Annual Activity Report
Independent Auditor's Report
Financial Statements

CHIMIMPORT AD

31 December 2012

Content

Statement of financial position as at 31 December

	Note	2012 BGN '000	2011 BGN '000
Assets			
Non-current assets			
Property, plant and equipment	5	15 905	15 908
Investment property	6	31 555	31 409
Investments in subsidiaries	8	701 000	647 699
Investments in associates	9	16 789	16 773
Long-term financial assets	10	108	108
Long-term related party receivables	39	93 913	90 136
Long-term loans provided	11	98 248	92 115
Other long-term receivables		65	-
Non-current assets		**957 583**	**894 148**
Current assets			
Inventories	13	370	378
Short-term financial assets	14	52 942	56 440
Loans granted	15	121 794	112 796
Trade receivables	16	62 046	67 794
Short-term related party receivables	39	168 387	164 335
Tax receivables	17	116	116
Other receivables	18	4 797	4 889
Cash and cash equivalents	19	112 721	106 114
Current assets		**523 173**	**512 862**
Total assets		**1 480 756**	**1 407 010**

Prepared by: ______________ **Executive Director:** ______________

/A. Kerezov/ /I. Kamenov/

Date: 29 March 2013

Audited according to the auditor's report dated 31 March 2013:

Специализирано одиторско предприятие
София
Рег. №032
"Грант - Торнтон" ООД

ИМПОРТ АД
Химимпорт АД

Statement of financial position
as at 31 December (continued)

Equity and liabilities	Note	2012 BGN '000	2011 BGN '000
Equity			
Share capital	20.1	239 646	239 646
Share premium	20.2	260 615	260 615
Other reserves	20.3	59 849	59 853
Retained earnings		461 689	368 562
Net profit for the year		68 333	93 127
Total equity		**1 090 132**	**1 021 803**
Liabilities			
Non-current liabilities			
Long-term dividend liabilities	21	46 147	56 245
Long-term borrowings	23	20 124	27 711
Long-term related party payables	39	137 751	1 364
Finance lease liabilities	7.1	25	45
Pension and other employee obligations	22.2	72	66
Deferred tax liabilities	12	12 371	6 065
Non-current liabilities		**216 490**	**91 496**
Current liabilities			
Short-term dividend liabilities	21	16 770	16 770
Short-term bank loans	23.2	4 369	3 000
Other short-term borrowings	23.4	23 600	19 926
Trade payables	24	20 094	16 614
Finance lease liabilities	7.1	19	16
Pension and other employee obligations	22.2	85	112
Short-term related party payables	39	105 193	232 926
Tax liabilities	25	981	1 585
Other liabilities	26	3 023	2 762
Current liabilities		**174 134**	**293 711**
Total liabilities		**390 624**	**385 207**
Total equity and liabilities		**1 480 756**	**1 407 010**

Prepared by: /A. Kerezov/

Executive Director: /I. Kamenov/

Date: 29 March 2013

Audited according to the auditor's report dated 31 March 2013:

The accompanying notes on pages 7 to 59 form an integral part of the financial statements.

Statement of comprehensive income for the year ended 31 December

	Note	2012 BGN '000	2011 BGN '000
Gains from transactions with financial instruments	27	67 891	26 139
Losses from transactions with financial instruments	28	(33)	(74)
Net result from transactions with financial instruments		**67 858**	**26 065**
Interest income	29	38 744	43 821
Interest expense	30	(32 406)	(32 774)
Net interest income		**6 338**	**11 047**
Gains from foreign exchange differences	31	2 423	1 713
Losses from foreign exchange differences	31	(2 374)	(1 608)
Net result from foreign exchange differences		**49**	**105**
Other financial income	32	10	872
Other financial expenses	32	(180)	(108)
Other financial (expenses)/ income, net		**(170)**	**764**
Dividend income	8	862	35 271
Operating revenue	33	6 551	26 206
Gains from sale of non-current assets	34	3	3 075
Operating expenses	35	(6 208)	(7 743)
Net result from operating activities		**1 208**	**56 809**
Profit for the period before tax		**75 283**	**94 790**
Tax expense	36	(6 950)	(1 663)
Net profit for the period		**68 333**	**93 127**
Total comprehensive income		**68 333**	**93 127**
Earnings per share in BGN	37	**0.4529**	**0.6173**
Diluted earnings per share in BGN	37	**0.3138**	**0.4213**

Prepared by: ______________ **Executive Director:** ______________

/A. Kerezov/ **/I. Kamenov/**

Date: 29 March 2013

Audited according to the auditor's report dated 31 March 2013:

The accompanying notes on pages 7 to 59 form an integral part of the financial statements.

