which in turn leads to constant increase of the qualification and to the possibility of adequate

reaction to the needs of the market, as well as to the individual customers.

The automotive complex is spanning over 2 203 square meters, disposes of a modernly equipped service base, covering entirely the high standards of BMW, and a presentation showroom, located on 448 square meters. “M Car” has 55 qualified employees as the company structure is harmonized entirely with the management practices of the automotive factor BMW and the imposed highly effective principles of work.

During 2014 the showroom was renovated completely according to the latest standards and requirements of the German manufacturer. As a good testimony for its work, during the past few years, “M Car Plovdiv” has won numerous prizes for automobile sales, servicing, accessories and lifestyle products.



Showroom and service station for BMW and MINI, shop, offices and parking

The project ambitiously aims to become a model of ultimate conduct of marketing and corporate policies, as well as it is a perfect fit for the urban environment as it complies with all normative requirements of the territory and corresponds to the stats of sustainable and eco-friendly environments.

The building is located in the residential complex "Hladilnika - Vitosha", city of Sofia. It is comprised of two separate showrooms of BMW and MINI, as well as a common service station, office and parking.

The BMW showroom is designed on three stories – ground, second and third floors, integrated into the surface area of the main facility. The MINI showroom is designed on two stories with an original company vision concept in mind.

When entering by the main door, the customers will be welcomed at the information desk. According to their needs the same will be redirected to consultants for purchase of a new automobile or to expert-mechanics for repairs. The facility will also

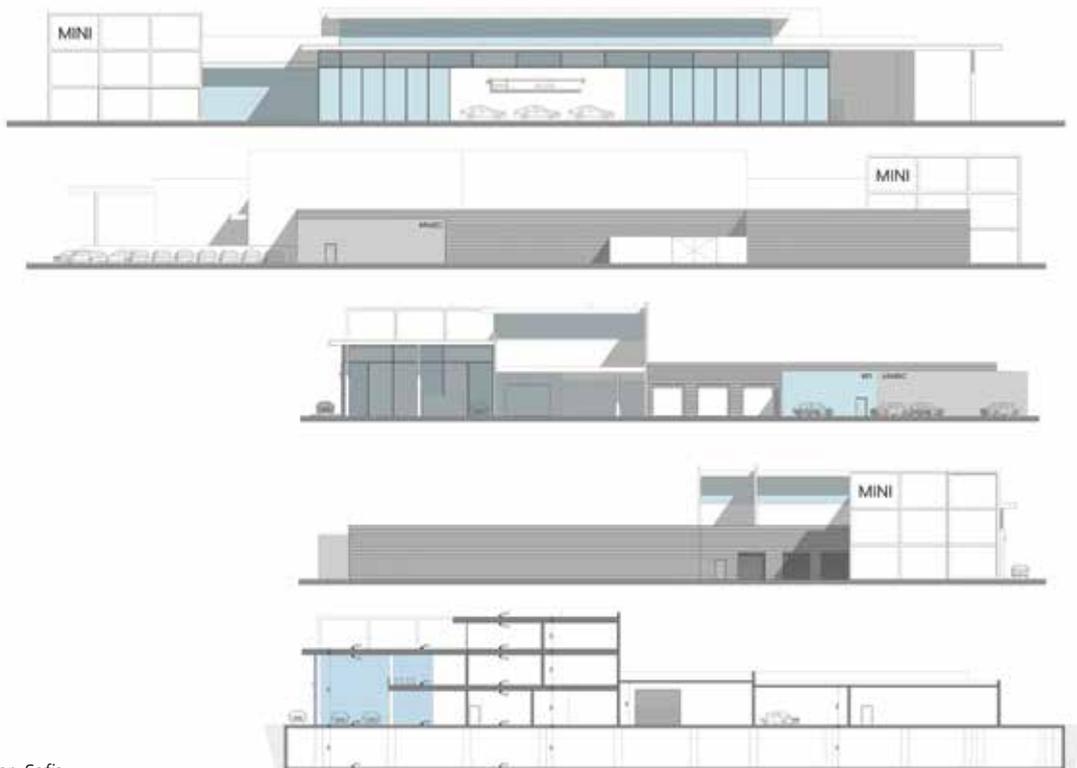
include a store with accessories and advertisement materials, bureau for receipt of inquiries and handing of spare parts, coffee-zone and customer's area.

The service station segment will include storage rooms, reception fast servicing / small repairs, which do not require a lot of time to perform / overhaul, bodyworks / repair of crashed automobiles / preparatory room / room of supplementary works prior to painting and automotive paint shop / as well as carwash.

There will be 55 open parking lots for automobiles, 3 of which will be dedicated to people with special needs. At the underground parking one can use one of the 32 spots and there will also be 33 spots reserved for storage of new automobiles.

Total area of the facility - 10 579.55 square meters

Deadline for the completion of the facility: October year 2017



Project M Car, Sofia

Project M Car, Sofia





“M Car Varna” Ltd. – authorized dealer of BMW for Northeast Bulgaria

The activity of “Varna Cars” started during the second half of the year 2002 as the company signed a contract for dealership, automobile sale and spare parts sale, as well as warranty and post-warranty servicing of BMW for Northeast Bulgaria.

At the end of the year 2006 “Varna Cars” signed a new contract for dealership directly with BMW AG Germany. During the month of October of the same year, the company signed for the servicing of MINI. Currently the company delivers the full spectrum of service and repair options for both BMW and MINI automobiles.

In the early 2009 the center of demonstration and sale of used automobiles following the “BMW Premium Selection” program was built over 700 square meters.

“Varna Cars” was announced as the best BMW dealer in Bulgaria in both sales and after sales service for 2011.

In 2014, Varna Cars became the official representative of MINI for the region and opened the first standalone showroom of the brand in Bulgaria.

In the desire to satisfy the ever growing desires of its customers, Varna Cars started a general reconstruction of its automotive saloon in 2015 while adhering strictly to the latest requirements and standards of BMW. In 2016 the reconstruction was a fact as the exhibition space for BMW increased by almost 75 square meters, which provides space to show up to 8 more automobiles and the second floor over 140 square meters a showroom for motorcycles and accessories of the brand BMW Motorrad was built.



M Car, Varna



M Car, Varna





“M Car Plevn” Ltd. – authorized dealer of BMW in Northwest Bulgaria

“ViA InterCar” is a company started in 1997. Initially the company excelled in selling original spare parts for the brands BMW, ROVER and LAND ROVER, as well as offering repairs for the latter three. In 2004, “ViA InterCar” became an official representative of BMW for Northwest Bulgaria. The main activity of the

company became the sale of automobiles, original spare parts and accessories with the brand BMW, as well as the after sales service. In 2008, “ViA InterCar” opened a new showroom combined with a service station in the city of Plevn, which corresponded to all the requirements and standards of the BMW brand.

M Car, Plevn





“ViA InterCar 2007” Ltd. – authorized dealer of Toyota for the region of Pleven

The company started its operative activity after the opening of a new automotive complex in 2007. Between 1997 and 2007, “ViA InterCar” 2007 sold automobiles, spare parts and performed the full spectrum of servicing operations. In the end of 2004, the company signed with “Toyota Balkans” and became an official representative in sales and after sales servicing of Toyota automobiles.

For the construction works and the equipment of the

new TOYOTA complex, an investment of over EUR 770 thousand was made. The new facility spans over 115 square meters and offers new TOYOTA automobiles, spare parts, consumables and accessories for the automobiles, servicing and repairs – automotive mechanics, bodyworks and painting, as well as sale of used TOYOTA automobiles. The service station is equipped with the latest state of the art for diagnostics and repairs.

ViA InterCar, Pleven





“Express Car” LTD – authorized dealer of Mazda for the Varna region

In 1999, “Express Car” signed a dealership contract with “Summit Motors Bulgaria” LTD and became the authorized dealer of Mazda for Northeast Bulgaria. In 2003 a new showroom in Varna downtown was open. After the good results, amongst which the prize for best dealer of Mazda for three consecutive years, the company opened another sales-service center in 208, which was in accordance with all requirements and standards of the Japanese manufacturer.

The new complex disposes of a showroom with area of 379 square meters and a service station of 364 square meters.





“M Car Skopje” – official importer of BMW and MINI for the territory of the Republic of Macedonia and Kosovo

“M Car Skopje” – official importer of BMW and MINI for the territory of the Republic of Macedonia and Kosovo.

“M Car Skopje” was started in December 2014. Since 2015 this company is the official importer of the brands BMW and MINI for the Republic of Macedonia and Kosovo. The modern sales-service complex is located at one of the main road arteries of the city of Skopje where one can find most of the automotive dealerships and takes the total area of 5 500 square meters as it offers all the services, related to the sale and servicing of the German brands.

The BMW showroom is one of the largest in the country where over 1000 square meters one can

review the full range of BMW, as well as a large number of accessories. The MINI showroom takes 300 square meters and is constructed according to the latest requirements of the German manufacturer.

“M Car Skopje” disposes with the largest and most contemporary bodyworks and painting shop at the Macedonian market. Spanning over 1600 square meters, the company offers a full package of service and repair options for warranty and post warranty cases. Due to the excellent infrastructure of the flawless products, as well as thanks to the professional and well trained team, “M Car Skopje” aims to restore its leader position at the premium tier of the Macedonian market during the very next year.