CHIMIMPORT
PUBLIC HOLDING COMPANY

Statement of changes in equity for the year ended 31 December

All amounts are presented in BGN '000	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Adjusted balance at 1 January 2012	**239 646**	**260 615**	**59 853**	**461 689**	**1 021 803**
Net profit for the period, ending at 31 December 2012	-	-	-	68 333	**68 333**
Total comprehensive income	**-**	**-**	**-**	**68 333**	**68 333**
Other changes	-	-	(4)	-	(4)
Balance at 31 December 2012	**239 646**	**260 615**	**59 849**	**530 022**	**1 090 132**

Prepared by: ____________________
/A. Kerezov/

Executive Director: ____________________
/I. Kamenov/

Date: 29 March 2013

Audited according to the auditor's report dated 31 March 2013:

Специализирано одиторско предприятие
София
Рег. №032
"Грант - Торнтон" ООД

CHIMIMPORT PUBLIC HOLDING COMPANY

Statement of changes in equity for the year ended 31 December (continued)

All amounts are presented in BGN '000	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Adjusted balance at 1 January 2011	**239 646**	**260 599**	**6 477**	**421 940**	**928 662**
Increase in share premium through conversion of preferred shares in ordinary shares	-	16	-	-	16
Transactions with owners	-	16	-	-	16
Net profit for the period, ending at 31 December 2011	-	-	-	93 127	93 127
Total comprehensive income	-	-	-	93 127	93 127
Retained earnings transformation in to reserves	-	-	53 378	(53 378)	-
Other changes	-	-	(2)	-	(2)
Adjusted balance at 31 December 2011	**239 646**	**260 615**	**59 853**	**461 689**	**1 021 803**

Prepared by: ______________ **Executive Director:** ______________
/A. Kerezov/ /I. Kamenov/

Date: 29 March 2013

Audited according to the auditor's report dated 31 March 2013:

CHIMIMPORT PUBLIC HOLDING COMPANY

Statement of cash flows for the year ended 31 December

	Note	2012 BGN '000	2011 BGN '000
Operating activities			
Proceeds from short-term loans		97 790	195 840
Payments for short-term loans		(109 405)	(191 916)
Proceeds from sale of short-term financial assets		10 184	35 493
Purchase of short-term financial assets		(274)	(255)
Cash receipt from customers		9 957	6 688
Cash paid to suppliers		(6 529)	(5 319)
Interest received		19 044	23 186
Interest paid		(11 502)	(7 185)
Cash paid to employees and social security institutions		(1 186)	(2 659)
Taxes paid		(1 554)	(917)
Other proceeds		119	11 557
Net cash flow from operating activities		**6 644**	**64 513**
Investing activities			
Purchase of non-current assets	5	(52)	(720)
Acquisition of subsidiaries and associates		(18 519)	(67 844)
Dividends received		615	-
Repayments of loans granted		68 055	10 444
Loans granted		(60 729)	(11 202)
Net cash flow from investing activities		**(10 630)**	**(69 322)**
Financing activities			
Dividends paid on preferred shares	21, 40	(2 924)	(2 761)
Long-term loans received		73 854	26 101
Payments for long-term and bank loans received		(54 472)	(4 207)
Interest paid	7.1	(6 030)	(8 904)
Discharge of finance lease liability		(22)	(1 015)
Net cash flow from financing activities		**10 406**	**9 214**
Net change in cash and cash equivalents		6 420	4 405
Cash and cash equivalents, beginning of year		**106 114**	**101 883**
Exchange gains/ (losses) from cash and cash equivalents		187	(174)
Cash and cash equivalents, end of year	19	**112 721**	**106 114**

Prepared by: ______________________ **Executive Director:** ______________________
/A. Kerezov/ /I. Kamenov/
Date: 29 March 2013

Audited according to the auditor's report dated 31 March 2013:

ХИМИМПОРТ

Специализирано одиторско предприятие
София
Рег. №032
"Грант - Торнтон" ООД

The accompanying notes on pages 7 to 59 form an integral part of the financial statements.