M Car, Skopje





“Expert Service” – official distributor of the brands KIA and SUZUKI as well as trusted service station for Insurance Stock Company “Armeec” for the city of Varna

“Expert Service” Ltd. started out in 2015 as a certified service station for the automotive brands KIA and SUZUKI. A team of highly qualified experts offers the full range of automotive repairing services according to the standards, technologies and technical requirements of the manufacturers.

The company also offers servicing for post warranty repair of all brands: diagnostics, warranty and post warranty servicing, engine overhauls, gearbox repairs, chassis repairs, electrical circuits and equipment, replacement of spare parts, bodyworks, restoration, repairs and painting of damaged parts of the automobile coupe.

“Expert Service” is also a “trusted service station” for bodyworks at the Insurance Stock Company “Armeec”.

In 2015 “Expert Service” became the official representative of KIA and SUZUKI for the city of Varna. In the showroom each and every customer will get professional and competent collaboration in the choice of an automobile, motorcycle or off-road vehicles of the corresponding brand.

In its capacity of authorized service station, Express Service has the chance to deliver the full package of service activities and repairs for the KIA and SUZUKI automobiles.



Expert Service, Varna

PRODUCTION AND TRADING



Oil production plant in Provadia

“Zarneni Hrani Bulgaria” JSC

“Zarneni Hrani Bulgaria” JSC is at the top of the Bulgarian market as far as the purchase, storage and trading with oilseeds, as well as in the production and the sale of vegetable oils.

With the opening of the largest and most contemporary plant, up to the present day, for the production of biodiesel in Bulgaria, “Zarneni Hrani Bulgaria” JSC has successfully entered into this branch as well.

“Zarneni Hrani Bulgaria” JSC is a joint stock company, founded on the 26.11.2007 by the merger of the following eight companies: “Sun Rays Bulgaria” PLC, city of Sofia (a public limited company by the meaning of the Law of Public Offering of Securities), “Zarneni Hrani Trade” JSC, city of Sofia, “Back International” JSC, city of Sofia, “Zarneni Hrani – Valchi Dol” JSC, city of Sofia, “Zarneni Hrani Balchik” JSC, city of Sofia, “Zora” JSC, city of Ruse, “Prima Agrochim” LTD, town of Dobrich and “Chimiport Agrochemicals” LTD, city of Sofia. As a result of that merger, all assets and liabilities of the said companies were passed on to the newly created entity “Zarneni Hrani Bulgaria” JSC which is thereby their universal successor. With the aid of the vertically integrated business model of the company, which in turn covers all the stages from the manufacturer to the end user, including transport and harbor activities is achieved through the uniting of the agricultural business of “Chimiport”.

In 2012 a Contract of Transformation via merger of “Chimiport Group” JSC into “Zarneni Hrani Bulgaria” JSC was signed, due to which the company became the universal successor of the assets and liabilities of the so transformed entity.

As a result of the so made merger the Group has the following entities:

“Sun Rays” Provardia JSC – subject of activity: manufacturing and trading with biodiesel, trading with vegetable oils, purchase and storage of oil production raw materials, refinement, harvesting and storage of oil raw materials, refinement and harnessing of vegetable, nutritive and technical oils, brislings and pomace.

“Zarneni Hrani Grain” LTD – subject of activity: Trading with grain and its derivatives within the country and abroad, trading with agricultural products, purchase of goods and other items with the purpose of sale in initial, processed or refined states – within the country and abroad.

Port “Balchik” JSC – subject of activity: rendition of harbor services of loading, unloading, stacking, storage, and repacking of different types of cargos, intra-harbor /terminal/ transportation of loads and mail in the public transportation harbors /in the case of concession/, performance of additional activities.

“Oil and Gas Exploration and Production” PLC – subject of activity: Prospecting, exploration, production and marketing of crude oil and gas, prospecting, exploration and production of fields of thermal, mineralized and underground water for human consumption, household and industrial purposes, prospecting and exploration of geothermal energy fields, wild cat, exploration and production well drilling for oil and gas, as well as underground water and geothermal energy, all types of service activity related to the main activity.

“Asenova Krepost” JSC – subject of activity: production and marketing of polymer packaging and materials, distribution, trading, import and export, tourism, management, marketing, entrepreneurship, mediation and agency, services of acquisition, management and assessment and sale of participations in local and foreign enterprises; investments in securities of other emitters; signing of other commercial affairs, related directly to the former activities.

“Chimiport Pharma” JSC – subject of activity: import, export, distribution, production and wholesale/retail sale of medicaments, medications and medical equipment and equipment, consumables, medical-sanitary materials and herbal products.

“Bulchimtrade” LTD – subject of activity: trading within the country and abroad with pharmaceutical substances, veterinarian medicaments, chemicals, reagents, gases, lacquer and painting products, pigments and paints, artificial threads, oil, fuels,

petrochemical products; external trading, exchanges, barter, compensation and other types of affairs.

“Omega Finance” LTD – subject of activity: accounting services, wholesale, financial consultations and investments.

“Texim trading” JSC – subject of activity: trading with goods and services, import and export, services in the construction works, transportation and tourism sectors, financial and fiscal consulting.

“IT Systems Consult” LTD – subject of activity: web design, graphics design, development, commissioning and maintenance of software products, development, implementation and maintenance of computer networks, web hosting.

In 2014 the company sold 28% of its control package at the subsidiary company Port Balchik JSC, thus reducing it from 95% to 67% of all the shares.

On the 13th of January 2014 the newly founded company **“Techno Capital” JSC** was registered. Its share capital is comprised of 1 000 000 ordinary registered shares with par value of 1 BGN each as the group is the holder of 59.4% of all the shares. The main subject of activity for the so created company is to act as a system integrator of information systems, preparation and management of projects, contracting with vendors and contractors, management of human resources, contracting, selection and management of technical infrastructure for work of information systems of all sorts and designation; implementation and commissioning of information systems, selection and assembly of hardware, information systems administration; outsourcing and management of information services, as well as all sorts of activities not prohibited by the law.

In 2016 a new subsidiary company named **“Sitnyakovo Project Estate” LTD** was established. The company capital is in the amount of EUR 3 331.07



Facilities for the production of biodiesel

Facilities for the production of biodiesel



thousand and is formed by a kind contribution of real estate by the sole owner Oil and Gas Exploration and Production PLC.

Subject of activity of "Sitnyakovo Project Estate": management and rental of real estate; purchase of real estate; construction of buildings; sale of real estate – offices and flats.

Initially the capital of "Zarneni Hrani Bulgaria" is in the amount of EUR 87 320.98 thousand, divided into EUR 87 320.98 thousand simple shares with the right to cast a vote and par value of 1 BGN each. As a result from the transformation, the capital of the accepting company "Zarneni Hrani Bulgaria" JSC has increased to EUR 100 039.37 thousand with the emission of EUR 12 717.87 thousand simple shares with the right to cast one vote and par value of 1 BGN each.

"Zarneni Hrani Bulgaria" JSC is a public joint stock company by the meaning of article 110 of the Law of Public Offering of Securities by the virtue of resolution of the Commission of Financial Supervision from the 30th of November 2007.

The fundamental business areas of the company are:

- » manufacturing of vegetable oils; production of biodiesel; refinement and harnessing of technical oils; raw oil production and prospecting for natural gas; refinement of oil and condensate, manufacturing of oil products, polymers and synthetic threads; manufacturing of low voltage electric apparatuses; refinement and trading with plastics; manufacturing and trading with polyethylene products;
- » trading with grains, vegetable oils, pharmaceutical

substances, veterinarian medications, chemicals, reagents, gases, lacquer and paint products, pigments and paints, synthetic threads, oil, fuels, petrochemical products; trading with medicaments, medical equipment, consumables, medical-sanitary materials; distribution of fertilizers and products for crop protection;

» warehousing grains, renting of real estate and rendition of harbor services and others.

The manufacturing activity of refined oils is performed by the company in an Oil Production Plant, located in the town of Provadia where in the integrated installations, the company disposes of capacity to manage the full cycle of manufacturing – from the seed squashing to the bottling of the done production. The Oil Production Plant located in the town of Provadia has a fully integrated technological system for the production of vegetable oils and is registered as site № 03030001, as a plant for the production of oils with vegetable origin.

The plant has been certified as compliant with the standards for quality management systems as defined in ISO 9001:2008 and ISO 22000: 2006.

The refined oils are branded with the reserved name “Sun Rays”, which name is registered with the State Registry of Brands, as maintained by the Bulgarian Patent Office.

The plant disposes of completely automated oil refinement line with 100 tons capacity for refined oils for feeding purposes and 300 tons neutralized oils for technical purposes each 24 hours. The equipment is delivered by the Italian company De Smet Ballestra oil.

In 2008 a new automated bottling line with capacity 6000 bottles per hours (1 liter each bottle) was delivered by the English company Intercaps.

In 2016 a new installation for production of raw oils was introduced. The powers in the oil production workshop are 600 tons/24 hours for refinement for sunflower seeds or 500 tons/24 hours for different seeds.