Notes to the financial statements

1. Nature of operations

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

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

The Company is engaged in the following business activities:

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

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

The members of the Supervisory Board are as follows:
Chimimport Invest AD
CCB Group EAD
Mariana Bazhdarova

The members of the Managing Board are as follows:
Alexander Kerezov
Ivo Kamenov
Marin Mitev
Nikola Mishev
Miroliub Ivanov
Tzvetan Botev

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

As at 31 December 2012 the Company has 58 employees.
The ultimate owner of the company that prepares consolidated financial statements is Chimimport Invest AD. Its shares are not listed on a stock exchange.

2. Basis for the preparation of financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) (including the comparative information for 2011) unless otherwise stated.

The Company also prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and approved by EU. Investments in subsidiaries are accounted for and disclosed in accordance with IAS 27 "Consolidated and Separate Financial Statements".

The financial statements are prepared under the going concern principle.

As at the date of preparation of the financial statements, the management has assessed the ability of the Company to continue performing its main activity on going concern basis based on available information for foreseeable future. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. Changes in accounting policies

3.1. Overall considerations

The Company has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2012:

Since 1 January 2012 the Company has been adopted IFRS 7 "Financial Instruments: Disclosures" – Derecognition, effective from 1 July 2011, adopted by the EU on 23 November 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset.

3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

IFRS 7 "Financial Instruments: Disclosures" – Offsetting Financial Assets and Financial Liabilities, effective from 1 January 2013, adopted by the EU on 13 December 2012
The new disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial

instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

IFRS 9 "Financial Instruments" effective from 1 January 2015, not yet adopted by the EU
IFRS 9 "Financial instruments" represents the first milestone in the comprehensive IASB project to replace IAS 39 "Financial instruments: Recognition and measurement" by the end of 2010. It replaces multiple measurement categories in IAS 39 with a single principle-based approach to classification. IFRS 9 requires all financial assets to be measured at either amortised cost or full fair value. Amortised cost provides decision-useful information for financial assets that are held primarily to collect cash flows that represent the payment of principal and interest. For all other financial assets, including those held for trading, fair value represents the most relevant measurement basis. IFRS 9 eliminates the need for multiple impairment models; such that only one impairment model for financial assets carried at amortised cost will be required. Additional sections in relation to impairment and hedge accounting are still being developed. Company management should assess the effect of the amendments on the financial statements. However, the implementation of the changes is not expected before the release of all sections of the standard or before the overall effect is assessed.

IFRS 10 "Consolidated Financial Statements" effective from 1 January 2014, adopted by the EU on 11 December 2012
IFRS 10 "Consolidated Financial Statements" introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation. The management has yet to assess the impact of this new standard on the classification (as subsidiaries or otherwise) of any of the existing investees.

IFRS 12 "Disclosure of Interests in Other Entities" effective from 1 January 2013, adopted by the EU on 11 December 2012
IFRS 12 "Disclosure of Interests in Other Entities" is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other unconsolidated structured entities.

IFRS 13 "Fair Value Measurement" effective from 1 January 2013, adopted by the EU on 11 December 2012
IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Standard clarifies that fair value is based on a transaction taking place in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. The principal market is the market with the greatest volume and level of activity for the asset or liability.

IAS 1 "Financial Statement Presentation" – Other Comprehensive Income, effective from 1 July 2012, adopted by the EU on 5 June 2012
The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on property, plant and equipment will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately.

The title used by IAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income'. However IAS 1 still permits entities to use other titles. Early adoption is permitted and full retrospective application is required.

IAS 12 "Income Taxes" – Deferred Tax, effective from 1 January 2013, adopted by the EU on 11 December 2012
Currently IAS 12 "Income Taxes" requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 "Investment Property". Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21 "Income taxes- recovery of revalued non-depreciable assets", would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

IAS 19 "Employee Benefits" effective from 1 January 2013, adopted by the EU on 05 June 2012
These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. 'Actuarial gains and losses' are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income'. Remeasurements recognised in other comprehensive income will not be recycled through profit or loss in subsequent periods. The amendments should be applied retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. The amendments are not expected to affect the financial statements of the Company, as at 31 December 2012 no actuarial gains and losses recognized through profit and loss.

IAS 27 "Separate Financial Statements" (Revised) effective from 1 January 2013, adopted by the EU on 11 December 2012
IAS 27 "Separate Financial Statements" (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged.

IAS 28 "Investments in Associates and Joint Ventures" (Revised) effective from 1 January 2013, adopted by the EU on 11 December 2012
IAS 28 "Investments in Associates and Joint Ventures" (Revised) continues to prescribe the mechanics of equity accounting. Changes to its scope have however been made as a result of the publication of IFRS 11"Joint Arrangements".

IAS 32 "Financial Instruments: Presentation" (amended) effective from 1 January 2014, adopted by the EU on 13 December 2012
The amendment clarifies that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.
IFRS 1 "First-time Adoption of International Financial Reporting Standards" (amended) – Fixed dates and Hyperinflation, effective from 1 January 2013, not yet adopted by the EU

IFRS 11 "Joint Arrangements" effective from 1 January 2013, adopted by the EU on 11 December 2012

IFRIC 20 "Stripping costs in the production phase of a surface mine" effective from 1 January 2013, adopted by the EU on 11 December 2012

4. Summary of accounting policies

4.1. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

4.2. Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Company has elected to present the statement of comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Company:

i) applies an accounting policy retrospectively,

ii) makes a retrospective restatement of items in its financial statements, or

iii) reclassifies items in the financial statements.

The Company presents comparative information for one comparative period as no changes have occurred in accounting policy related to elements of the financial statements or the respective comparative information. When necessary, the comparative information is reclassified and/or recomputed, so that consistency with changes in presentation for the current year is achieved.

4.3. Investments in subsidiaries

Subsidiaries are firms under the control of the Company. Control of a subsidiary is the right to manage financial and operating policies of an entity in order to obtain benefits from its activities. In the separate financial statements of the Company investment in subsidiaries is accounted at cost of the investment.

The Company recognizes a dividend from a subsidiary in profit or loss in its separate financial statements when its right to receive the dividend is established.

4.4. Investments in associates

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries, nor interests in a joint venture. Investments in associates are initially recognized and subsequently measured at cost.

The Company recognizes a dividend from an associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

4.5. Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.6. Segment reporting

In identifying its operating segments, management generally follows the Company's main activities performed by the Company. The activity of the Company is performed in one segment on separate financial statements basis, which is the financial sector.

The measurement policies the Company uses for segment reporting under IFRS 8 "Operating Segments" are the same as those used in its financial statements.

Finance income and costs are included in the results of operating segments which are regularly reviewed by the chief operating decision maker.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.7. Revenue

Revenue comprises revenue from sale of goods and rendering of services. Revenue from major products and services is shown in note27,29, 32, 33, and 34.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding VAT, rebates and trade discounts.

Revenue is recognized, provided all of the following conditions are satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The costs incurred or to be incurred can be measured reliably;
- When the criteria for each of the Company's different activities has been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

4.7.1. Sale of goods

Revenue from sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

4.7.2. Rendering of services

Revenue from services is recognized when the services are provided by reference to the stage of completion of the contract at the reporting date.

Rental income from operating leases of the Company's investment properties is recognized on a straight-line basis over the term of the lease.

4.7.3. Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method. Dividend income is recognized at the time the right to receive payment is established.

4.8. Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

4.9. Interest expenses and borrowing costs

Interest expenses are reported on an accrual basis using the effective interest method.