Part of the available infrastructure in the town of Provadia is being used by the company (through its subsidiary “Sun Rays Provadia” JSC) as a fundament for the construction of the most contemporary (up to

Denomination of the subsidiary	Denomination of the subsidiary
Sun Rays Provadia JSC	100
Zarneni Hrani Grain LTD	100
Port Balchik JSC	67
Oil and Gas Exploration and Production PLC	51.22
Asenova Krepost JSC	68.85
Chimiport Pharma JSC	68
Bulchimtrade LTD	66
Omega Finance LTD	66
Texim Trading JSC	88.32
IT Systems Consult LTD	100
Chimtselteks LTD	60
Aris 2003 LTD	60
Rubber Trade LTD	60
Techno Capital JSC	59.40

Denomination of the subsidiary	Denomination of the subsidiary
Bulgarian Petrol Refinery LTD	51
PDNG – Service LTD	51
Sitnyakovo Project Estate LTD	51
Chimoil BG LTD	51
Golf Shabla JSC	33
Editing House Geology and Mineral Resources LTD	36
Dobrich Fair JSC	39.98
Kavarna Gas JSC	35
AK Plastic LTD	68.16
Asela JSC	35.21

this moment) installation for the production of biodiesel in the country. The plant, is built by the world leader from Italy De Smet Ballestra oil based on modern technologies and is with annual production capacity of 100 000 tons as it could be powered by different raw materials for the purpose of diversity of arbitration between the prices of the raw materials and the done production.

This manufacturing process is ecological – the only waste is glycerin with degree of pureness 80%, which is highly applicable in many industries and all refinement processes are automated and almost human factor free. At the plant there are also storage units of 6 000 square meters for storage of biodiesel and 2 000 square meters for the storage of neutralized vegetable oil with total value of 15 million euro. The so produced biodiesel is being sold on neighboring external markets.

The plant also disposes of the following warehousing facilities:

- » reservoirs for storage of refined oil with total capacity of 2 300 tons;
- » reservoirs for storage of raw sunflower oil with total capacity 11 000 tons;
- » silo for sunflower seeds with capacity of 25 000 tons.

The quality of all the goods produced is controlled by

own laboratory, accredited by BDS EN ISO/IEC 17025: 2006, with scope: for oil seeds, vegetable oils, byproducts from oil seeds and biodiesel.

In relation to its activity involving agricultural production, the Company owns and operates with 25 grain bases, which makes the largest network in the country, representing 35% of the licensed and 17% of the general capacity of the country. The grain bases are located in the villages of Krushari, Kardam and Karapelit, the towns of Tervel, Nova Kamena, Dobrich, the villages of Dolno Tserovene, Gen. Kolevo, Dve Mogili, the towns of Balchik, Valchi Dol, Staldzha, Dobrich, Strazhitza, the city of Burgas and others and have the total capacity of 802 000 tons of grain.

The fundamental competitive advantages of “Zarneni Hrani Bulgaria” JSC are:

- » integrated operational model (purchase, storage, refinement and sale of harvests);
- » access to transport corridors and development of export activity, which is performed through its subsidiary company “Port Balchik” JSC out of which “Zarneni Hrani Bulgaria” owns 67% of the shares;
- » remarkable material base (the network of grain bases, the plant for biodiesel and so on);
- » belongs to the economic group of “Chimiport” which allows the exploitation of the synergies with the other companies: transport (“Trans Intercar”,

“Bulgarian River Shipping”), crediting (“Central Cooperative Bank” JSC) and insurances (Insurance JSC “Armeec”), trading with fertilizers and so on.

The main goals for the company in the short run are related to:

- » expanding of the existing credit program for cooperation with farmers, related to the provision of packages for the growing of oil producing crops (seeds, chemicals, fertilizers, fuels, insurances). The program is supported by “Central Cooperative Bank” JSC and Insurance JSC “Armeec”;
- » development of an optimal logistics model, including modernization of grain bases;
- » utilization of the corridor Ruse-Danube-Constanța in conjunction with “Bulgarian River Shipping” for transportation of the production and cargos related to the activity of the company.
- » in the mid-term “Zarneni Hrani Bulgaria” will continue to analyze the possibilities for the

acquisition of other companies from the branch or from related branches, as well as the possibilities for the entry in the agricultural manufacturing as element from the strategy for the higher deliveries security.

The economic group “Oil and Gas Exploration and Production” includes the following companies: “Oil and Gas Exploration and Production” PLC, “Bulgarian Petrol Refinery” LTD, “PDNG – Service” LTD, “Chimoil BG” LTD, “Golf Shabla” JSC and “Publishing House Geology and Mineral Resources” LTD and “Sitnyakovo Project Estate” LTD.

The economic group “Asenova Krepost” includes the following companies: “Asenova Krepost” JSC, “Asela” AD and AK Plastic LTD.

The economic group “Himtselteks” LTD includes the following companies: “Himtselteks” LTD and “Aris 2003” LTD.



“Oil and Gas Exploration and Production” Plc

“Oil and Gas Exploration and Production” Plc is the only Bulgarian company, performing the full scope of activities of survey, research, development and exploitation of oil and gas fields, as well as the processing of crude oil to final products for the market.

“Oil and Gas Exploration and Production” Plc was established in 1991. The company is the legal successor of the main geological, research and production companies and facilities that initiated the beginning of the Bulgarian oil industry with oil field Tyulenovo, discovered in 1951 in the area of the town of Shabla. The experts from “Oil and Gas Exploration and Production” Plc have many years of proven experience and achieved results both on the territory of Bulgaria and in performing petrol projects in Libya (Bulgarian petrol concessions NC-100 Gadames and NC-101 Morzuk), Syria, Iraq, etc.

The registered capital of “Oil and Gas Exploration and Production” is to the amount of EUR 6.25 million.

Since September 2002 the company is public and its shares have been accepted for trading on the Official Market of BSE - Sofia AD.

After a tender offer made to the remaining stock holders in 2014 Chimimport possesses directly and through related parties 66.69% from the capital.

Oil and Gas Exploration and Production, through its exploration and production units and subsidiaries performs a wide range of specialized activities and services in all stages of the searching, oil and gas exploration and production, the research and exploitation of underground and mineral waters and geothermal energy.

The main activity of “Oil and Gas Exploration and Production” includes:

- » prospecting, survey, extraction and sale of crude oil and natural gas;
- » prospecting, survey and operating of thermal, mineral and underground waters for drinking, domestic and industrial purposes;
- » prospecting and survey of geothermal energy fields;
- » drilling of exploration, appraisal and production

wells for oil and gas, underground waters and geothermal energy;

- » scientific researches and engineering activities within the country and abroad;
- » specific maintenance and foreign trade operations;
- » processing of oil and condensate;
- » geological and geophysical maintenance activities in the sphere of searching and exploration for natural resources in Bulgaria and abroad;
- » planning, production and maintenance activities in the sphere of geology and geophysics;
- » construction of oil and gas pipes and installing of facilities for work under pressure.

“Oil and Gas Exploration and Production” Plc is a concessionaire under 13 contracts for crude oil and/or gas extractions. The company extracts crude oil and natural gas from the following fields: Tiulenovo, Dolni Dabnick, Dolni Lukovit, Dolni Lukovit West, Staroseltsi, Gorni Dabnick, Bardarski geran, Selanovtsi, Balgarevo, Marinov geran, Butan South, Durankulak and Iskar-West. The activities related to prospecting, survey and assessment of new oil and gas fields are carried out under the order and conditions of Mineral Resources Act.

By December 31st, 2016 “Oil and Gas Exploration and Production” Plc holds the right of oil and gas prospecting and survey in Block 1-12 Knezha, located on the territory of Republic of Bulgaria

After its acquisition by “Chimimport” Plc in 2004 “Oil and Gas Exploration and Production” Plc launched the implementation of wide range investment program for renovations in the specific geophysical equipment, operational facilities repair, improved work conditions, implementation of modern information systems for resource planning and management. This program’s main goal is to improve the performance and financial results, to adapt the activities to the intensifying market and business environment both nationwide and abroad. In 2004 the company purchased the ultimate seismic equipment System Four manufactured by the American Input Output company.

In the autumn of 2007 the company introduced integrated resource planning system DMERP designed by the Bulgarian company DataMax. Since

late 2010 the company brought into operation newly purchased modern top class cyber-drilling equipment, which ensures high performance and technical safety in drilling deep exploration, appraisal and production oil wells.

Since the middle of 2012, "Oil and Gas Exploration and Production" Plc is successfully certified under ISO 9001:2008, by receiving a certificate from TUF Rheinland InterCert Kft., thus competing the last stage from project No.BG161PO003-2-1-08-0621-C0001 "Meeting internationally recognized standards." The project was based on contracted agreement between "Oil and Gas Exploration and Production" Plc and the Bulgarian Small and Medium Enterprises Promotion Agency concerning granting of financial aid No.DCM- 02210/01.06.2011 under Operational Program "Development of the Competitiveness of the Bulgarian Economy 2007-2013". In connection with changes in the ISO standard since the middle of 2017, Oil and Gas Exploration and Production Plc successfully completed a recertification procedure under the new rules of the ISO 9001: 2015.

Since the middle of 2014 "Oil and Gas Exploration and Production" JSC has been successfully certified according to the BS OHSAS 18001:2007 and has received the certificate from "TUF Rheinland InterCert Kft."

In 2013, the "Well logging unit for openhole oil and gas wells" was successfully put into operation as a result of the implementation of Project BG161PO003-2-1-07-0102-C0001 "Well logging unit for openhole oil and gas wells" under contract between the company and General Directorate "European Funds for Competitiveness" of the Ministry of Economy and Energy, financed under the Operational Program "Development of the Competitiveness of the Bulgarian Economy 2007-2013".

In 2013-2014 "Oil and Gas Exploration and Production" Plc successfully implemented Project BG051PO001-2.3.03-0670 "Improvement of working conditions", financed under the agreement between the company and National Employment Agency, in its capacity of Intermediate Body on Human Resources Development Operational Program, on scheme BG 051PO001-2.3.03 "SAFETY WORK" of the

Human Resources Development Operational Program at the Ministry of Labor and Social Policy.

"Oil and Gas Exploration and Production" owns a major interest in the following companies: "Bulgarian Petroleum Refinery" Ltd (100% participation), "PDNG-Service" Ltd (100% participation), "Chimoil BG" Ltd (100% participation), "Sitnyakovo Project Estate" Ltd (100% participation); "Geology and Mineral Resources" Ltd Publisher (70% participation); "Golf Shabla" (65% participation). The company owns also 35% of the gas distribution company "Kavarna Gas" Ltd.

"Bulgarian Petroleum Refinery" Ltd is an established producer of petroleum products, made from the processing of crude oil and condensate like solvents





for the varnish and dyeing industry, diluents, industrial gas oil, fuel for burning in stationary fuel installations, ship fuels, boiler fuels etc.

“Bulgarian Petroleum Refinery” Ltd owns a chemical laboratory, which is an accredited research laboratory for analysis of petrol, diluents, fuels and petroleum products in accordance with the requirements of Bulgarian State Standards ISO 9001, ISO 17025. The company is a licensed warehouse keeper for the production and storage of energy products under the Excises and Tax Warehouses Law, whereas the tax warehouse is located in the village of Disevitsa, Pleven municipality.

Oil and Gas Exploration and Production is the sole owner of the company “PDNG-Service” Ltd, established in 2006, which performs the external and internal trade activity in the area of supplying specialized equipment,

spare parts and materials for the needs of surveying, oil and gas exploration and production

The main partners of “Oil and Gas Exploration and Production” are “Bulgartransgas” Ltd, Pleven Municipality, Kavarna Municipality, Dolni Dabnik Municipality, Knezha Municipality and Shabla Municipality. The company maintains and develops good business relations with leading companies and suppliers in the oil industry from EU, USA, the Russian Federation and Ukraine

The chief investment priority of Oil and Gas Exploration and Production is the realization of projects for prospecting, exploration research, development and putting into operation of new fields of crude oil and/or natural gas on the territory of the country and in the continental shelf and the exclusive economic area of Bulgaria in the Black Sea.

“Chimoil BG” Ltd.

“Chimoil BG” LTD is a subsidiary company of “Oil and Gas Exploration and Production” PLC.

The fundamental activity of the company is divided into several main areas as follows:

- » petrol stations management;
- » trading and distribution of energy products – light fuels, propane-butane, compressed natural gas to its own and to external petrol stations;
- » wholesale and distribution of energy products – light fuels, propane-butane, compressed natural gas, designated for both petrol bases and for the industrial sector;
- » development of a commercial chain – petrol stations branded CHIMOIL.

The company is present at the market of retail sale of energy products since 2011 as up to this moment it runs five sites – petrol stations branded CHIMOIL.

Three of these five sites are in the region of the town of Dobrich and the remaining two are located in the town of Pavlikeni and in the city of Sofia. In the month of April, year 2016, in one of the three petrol stations, located in the region of Dobrich, the retail

sale of compressed natural gas (CNG) was introduced.

Even in the present moment the company focuses its main efforts into the sale of the highest quality fuels amongst all the competitors on the Bulgarian market, as well as on the rendition of good supporting items and services.

While performing the so set accent, the team of the company aims to achieve high level of customer satisfaction from the use of the offered goods and services.

In the short run, the company plans are related to the maintenance of the trading and distribution of energy products, as well as the maintenance of the CHIMOIL brand with the aid of the already established petrol stations. Currently the design of a new petrol station for the city of Varna is in process.

The mid-term and long term plans of the company are related to the development of a trading chain of petrol stations branded CHIMOIL and the construction of petrol bases, located at the fundamental economical centers of the country.



“Assenova Krepost” JSC

“Assenova Krepost” JSC was established in 1964 with head office in Assenovgrad, Bulgaria, and scope of activity production and trade with polymer packages and materials. The company has more than 50 years of experience in the production of flexible, transport and consumer packagings, as well as different films for the agriculture and construction industries. With more than 20 years of traditions in the production of woven bags and flexible bigbags, the company has well established infrastructure, production capacities and experience.

Technologically “Assenova Krepost” JSC closes the entire production cycle from raw polymers to final products, successfully applying the following processes:

- » Extrusion of mono-layer and multi-layer films with different composition and properties – barrier, protective, UV stabilized etc.;
- » Extrusion coating and reinforcement; dry and wet lamination;
- » Multi-colour flexo printing;
- » Various kinds of conversion lines and final complete sets.

Polymeric material production includes the following basic directions:

- » consumer packaging;
- » transport packaging;
- » films and packaging for the agriculture.

Main products are:

- » woven containers – with main application for storage, transport of bulk goods: fertilizers, cement, polymers, etc.;
- » woven bags – for packaging of chemical products and construction materials, shrinkable films – for palletized goods in chemical, glass and food industries;
- » polyethylene films– wide range of products for agriculture and greenhouse productions;
- » polypropylene baler twine;
- » biaxially oriented polyethylene film packages for food industry;
- » combined packages and multilayer casings for sausages;
- » stretch film and polypropylene cast film.

Company “Assenova Krepost” JSC has an ISO certificate 9001-2008 and certificate for approval N° SOF0208061 from Lloyd's Register, which is a guarantee for well organized quality control of the products. The company has an environmental management system certificate N° EM – 00359 170 176 – BG from “TCS”. The company's production is well known on the local and international market. Some of the main customers in the country and abroad are:

- » Factories for mineral fertilizers in Bulgaria (“Agropolychim” - Devnya, “Neochim” - Dimitrovgrad);
- » Agricultural associations and cooperatives, companies in the food and flavor industries (tobacco industries, meat industries, sugar plants etc.);
- » on the foreign market – companies for production and trade with mineral fertilizers from Russia, France, Norway, England, Greece etc.; for production of packagings and films for the agriculture in Macedonia and Serbia.

The production of Assenova Krepost JSC holds approximately the following market share from the total production in the country:

- » woven bags and flexible containers /BigBags/ – over 44%;
- » film packages for agriculture – over 28%;
- » BOPP films – over 8%;
- » casings for sausages – over 30%;
- » baler twine for the agriculture – over 36%.

Company development

During the last 5-6 years the company has made serious investments for the renovation of its assortment structure and technological equipment. In the field of woven fabrics the company has installed new equipment for woven bags, coating for woven products, new modern conversion lines for woven, valve type bags, designed for chemical and construction industries; significant part of the equipment for baler twine has also been renovated.

In the field of film production the company has established new capacities for the production of multilayer casings for sausages and expanded, and modernized significantly the production of conversion

lines and multicolor flexo print of polymer film packagings. The total value of investments in the company for the past 6-7 years exceeds EUR 4.19 million.

The company has carried out serious research and during the past year has made significant renovation of polymer films and woven products:

- » A new three-layer blow-film line was brought into operation, which improves the parameters of packagings for the food industry providing better barrier properties or products.
- » The company has installed a production line including installation for tapes, looms and

conversion line for woven products.

A research is being carried out for the delivery of new extruders for production of multilayer films for packagings, which have new technical applications, high capacity and lower power consumption; expansion of production capacities for multi colour art print and related supplementary activities.

This innovative activity ensures the company's priority objectives for increasing competitiveness, covering new market niches with modern polymer products, optimizing the production costs of the company and ensuring waste free production.



“Accounting House HGH Consult” Ltd.

The main subject of HGH Consult Accounting House is providing accounting services, labor and legal services, tax consulting and economic analysis. Chimimport Plc holds 59.34% of HGH Consult capital.

The company mission is to provide Chimimport Plc and its holding subsidiaries, as well as its external clients with professional and quality accounting services combined with prompt solutions, enabling the client to follow his enterprise in real time.

HGH Consult has qualified auditors, whose ambition is to see the company working in the highest management standards.

The company draws up the holding’s budgets, analyses and drafts, and executes overall control on the financial flows in all holding companies.

The company draws up the taxation plans and provides tax protection to Chimimport Plc and its subsidiaries.

“Prime Lega Consult” Ltd.

During the last decade Chimimport realized an investment program of a large scale to acquire shares and stakes in companies, part of which are branches of structural significance to the Bulgarian economy, requiring special legal knowledge.

In 2002, in the performance of this ambitious program, the management of Chimimport transformed the existing Legal Department into the legal company Chimimport Lega Consult with primary scope of business in the area of legal consultancy, management, finance, investment, privatization, intellectual property, contracts and commercial relationships.

At the end of 2008 Chimimport Lega Consult was renamed to Prime Lega Consult.

The combination between long years of experience in the classical legal branches and the accumulation of practical knowledge in the relatively new for the Bulgarian law stock-exchange and other financial operations, as well as the good language skills of the lawyers working in the company (English, French, Arabic and Russian) allows Prime Lega Consult to assist not only the typical business of Central Cooperative Bank Plc, Armeec Insurance JSC, Saglasie, CCB - Sila, Oil and Gas Exploration and Production, Bulgaria Air, Hemus Air and other subsidiaries of Chimimport, but also to provide legal services to local and foreign business entities outside the boundaries of the Chimimport.