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'Interest expense'.

4.10. Property, plant and equipment

Property, plant and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition, the property, plant and equipment is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognized in the statement of comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance. All other subsequent expenditure is recognized as incurred.

Residual values and useful lives are reviewed at each reporting date.

Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

Depreciation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Buildings 25 years
- Machines and equipment 3-5 years
- Computers 2 years
- Other 6-7 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'Gain on sale of non-current assets'.

The recognition threshold adopted by the Company for property, plant and equipment amounts to BGN 700.

4.11. Leases

The Company as a Lessee

In accordance with IAS 17 “Leases” (revised 2007), the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.

The related asset is recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance lease liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

The finance lease liabilities are reduced by subsequent lease payments, which consist of repayment of principal and finance costs.

Assets acquired under the terms of finance lease are depreciated or amortized in accordance with IAS 16 “Property, Plant and Equipment” or IAS 38 “Intangible Assets”.

The interest element of lease payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Lessor

Assets subject to operating lease agreements are presented in the statement of financial position and are depreciated and amortized in accordance with the depreciation and amortization policy of the Company for similar assets and with the requirements of IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”. Income from operating lease contracts is recognized on a straight-line basis in the statement of comprehensive income for the reporting period.

4.12. Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.13. Investment property

The investment property of the Company includes buildings held to earn rentals and/or for capital appreciation, and are accounted for using the cost model.

The investment property is initially measured at cost, which comprises the purchase price and any directly attributable expenses, e. g. legal fees, property transfer taxes and other transaction costs.

The investment property is revalued annually and is included in the statement of financial position at its open market value. This is determined by an independent valuation specialist with professional qualification and significant experience with respect to both the location and the nature of the investment property and supported by sufficient market evidence.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in profit or loss within 'Operating revenue'.

Subsequent expenditure relating to investment property, which is already recognized in the Company's financial statements, is added to the carrying amount of the investment property when it is probable that this expenditure will enable the existing investment property to generate future economic benefits in excess of its originally assessed value. All other subsequent expenditure is recognized as incurred.

The investment property is derecognized upon its sale or permanent withdrawal from use in case that no future economic benefits are expected from its disposal. Gains or losses arising from the disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Rental income and operating expenses from investment property are reported within 'Operating revenue' and 'Operating expenses' respectively, and are recognized as described in note 4.7 and note 4.8.

4.14. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets are recognized on their transaction date.

Financial assets and financial liabilities are subsequently measured as described below.

4.14.1. Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets are recognized in profit or loss regardless of the measurement of the financial assets and presented within 'Other financial expense', 'Other financial income', except for impairment of trade receivables which is presented within 'Operating expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within 'Operating expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include shares. Financial assets within this category are subsequently measured at fair value, unless there is no market value at active markets present and hence their fair value cannot be measured reliably. Those without quoted market prices are measured at amortized cost using the effective interest method or at cost in cases when they do not have fixed date of payment. Changes in fair value are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, net of income taxes, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within 'Interest income'. Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

4.14.2. Financial liabilities

The Company's financial liabilities include bank and other loans, overdrafts, trade and other payables and finance lease liabilities.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'Interest expense' or 'Interest income'.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Bank and other loans are raised for support of long-term and short-term funding of the Company’s operations. They are recognized in the statement of financial position of the Company, net of any costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the statement of comprehensive income on an accrual basis using the effective interest method and are added to the carrying amount of the financial liability to the extent that they are not settled in the period in which they arise.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividends payable to shareholders are recognized when the dividends are approved at the general meeting of the shareholders.

4.15. Inventories

Inventories include raw materials and goods. Cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses connected to their delivery as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not included in the cost of the inventories. At the end of every accounting period, inventories are carried at the lower of cost and net realizable value. The amount of impairment of inventories to their net realizable value is recognized as an expense for the period of impairment.

Net realizable value is the estimated selling price of the inventories less any applicable selling expenses. In case inventories have already been impaired to their net realizable value and in the following period the impairment conditions are no longer present, than the new net realizable value is adopted. The reversal amount can only be up to the carrying amount of the inventories prior to their impairment. The reversal of the impairment is accounted for as decrease in inventory expenses for the period in which the reversal takes place.