“Chimimport Pharma” JSC

Chimimport Pharma JSC was established in 2003 as a subsidiary of Chimimport JSC.

Its activities are representation, import, distribution, promotion and sale of medicinal products, medical devices, medical equipment and unregistered medicines in the country.

Chimimport Pharma JSC represents international pharmaceutical companies such as Octapharma AG, Instituto Grifols SA, Kedrion S.p.A, Eczacıbaşı-Monrol and others. The company is a long-term partner of a number of Bulgarian and multinational pharmaceutical companies such as Actavis EAD, Sopharma AD, Bayer, Glaxo Smith Kline, Pfizer, Accord, Pharmaswiss and others.

Chimimport Pharma JSC maintains the marketing authorizations of the medicinal products and the registration status of the medical devices of its international partners according to the Bulgarian and European legislation.

Chimimport Pharma JSC has a modern warehouse, as well as its own logistic network, which allows fast delivery of supplies to hospitals across the country.

Clients of Chimimport Pharma JSC are university, state and private hospitals in the country. The company is also a partner of the National Health Insurance Fund providing life-saving medicinal products for patients with rare diseases. Since 2006 Chimimport Pharma has implemented a quality management system ISO 9001: 2008 and since 2011, the company has been certified to Good Distributor. Practice Standards in accordance with WHO standards. Thanks to its excellent commercial reputation, due to the correct execution of all commitments, Chimimport Pharma JSC has become a reliable and preferred partner for a wide range of clients.

The Chimimport Pharma JSC team emphasizes their efforts to the distribution and sale of high quality medicinal products, medical devices and medical equipment for the best treatment to the patients in Bulgaria.

“Bulchimtrade” Ltd

Bulchimtrade Ltd was established on November 11th, 2008 with the primary objective of concentrating and optimizing the activities of the subsidiary to Chimimport Group companies Rubber Trade, Orgachim Trading 2008, Chimoil Trade, and Chimtrans.

Company's partners are Chimimport Group, holding 60% of the capital, as well as 15 private individuals.

For the period of its existence the company realized primarily trade activities structured in four departments:

» Rubber Trade – trading mainly with various tire

brands and models such as Apollo Acelere, Quantum, Apollo Hawkz, Eskimo, Winter Sport, Winter Grip, Snowmaster, Dunlop as well as other rubber products;

- » Orgachim Trade – trading with various types of self-adhesive envelopes, veterinary and chemical products, including Macrolon and Novodur plastics, chemicals e.g. zinc sulphate;
- » Oil Trade – trading with fuels, oil and petroleum products;
- » Chimtrans – transport and forwarding/logistics.

Bulchimtrade Ltd will continue with its prime trading activities, whereas company's targeted objective are sales increase, penetration of new markets and overall development of company's business.

REAL ESTATE



*Project for the main building of Chimimport
Term for completion of the project December 2018*

Real estate projects

The real estate is one of the priority segments for Chimimport Plc. Significant funding has been invested in the real estate in the last few years, establishing the foundation and future development of the sector.

Chimimport has used the economic crisis period to develop and launch the construction of existing and new projects related to the group's real estate properties.

Present

- » The commercial real estates of the Group are allocated in the companies from financial and real estate sectors;
- » Sports Complex Varna (Stage I): construction of a stadium with a capacity of 22 000 seats, designed in cooperation with GMP International (also developed the project for the stadium in Cologne, Germany), on a plot of approx. 80 000 sq. m.; with additional facilities (for professional and amateur sports, restaurants, shops, etc.), with a GFA of 6 000 sq. m.; Planned investment - EUR 80 million.
- » Development of a network of industrial and logistic centers with national coverage using the know-how, location and facilities of already operating centers. Currently Chimimport owns two industrial and logistic centers in Sofia (GFA 52 500 sq. m), in Bourgas (GFA 84 200 sq. m), in Plovdiv (GFA 21 800 sq. m) and in Rousse (161 000 sq. m, including port on Danube river).

Pipeline projects - in planning and pre-development phase

- » Sports Complex Varna (Stage II): development of additional 120 000 sq. m of offices, retail area and residential area, 5-stars hotel.
- » Sports Centre Mladost (Varna): Chimimport has obtained a concession for 35 + 15 years for development of track and field with capacity of 5 000 viewers; shopping centre, hotel and offices;
- » Project Varna - South: construction of a shopping centre with total built-up area of 120 000 sq. m and completely new residential complex in Varna with GFA of approx. 1 000 000 sq. m;
- » Borovets complex: a plot of 19 000 sq. m, with a total GFA of 33 000 sq. m - planned sale after construction;
- » Golf Shabla (project of Par Fair): a plot of 1 265 000 sq. m; EUR 80 million planned investment;
- » Expansion of the network of industrial and logistic centers: development of five new industrial and logistic projects in Varna, Dobrich, Montana, Pleven and Vidin, as the relevant plots are already owned by the Group companies. As a result Chimimport Plc will own a network with a full national coverage, i.e. will be one of the major operators in the logistic market. The logistic segment is expected to stay attractive in the long term due to variety of factors - the exceptional geographical location of Bulgaria, as well as its political stability at national and European level.

“Sport Complex Varna”

“Sport Complex Varna” is the largest modern project of its size located at the Bulgarian seaside. It includes a football stadium, training and fitness halls, parks for recreation and fun, residential buildings and commercial areas.

The major facility at the complex is a super - modern football stadium in accordance to the FIFA standards, including gymnastics and fitness halls, underground parking, a business club, conference rooms, offices and restaurants. The project aim is to provide a wide range of social and leisure activities and services in one of the most densely populated areas of Varna. The stadium has a capacity of 22 000 seats and underground parking of approx. 800 cars. Project for Sports Complex Varna

“Sport Complex Varna” will improve the existing surroundings and infrastructure of Residential complex “Briz” and “Levski” and “Chaika” neighborhoods. The location of the impressive

project will enable the easy access of more than 140 000 residents from the surrounding districts. The project provides excellent transport links. “Kaufland” supermarket will be part of the complex in 2017.

Shareholders of “Sport Complex Varna” are “Chimimport” JSC and Varna Municipality. “Chimimport” JSC owns 65% of the capital of the company; Municipality of Varna - 35%.

“Sport Complex Varna” JSC was established on the 26-th of May 2005 with a share capital of EUR 17 677.92 thousand, distributed in 34 575 name registered shares with voting rights, each with voting rights nominal value of BGN 1000. The contribution of cash of “Chimimport” JSC is EUR 11 490.77 thousand, and the one of Municipality Varna is EUR 6 187.14 thousand, secured with real estate. The total capital of the company is EUR 17 677.92 thousand.

Project for Sports Centre Varna



Construction of Sports Centre Varna



Construction of Kaufland Bulgaria store



“CCB Real Estate Fund” REIT

CCB Real Estate Fund REIT is a real estate investment trust. The company was established on the 26th of October 2005. It is licensed by the Financial Supervision Commission with Decision n. 15-DSIC from January 16th, 2006.

Company's equity represents 1 007 193 shares with nominal value of EUR 0.51 per share. Since December 31st, 2012 major shareholders of CCB Real Estate Fund REIT have been CCB Group with 41.08%, and Armeec Insurance Company with 11.45%. Since January 31st, 2007 the shares of CCB Real Estate Fund REIT have been listed on the Bulgarian Stock Exchange - Sofia JSC.

The scope of business of CCB Real Estate Fund REIT covers investment of funds raised by public offering of securities in real estate through purchase of ownership and other property rights over the given estate, building construction and improvements with an objective of assigning their management, renting, leasing, and/or sale.

CCB Real Estate Fund REIT uses mainly its own funds for financing investments, however in the event of an attractive investment opportunity the company is in the position to easily raise funds through bank loan or securities emission.

The development of construction business and the real estate trade in Bulgaria over the last 15 years opened this sector for numerous Bulgarian and foreign companies, including real estate investment

trusts. The participation of considerable number of competitors in the process of offering properties for sale or renting, as well as the risk of market price lowering and the investments return is one of the reasons CCB Real Estate Fund REIT to try to diversify its real estate portfolio by investing not only in residential, office and commercial buildings, but also in industrial sites and agricultural lands.

Projects:

- » City Hotel, a luxury high rise hotel project in Lozenets district, 5 minutes to Sofia downtown with a prestigious location. The TBA of the hotel is 40 220 sq.m, designed at 27 floors including 285 rooms, 2 restaurants, lobby bars, café, sport areas, conference halls and 3 underground parking levels. Current status of the project is conceptual design phase The forecasted construction budget amounts to EUR 44 million.
- » Varna Sea View, mixed-use office residential and retail complex next to “Sport Complex Varna”, Briz district with planned office TBA of 12 515 sq. m and residential TBA of 45 150 sq. m. The exclusive high class office and residential environment combined with spot and leisure opportunities add value to the project.

CCB Real Estate Fund REIT is completing its investments program through its servicing company CCB Group JSC.

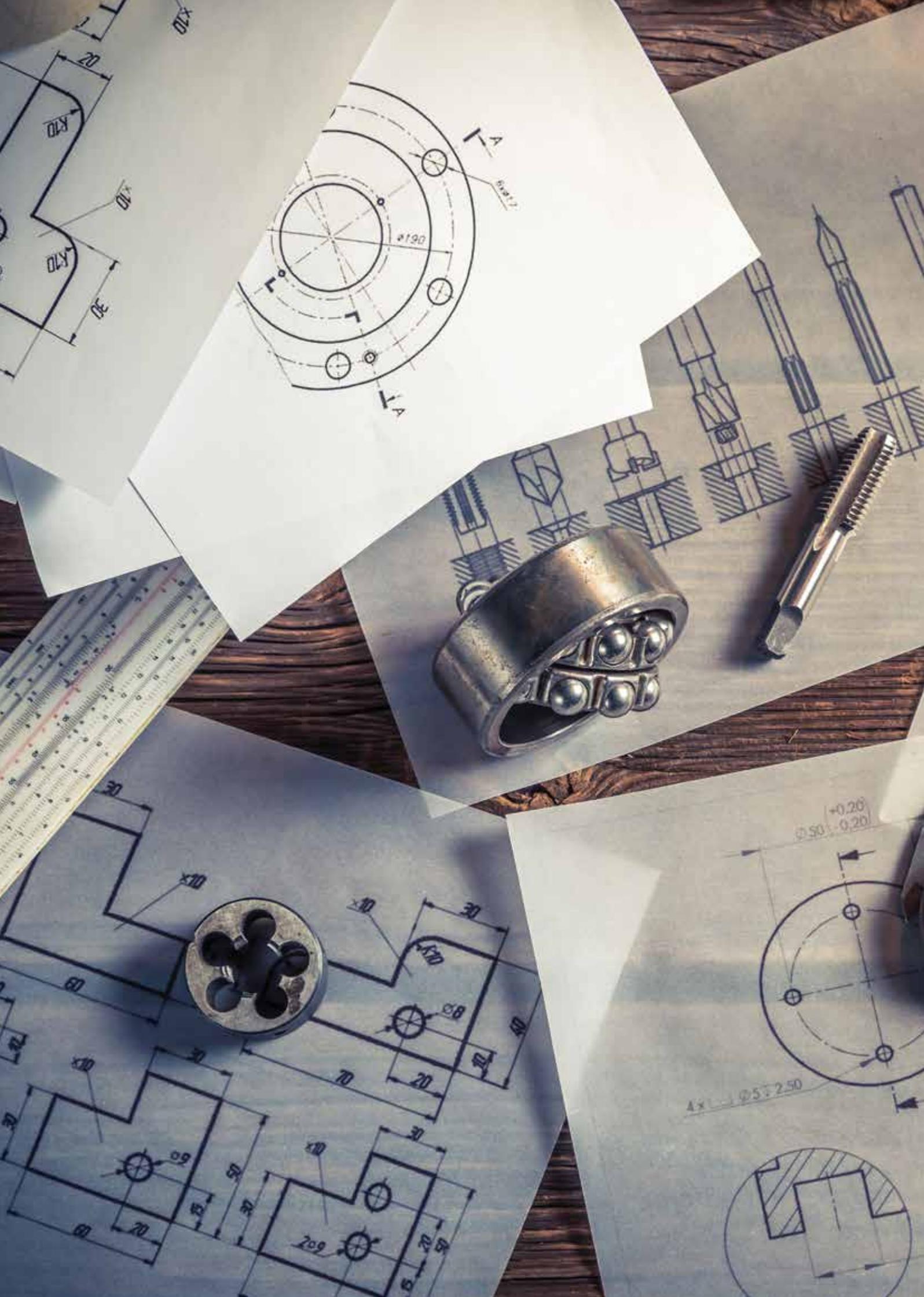
The depositary bank of CCB Real Estate Fund REIT is UniCredit Bulbank JSC.

Project "Varna Sea View"



Project City Hotel, Sofia





ENGINEERING SECTOR



Podziałka 1:1
Format A4
Arkusz 1
Materiał 1kg
Ciężar Rys. 1kg
Sztuk 1
Nrysunku 1

“Energoproekt” JSC

Energoproekt is a company founded in 1948, and in its almost seventy-years of active work has strengthened its positions as a principal institute for scientific activities, progress and design in the field of power engineering. All energy projects in Bulgaria, from the smallest hydro power plant or thermal plant, to the largest hydro power plants, thermal plants, Nuclear Power Plant /NPP/ “Kozloduy” and electricity transmission grid, were designed by ENERGOPROEKT JSC. Currently in order to meet the market needs the company develops its activities in the field of civil and transport engineering, inspection of the technical characteristics of the buildings and project management.

Energoproekt is a primary design and consulting company within the structure of Chimimport Invest. Energoproekt JSC is in close cooperation with leading engineering companies from Canada, France, Germany, Russia, USA, Spain, the Netherlands, Austria, etc.

Main services provided by Energoproekt Jsc:

- » Design in the field of Civil and Transportation Engineering - administration and residential buildings, airports, ports;
- » Construction management;
- » Prefeasibility and feasibility studies;
- » Inspection of buildings' technical characteristics;

- » Financial and economic assessments and business plans.

Main scope of business of Energoproekt:

- » Civil and transportation design;
- » Project management;
- » District planning.

TRANSPORTATION ENGINEERING:

Energoproekt offers engineering and consultancy services in the sphere of transport systems, including civil airports, military airports and related facilities (hangars, hangar facilities, airport terminals, runways, taxiways and airport apron) sea and river ports and related infrastructure.

The main projects implemented by Energoproekt in the field of transportation design are:

- » 3AF31015 “EXTEND AND MODIFY RUNWAY”, 3AF31016 “PROVIDE PARKING PLATFORM FOR TRANSPORT AIRCRAFT” AND 3AF31017 “PROVIDE HOT CARGO APRON” on Bezmer Airbase from capability package CP 5A0062 “PROVIDE OPERATIONAL FACILITIES IN SEVEN NEW NATIONS” funded under the NATO Security Investment Programme (NSIP);
- » Feasibility study and project preparation and management for reconstruction and expansion of Kazan International Airport - Terminal 1A and





Varna Airport



Work design extension and reconstruction of International airport Kazan



Work design - reconstruction of Armeec Tower, Sofia



Word Design of car showroom and customers service for BMW and MINI, Sofia



Work design - reconstruction of Bulgarian culture and financial center, Moscow

- Terminal 1B, Tatarstan, Russian Federation;
- » Detailed design for the rehabilitation of a runway at Varna Airport;
 - » Project on Dividing Burgas Airport into "Schengen" and "non-Schengen" Zones;
 - » Reconstruction of Hangar 1A for Repairing Aircrafts (C-check and D - check) and Project on new Hangar 2 of Sofia Airport for the needs of Lufthansa Technik Sofia;
 - » Design under working stage for the project "New International Passenger Terminal at Varna Airport";
 - » Design under working stage for the project "New International Passenger Terminal at Bourgas Airport";
 - » Detailed design for displacing the sewerage collector at Varna Airport;
 - » Project on new runway thresholds across the runway of Varna Airport and Bourgas Airport;
 - » Extension of the northeast part of the airport at Bourgas Airport;
 - » Development of comprehensive project for investment initiative for construction: Extension of taxiway A at Varna Airport;
 - » Project on reconstruction and expansion of Lesport Port Terminal, city of Varna;
 - » Master plan on development of Vidin - North Port Terminal;
 - » Design of MAN heavy trucks service, city of Plovdiv;
 - » Design of car showroom and customers service for BMW and MINI, including shop, offices and parking area, city of Sofia.

At the end of 2014, the public contract named "Design of Intermodal Terminal Varna" was awarded to Energoproekt participating in a consortium with one of the world leaders in developing sea ports and infrastructure facilities - Royal Haskoning DHV, Netherlands.

In 2016, Energoproekt was commissioned to design and manage project for Expansion of existing aircraft maintenance facilities for Lufthansa Technik Sofia (West Wing Project) including a new hangar (hangar 1) for large-scale aircraft, multifunctional service and administration building, that contains office premises, workshops, canteen with kitchen and catering, checkpoint and parking lot, expansion of storehouse. Project management of "DHL Express GTW & HQ Sofia" was assigned in the same year.

CIVIL ENGINEERING:

Administration buildings, high-rise and low-rise buildings, industrial buildings. During the last few years the following contracts were implemented in this area:

- » Project on Reconstruction of Chimimport's Administrative Building, city of Sofia;
- » Project on Reconstruction of the Central Administrative Building of Bulgaria Air, city of Sofia;
- » Project on Reconstruction of the building - Armeec Tower, city of Sofia;
- » Project on Reconstruction of the Administrative Building "Bulgarian Cultural and Financial Center", city of Moscow;
- » Project on Reconstruction of the Building of Pliska Hotel, city of Sofia;
- » Project on Reconstruction of the Six-Storey Administrative Building in the town of Montana;
- » Project for reconstruction of a building located at Sitnyakovo Blvd., city of Sofia;
- » Design of Drinking Water Supply of Radiana Site;
- » Project for a residential and office building in Kazan, R. Tatarstan, Russian Federation;
- » Project for hotel and office complex, Kazan, R. Tatarstan, Russian Federation;
- » Design of buildings 1 and 2 of Hotel Hawaii, Dragalevtzi, city of Sofia;
- » Administrative building of TV Studio ("Bloomberg"), Airport Complex, city of Sofia;
- » Project for reorganization of existing premises at a bank branch of Texim Bank, city of Sofia;
- » Project for reorganization and change of the purpose of existing premises in bank offices of "Texim Bank", all over the country.
- » Projects for reconstruction of existing premises in bank branches of Central Cooperative Bank, city of Sofia.