The Company determines the cost of inventories by using the weighted average cost.

When inventories are sold, the carrying amount of those inventories is expensed in the period in which the related revenue is recognized.

4.16. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.214.21.2.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank accounts and demand deposits.

4.18. Equity, reserves and dividend payments

Share capital of the Company is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital.

Other reserves are formed on the basis of the requirements of the Commercial Act for forming statutory reserves.

Retained earnings include retained earnings and uncovered losses from past periods.

All transactions with owners of the Company are recorded separately within equity.

4.19. Post-employment benefits and short-term employee benefits

The Company reports short-term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

In accordance with Labor Code requirements, in case of retirement, after the employee has gained the legal right of pension due to years of services and age, the Company is obliged to pay him/her compensation at the amount of up to six gross wages.

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.

Management estimates the defined benefit obligation annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on standard rates of inflation, expected resignation rate and mortality. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to yield of government bonds.

Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately.

Interest expenses related to pension obligations are included in 'Interest expense' in comprehensive income. All other post-employment benefit expenses are included in 'Employee benefits expense'.

Short-term employee benefits, including holiday entitlement, are current liabilities included in 'pension and other employee obligations', measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

4.20. Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Contingent liabilities are subsequently measured at the higher of the above described comparable provision and initially recognized value, less accumulated amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.21. Significant management judgment in applying accounting policies

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.22.

4.21.1. Leases

In applying the classification of leases in IAS 17 “Leases”, management considers its leases of aircrafts as finance lease arrangements. In some cases, the lease transaction is not always conclusive, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

4.21.2. Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4.21.3. Held-to-maturity investments

Management has confirmed its intention and ability to hold the bonds that are classified as held-to-maturity investments until they mature. This is based on the Company's current liquidity and capital maintenance requirements and plans.

4.22. Estimation uncertainty

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

4.22.1. Impairment

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.12). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4.22.2. Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date.

At 31 December 2012 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in notes 5 and 6. Actual results, however, may vary due to technical obsolescence.

4.22.3. Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability BGN 72 thousand (2011: BGN 66 thousand) is based on standard rates of inflation, expected resignation rate and mortality. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to yield of government bonds.

4.22.4. Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. Property, plant and equipment

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

	Land	Buildings	Machines and equipment	Vehicles	Other	Assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount							
Balance at 1 January 2012	8 178	26	131	254	1 321	6 370	16 280
Additions	-	-	52	-	4	-	56
Disposals	-	-	-	(48)	-	-	(48)
Balance at 31 December 2012	**8 178**	**26**	**183**	**206**	**1 325**	**6 370**	**16 288**
Depreciation							
Balance at 1 January 2012	-	(17)	(118)	(184)	(53)	-	(372)
Disposals	-	-	-	48	-	-	48
Depreciation	-	(1)	(22)	(23)	(13)	-	(59)
Balance at 31 December 2012	**-**	**(18)**	**(140)**	**(159)**	**(66)**	**-**	**(383)**
Carrying amount as at 31 December 2012	**8 178**	**8**	**43**	**47**	**1 259**	**6 370**	**15 905**

The carrying amount as at 31 December 2011 can be analyzed as follows:

	Land BGN '000	Buildings BGN '000	Machines and equipment BGN '000	Aircrafts BGN '000	Vehicles BGN '000	Other BGN '000	Assets in process of acquisition BGN '000	Total BGN '000
Gross carrying amount								
Balance at 1 January 2011	8 178	26	118	8 787	167	171	6 231	23 678
Additions	-	-	13	-	91	1 150	139	1 393
Disposals	-	-	-	(8 787)	(4)	-	-	(8 791)
Balance at 31 December 2011	8 178	26	131	-	254	1 321	6 370	16 280
Depreciation								
Balance at 1 January 2011	-	(16)	(111)	(3 954)	(167)	(41)	-	(4 289)
Disposals	-	-	-	4 832	4	-	-	4 836
Depreciation	-	(1)	(7)	(878)	(21)	(12)	-	(919)
Balance at 31 December 2011	-	(17)	(118)	-	(184)	(53)	-	(372)
Carrying amount as at 31 December 2011	**8 178**	**9**	**13**	**-**	**70**	**1 268**	**6 370**	**15 908**