The implemented projects in the area of geodesic and geological activities in the company are:

- » Detailed design for permanently strengthening of the foundation of a two-storey service building, built on the site of SP RAW - Novi Han;
- » Design of retaining wall for permanent strengthening of the embankment, built on the site of the SP RAW - Novi Han;
- » Performance of geodesic monitoring activities on

displacements and deformations of structures in the area of SD RAW - Novi Han;

- » Design of displacement of underground utilities (electricity and water supply and sewage) in SD RAW - Novi Han;
- » Geodesic survey in UPI XVII, qa. 2, region Airport complex, Sofia
- » Geodesic survey of trees & plants in UPI XXIII, XXIV, XXIX, XXXI, XXXII, XXXIII, XXXIV qa.2, region Airport complex, bul. "Bruxelles" No 1, Sofia

In the area of hydro-technical facilities, Energoproekt developed a project on underwater and surface survey of the water intake tower of Pasarel HPP, commissioned as a result of a successful tender with a contracting authority - National Electrical Company EAD, Dams and Cascades.

The company's scope of activities also includes preparation of technical passports of residential and administration buildings. Implemented projects in this direction are as follows:

- » Conduct of surveys of multifamily residential buildings for establishing technical specifications with regard to requirements under Article 169, §1, subparagraph 1 - 5, § 2 and §3 of the Spatial Development Act and preparation of technical passports under Article 176a of the Spatial Territorial Development Act with reference to implementation of scheme BG161PO001/1.2-01/2011 "Support of Energy Efficiency Measures in Multifamily Residential

- Buildings under Operational Programme Regional Development 2007-2013 designated for the towns of Kardzhali, Pazardzhik, Plovdiv, Smolyan, Haskovo, Velingrad, Karlovo, Panagyurishte", the contracting authority of which is the Ministry of Regional Development and Public Works;
- » Survey on Preparation of Technical Passport of Geolog Hotel, Saint Constantine and Helena Resort, city of Varna;
- » Inspection of the technical characteristics of grain storage facilities

DISTRICT PLANNING:

The direction includes architectures and engineers, performing activities related to preparation of development schemes and plans, as well as research and consultancy activities in the field of urban planning. For many projects design process is preceded of implementation of the relevant development procedures on land use change and land regulation - preparation of a construction plan, change of applicable plan of land regulation. Energoproekt's experts also make an assessment of investment chances of realization by identifying optimal indices, applicable to each individual case. The department also deals with solving of matters on urban planning and assignments with regard to land properties within or outside the boundaries of the urbanized areas, as well as opportunities for implementation of investment intentions on a certain area.



Reconstruction project of a building that will be transformed into a central office of the Chimimport Holding.

Total area: 17 270 m²

Start of the construction Repair activities: October 2017

Term for completion of the project December 2018



Consolidated statement of financial position as at 31 December 2016

	31.12.2016 EUR '000	31.12.2015 EUR '000
Assets		
Non-current assets		
Property, plant and equipment	230 185	239 513
Investment property	172 599	154 625
Investments accounted for using the equity method	15 582	13 726
Goodwill	16 894	17 035
Other intangible assets	87 959	99 100
Long-term financial assets	1 254 005	1 325 606
Long-term related party receivables	4 472	6 020
Other long-term receivables	966	2 093
Deferred tax assets	2 561	3 013
Non-current assets	1 785 223	1 860 730
Current assets		
Inventories	24 253	26 170
Short-term financial assets	1 239 046	1 167 727
Related party receivables	33 307	109 799
Trade receivables	46 121	51 377
Tax receivables	706	1 635
Receivables from insurance and reinsurance contracts	24 221	32 783
Reinsurance assets	39 282	37 303
Other receivables	85 212	90 376
Cash and cash equivalents	903 517	628 435
Current assets	2 395 664	2 145 606
Non-current assets, classified as held for sale	3 775	1 838
Total assets	4 184 662	4 008 174

Prepared by: /A. Kerezova/ Executive Director: /I. Kamenov/

Date: 28 April 2017

Audited according to the auditor's report dated 02 May 2017

Mariy Apostolov
Managing partner

Grant Thornton Ltd
Audit Firm

Zornitza Djambazka
Registered auditor, responsible for the audit

Consolidated statement of financial position as at 31 December (continued)

Equity, reserves and liabilities	31.12.2016 EUR '000	31.12.2015 EUR '000
Equity		
Share capital	116 019	115 088
Share premium	126 206	111 701
Other reserves	43 549	36 599
Retained earnings	373 783	360 168
Profit for the year	26 591	29 902
Equity attributed to the shareholders of parent company	686 149	653 458
Non-controlling interests	133 534	122 241
Total equity	819 683	775 699
Specialized reserves	141 125	150 527
Liabilities		
Non-current liabilities		
Long-term financial liabilities	574 703	573 508
Payables to insured individuals	540 825	480 676
Long-term trade payables	18 657	21 922
Long-term related party payables	2 297	1 844
Finance lease liabilities	1 831	2 510
Pension and other employee obligations	1 414	1 395
Other long-term liabilities	949	2 761
Other provisions	306	306
Deferred tax liabilities	15 659	14 247
Non-current liabilities	1 156 641	1 099 170
Current liabilities		
Short-term financial liabilities	1 935 528	1 844 947
Trade payables	59 292	70 463
Short-term related party payables	9 046	8 292
Finance lease liabilities	693	925
Liabilities to insurance and reinsurance contracts	13 150	19 114
Pension and other employee obligations	6 702	6 277
Tax liabilities	6 172	3 572
Other liabilities	36 631	29 190
Current liabilities	2 067 213	1 982 778
Total liabilities	3 223 855	3 081 948
Total equity, specialized reserves and liabilities	4 184 662	4 008 174

Prepared by: /A. Korozov/ Executive Director: /I. Kamenov/

Date: 28 April 2017

Audited according to the auditor's report dated 02 May 2017

Mariy Apostolov
Managing partner

Grant Thornton Ltd
Audit Firm

Zornitza Djambazka
Registered auditor, responsible for the audit

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

	2016 EUR '000	2015 EUR '000
Income from non-financial activities	243 279	270 313
Expenses for non-financial activities	-226 051	-241 292
Change in fair value of investment property	1 838	-619
Gain on sale of non-current assets	3 613	9 857
Net result from non-financial activities	22 679	38 258
Insurance income	169 374	184 970
Insurance expense	-153 160	-161 404
Net insurance result	16 214	23 566
Interest income	106 780	110 098
Interest expense	-27 679	-52 901
Net interest income	79 100	57 197
Gains from transactions with financial instruments	259 536	257 854
Losses from transactions with financial instruments	-225 234	-226 701
Net result from transactions with financial instruments	34 302	31 153
Administrative expenses	-123 356	-128 397
Gains from investments under equity method	1 768	1 556
Other financial income	33 640	33 497
Allocation of income to secured persons	-26 100	-21 452
Profit before tax	38 246	35 380
Tax expense	-4 560	-1 069
Net profit for the period	33 686	34 311
Other comprehensive income		
Components not reclassified in the profit or loss:		
Remeasurements of defined benefit liability	-3	-136
Components reclassified in the profit or loss		
Revaluation of financial assets	6 183	5 111
Other comprehensive income	6 180	4 975
Total comprehensive income	39 866	39 286
Net profit for the year attributable to:		
the shareholders of Chimimport AD	26 591	29 902
non-controlling interests	7 095	4 409
Total comprehensive income attributable to:		
the shareholders of Chimimport AD	31 700	33 308
non-controlling interests	8 166	5 979
Basic earnings per share in ENG	0.14	0.21
Diluted earnings per share in ENG	0.11	0.14

Prepared by: _____

/A. Kerezova/

Date: 28 April 2017

Audited according to the auditor's report dated 02 May 2017

Mariya Apostolov

Managing partner

Grant Thornton Ltd
Audit Firm

Executive Director: _____

/I. Kamenov/

Zornitza Djambazka

Registered auditor, responsible for the audit

Consolidated statement of changes in equity for the year ended 31 December

All amounts are presented in EUR'000	Equity attributable to the shareholders of Chimimport AD					Non-controlling interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2016	115 088	111 701	36 599	390 070	653 458	122 241	775 699
Increase in share capital and reserves resulting from change in own shares held by subsidiaries	932	14 505	-	-	15 436	-	15 436
Business combinations	-	-	-990	-9 745	-10 735	4 325	-6 410
Dividends	-	-	-	-3 711	-3 711	-1 198	-4 909
Transactions with owners	932	14 505	-990	-13 456	991	3 127	4 118
Net profit for the year	-	-	-	26 591	26 591	7 095	33 686
Other comprehensive loss	-	-	5 109	-	5 109	1 071	6180
Total comprehensive income for the year	-	-	5 109	26 591	31 700	8 166	39 866
Transfer of retained earnings to other reserves	-	-	5 537	-5 537	-	-	-
Balance at 31 December 2016	116 019	126 206	43 549	400 374	686 149	133 534	819 683

Prepared by: /A. Kerezyov/ Executive Director: /I. Kamenov/

Date: 28 April 2017

Audited according to the auditor's report dated 02 May 2017

Mariy Apostolov
Managing partner

Grant Thornton Ltd
Audit Firm

Zornitza Djambazka
Registered auditor, responsible for the audit



Consolidated statement of changes in equity for the year ended 31 December (continued)

All amounts are presented in EUR'000	Equity attributable to the shareholders of Chimimport AD					Non-controlling interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2015	116 260	112 066	34 890	403 301	666 516	119 103	785 619
Decrease in share capital and reserves resulting from change in own shares held by subsidiaries	-1172	-365	-	-	-1 536	-	-1 536
Business combinations	-	-	-4 761	3 671	-1 090	-1 334	-2 424
Dividends	-	-	-	-	-	-1 506	-1 506
Transactions with owners	-1 1 72	-365	-4 761	3 671	-2 626	-2 840	-5 466
Net profit for the year	-	-	-	29 902	29 902	4 409	34 311
Other comprehensive loss	-	-	3 406	-	3 406	1 570	4 975
Total comprehensive income for the year	-	-	3 406	29 902	33 308	5 979	39 286
Transfer of retained earnings to other reserves	-	-	3 064	-3 064	-	-	-
Share in reserves from equity accounted investments	-	-	-	-43 740	-43 740	-	-43 740
Balance at 31 December 2015	115 088	111 701	36 599	390 070	653 458	122 241	775 699

Prepared by: /A. Kerezov/ Executive Director: /I. Kamenov/

Date: 28 April 2017

Audited according to the auditor's report dated 02 May 2017

Mariy Apostolov
Managing partner

Grant Thornton Ltd
Audit Firm

Zornitza Djambazka
Registered auditor, responsible for the audit




Consolidated statement of cash flows for the year ended 31 December

	2016 EUR'000	2015 EUR'000
Proceeds from short-term loans	49 220	60 905
Payments for short-term loans	-53 208	-35 992
Proceeds from sale of short-term financial assets	433 498	250 182
Purchase of short-term financial assets	-435 531	-301 151
Cash receipt from customers	247 987	259 942
Cash paid to suppliers	-214 238	-221 512
Proceeds from secured persons	65 341	65 947
Payments to secured persons	-23 473	-11 815
Payments to employees and social security institutions	-49 532	-58 250
Cash receipts from banking operations	20 893 359	21 744 282
Cash paid for banking operations	-20 699 903	-21 648 856
Cash receipts from insurance operations	148 397	131 241
Cash paid for insurance operations	-167 977	-97 302
Income taxes paid	-1 251	-1 627
Other cash outflows	-155	-26 639
Net cash flow from operating activities	192 533	109 356
Investing activities		
Sale of subsidiaries, net of cash	1 534	-
Dividends from financial assets received	1 214	2 510
Sale of property, plant and equipment	5 420	10 304
Purchase of property, plant and equipment	-1 4213	-26 974
Sale of intangible assets	-	10
Purchase of intangible assets	-964	-879
Sale of investment property	5 141	9 861
Purchase of investment property	-1 9542	-4 406
Sale of non-current financial assets	238 121	533 325
Purchase of non-current financial assets	-126 887	-758 400
Interest payments received	27 501	23 953
Proceeds from loans granted	19 452	23 219
Payments for loans granted	-41 654	-15 056
Other cash outflows	-19 913	-16 236
Net cash flow from investing activities	75 210	-218 769
Financing activities		
Dividends paid	-2 751	-933
Purchase of treasury shares	1 463	-628
Proceeds from loans received	45 965	16 426
Payments for loans received	-30 988	-36 702
Interest paid	-5 648	-1 776
Payments for finance leases	-913	-2 050
Other cash (outflows)/ inflows	-186	4 546
Net cash flow from financing activities	6 941	-21 116
Net change in cash and cash equivalents	274 683	-130 529
Cash and cash equivalents, beginning of period	628 435	757 055
Exchange gains on cash and cash equivalents	398	1 910
Cash and cash equivalents, end of period	903 517	628 435

Prepared by: /A. Kereziy/ Executive Director: /I. Kamenov/

Date: 28 April 2017
 Audited according to the auditor's report dated 02 May 2017

Mariy Apostolov
 Managing partner
 Grant Thornton Ltd
 Audit Firm

Zornitza Djambazka
 Registered auditor, responsible for the audit




**Grant Thornton Ltd.**

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Chimimport AD
2, Stefan Karadja Str.,
1000 Sofia, Bulgaria

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Chimimport AD and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with

International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of bank loans granted to clients	
Note 13.1 and 16.1 to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>As of 31 December 2016, the accumulated impairment of bank loans granted by the Group amounts to EUR 47259 thousand. We focused on the Bank's estimates of impairment of bank loans due to the significant judgments related to its recognition. The assessment of the loans granted to customers depends on the credit risk associated with the borrowers. If there is objective evidence that a credit may not be fully recovered in accordance with the agreed terms, the credit risk and the credit assessment shall be judged on an individual basis. In determining the necessary impairment, the management applies an assessment of the factors that it considers relevant. These factors include the borrower's financial position, the vesting period and the collateral valuation, the expected cash flows for servicing the loan, the economic conditions and past experience with regards to the collection of non-performing loans. The Group recognizes impairment for uncollectibility of loans granted to customers in accordance with IFRS.</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - analysing the adequacy of the Group's policies, procedures and controls in place related to impairment assessment; - assessment of the design, implementation and operation of controls related to the process of determining impairment, as well as tests of their operational efficiency; - detailed substantive tests to verify the credit classification and to identify whether there are any indicators of impairment and whether additional impairments should be recognized; - analysis of the assumptions used in determining impairments and comparison of our estimates with those used by the Group; - analysis of the borrowers' financial condition and verification of whether there are deviations in compliance with the agreed terms, considering the impact of current economic conditions, asset valuations pledged as collateral and other factors that may impact on the collection of credits included in the audited sample; - in determining the sampling for our substantive procedures, we analysed the Bank's loan portfolio of the Group in order to determine the exposures on which to focus our procedures; - assessment of the adequacy of the disclosures of consolidated financial statements related to impairment of bank loans granted to customers.

Impairment of goodwill	
Note 11 to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>As of 31 December 2016, the Group's goodwill amounts to EUR 16 894 thousand. We focused on management's estimates used for impairment testing because of the significant assumptions required to predict the expected future cash flows and the applicable discount factors when calculating the recoverable amount of cash-generating units.</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - assessment of the relevance of key assumptions, including discount factors, expected growth, and other key performance indicators, with our internal valuation experts, by comparing with average market performance of companies with similar activity and the Group's current financial performance; - analysis of the management calculations related to sensitivity; - assessment of the adequacy of the disclosures of consolidated financial statements, including the disclosures for main assumptions, judgements and sensitivity.

Fair value assessment of investment property	
Note 10 to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>As of 31 December 2016, the Group's investment property amounts to EUR 172 599 thousand.</p> <p>We focused on management's judgment on the fair value measurement of investment properties because of their size and the significant assumptions used to determine their fair value. Property estimates contain significant assumptions, such as expected rental income, discount factors, employment rates, market transaction information, market assumptions, and others.</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - analysis of the objectivity, independence and professional experience of the external valuation specialists used by the Group; - verifying the accuracy of incoming data related to the investment properties used in the valuations; - assessment and analysis of the relevance of key management assumptions about expected rental income, discount factors, employment rates, market transaction information, market assumptions, and others; - assessing the adequacy of the disclosures in the consolidated financial statements, including disclosures of the underlying assumptions and judgments about the fair value of investment property.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual consolidated management report, including the consolidated corporate governance statement, and the consolidated report on payments to governments, prepared in accordance with Bulgarian Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial

statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- » identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- » obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- » evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- » conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- » evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that

achieves fair presentation.

- » obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon", regarding annual consolidated management report, including the consolidated corporate governance statement, and the consolidated report on payments to governments, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria

- Institute of Certified Public Accountants (ICPA), issued on 29 November 2016. The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act and Article 100 m, paragraph (10) in relation to Article 100 m, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the consolidated management report is consistent with the consolidated financial statements for the same reporting period;
- (b) the consolidated management report is prepared in accordance with the applicable legal requirements;
- (c) as a result of the acquired knowledge and understanding of the activities of the Group and the environment in which it operates, we have found no cases of material misrepresentation in the consolidated management report;
- (d) the consolidated corporate governance statement

for the financial year contains the required information in accordance with the applicable legal requirements, including Article 100 m, paragraph (8) of Bulgarian Public Offering of Securities Act;

- (e) the consolidated report on payments to governments is and made available in accordance with the requirements of Bulgarian Accountancy Act.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Group and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Group in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the consolidated corporate governance statement, being a component of the annual consolidated management report.

Mariy Apostolov
Managing partner

Zornitza Djambazka
Registered auditor responsible for the audit

Grant Thornton Ltd.
Audit firm

2 May 2017
Sofia



The goals of Chimimport for the next years remain unchanged – increasing the growth rates for the company; strengthening the positions of the companies from the investment portfolio as leaders in their market sectors - not only on the Bulgarian market, but also the international market; increasing the efficiency of manufacturing factories by means of a continuous introduction of new technologies and products; improving the reputation and assets of the company.