Assets in a process of acquisition amounting to BGN 6 370 thousand (2011: BGN 6 370 thousand) comprise:

- expenditures for obtaining a building permit on a plot owned by the Samokov municipality subject to a contract with this municipality, signed on 22 May 2007, amounting to BGN 4 053 thousand. The Company's obligation to this contract is to build a municipal center for recreation, training and qualification.

- expenditures amounting to BGN 2 317 thousand related to a concession agreement with Varna Municipality for sport complex "Mladost" from 2007. Under the terms of the Concession agreement Chimimport AD obtains the right to use the sports complex for a period of 35 years and is obliged to prepare an investment plan and make investments amounting to BGN 26 330 thousand.

In 2011 the Company has sold its aircrafts. The gain from the sale is included in the Statement of comprehensive income within 'Gain on sale of non-current assets'. (See note 34).

All depreciation charges are included in the Statement of comprehensive income within 'Operating expense'.

The Company has no property, plant and equipment pledged as security for its liabilities.

6. Investment property

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

The fair value was determined by an independent certified valuation specialist based on current active market prices.

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

	Investment property BGN '000
Carrying amount at 1 January 2011	**10 069**
Additions	
- from subsequent expenditure	48
Net gain from fair value adjustments	21 292
Carrying amount at 31 December 2011	**31 409**
Net gain from fair value adjustments	146
Carrying amount at 31 December 2012	**31 555**

In 2012 the Company has not performed repair works on its investment property (2011: BGN 48 thousand).

In 2012 and 2011 the Company has not realized any operating income from investment property. In 2012 no direct operating expenses have been recognized (2011: BGN 1 thousand).

The Company has no investment property, pledged as a security for its liabilities.

7. Lease

7.1. Finance leases as lessee

In 2012 the Company is a lessee by a contract for finance lease for vehicle under a lease contract signed with DSK Leasing AD, dated February 2011 with a termination date in February 2016 (See note 5). The net carrying amount of the assets acquired under the terms of a lease contract amounts to BGN 47 thousand (2011: BGN 70 thousand). The assets are disclosed in note "Property, plant and equipment"(See note 5).

Future minimum finance lease payments at the end of the current and prior reporting periods under review are as follows:

31 December 2012	Within 1 year BGN'000	From 1 to 5 years BGN'000	Total BGN'000
Lease payments	20	28	48
Finance charges	(1)	(3)	(4)
Net present value	**19**	**25**	**44**

31 December 2011	Within 1 year BGN'000	From 1 to 5 years BGN'000	Total BGN'000
Lease payments	20	49	69
Finance charges	(4)	(4)	(8)
Net present value	**16**	**45**	**61**

The lease contract includes fixed lease payments and a purchase option in the end of the lease period. The lease agreement is irrevocable but does not contain any further restrictions. The Company has not recognized contingent rent expenses.

7.2. Operating leases as lessee

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due		
	Within 1 year BGN'000	Within 1 year BGN'000	Within 1 year BGN'000
As at 31 December 2012	277	413	**690**
As at 31 December 2011	427	363	**790**

Lease payments recognized as an expense during the period amount to BGN 327 thousand (2011: BGN 494 thousand). This amount consists of minimum lease payments.

The Company has signed the following operating lease contracts:

- Operating lease contract, dated 1 September 2006 with Trans Intercar EOOD for the lease of 9 vehicles with monthly payments amounting to BGN 18 thousand, ending 1 September 2015.
- Operating lease contract, dated 15 September 2006 with ZAD Armeec for the lease of 1 automobile with monthly payments in accordance with repayment schedule, maturing on 15 August 2014.
- Operating lease contract, dated 2 June 2011 with Chimsnab Bulgaria AD for the lease of a warehouse, located in Iliyanci, Sofia with monthly payments at the amount of BGN 1 thousand, with term date 15 August 2014.

The Company's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contains renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

8. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation	Main activities	2012	share	2011	share
			BGN '000	%	BGN '000	%
CCB Group EAD	Bulgaria	Financial services	210 270	100.00%	191 770	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	163 188	57.79%	-	-
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	158 699	100.00%	215 487	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	2 000	100.00%
CCB AD	Bulgaria	Financial services	33 707	9.90%	33 707	9.90%
Airport services-Bulgaria EAD	Bulgaria	Aviation Services	31 387	100.00%	27 626	100.00%
Sport Complex Varna AD	Bulgaria	Financial services	22 474	65.00%	22 474	65.00%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%
ZAD Armeec	Bulgaria	Financial services	9 492	4.30%	9 492	4.30%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 166	83.20%	2 166	83.20%
Trans Intercar EOOD	Bulgaria	Transportation	2 095	100.00%	2 095	100.00%
Plovdivska stokova borsa AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 878	67.00%
Chimimport Holland B.V.	The Netherlands	Financial services	1 294	100.00%	1 294	100.00%
Oil and Gas Exploration and Production AD	Bulgaria	Manufacturing and trade	956	3.65%	956	3.65%
HGH Consult Co. OOD	Bulgaria	Services	111	59.34%	111	59.34%
Anitas 2003 EOOD	Bulgaria	Manufacturing and trade	5	100.00%	5	100.00%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%
Chimsnab AD	Bulgaria	Manufacturing and trade	-	-	117 754	100.00%
			701 000		**647 699**	

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

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

- On 21 December 2012 the Supervisory Board of the Company has decided an increase of the share capital of the subsidiary CCB Group EAD, thus increasing the investment in the subsidiary by BGN 18 500 thousand;
- The Company has acquired an investment in Zarneni Hrani Bulgaria AD at the amount of BGN 163 188 thousand. The acquisition has occurred as a result of the merger of the subsidiary Chimimport Group EAD into Zarneni Hrani Bulgaria AD. As a result of the merger, the share capital of Zarneni Hrani Bulgaria AD has increased from BGN 170 785 600 to BGN 195 660 287 through the issue of additional 24 874 687 ordinary shares with par value of BGN 1 each. The shares are issued as a result of the undergone swap of shares of Chimimport Group EAD with shares of Zarneni Hrani Bulgaria AD.
- On 6 January 2012 Bulgarian Aviation Group EAD was renamed to Bulgarian Airways Group EAD. In 2012 the decrease of the investment in subsidiaries Bulgarian Airways Group EAD amounting to BGN 56 788 thousand is due to reimbursed amounts by the subsidiary according to a debt agreement which states no maturity date and could be repaid at the subsidiary's discretion.
- On 29 February 2012 Molet EAD was renamed to Airport Services-Bulgaria EAD following a merger of Airport services EOOD in its sole owner Molet EAD. In 2012, the increase of the investment in Airport Services-Bulgaria EAD is due to loans, granted by Chimimport AD without maturity date and could be repaid at the subsidiary's discretion.
- In 2012, the increase of the investment in Bulgarian Shipping Company EAD amounting to BGN 42 393 thousand, comprise of amounts granted by Chimimport AD under loan contract without maturity date which could be repaid at the subsidiary's discretion..
- In 2011 the Company has increased its investments in CCB Group EAD and CCB AD respectively with BGN 31 500 thousand and BGN 13 230 thousand in relation to increase in share capital of CCB AD.
- In 2011 the Company has lost control over its subsidiary Chimsnab AD as a result of its merger in Chimsnab Bulgaria AD. The share of the Company in the acquiring company Chimsnab Bulgaria AD is classified as short-term financial asset at fair value through profit and loss.

In 2012 and 2011, the following subsidiaries have distributed dividends to the Company as follows:

	2012 BGN'000	2011 BGN'000
Bulgarian Shipping Company EAD	862	10 156
CCB Group EAD	-	23 601
Bulgarian Airways Group EAD	-	614
Trans Intercar EOOD	-	900
	862	**35 271**

9. Investments in associates

The Company has shares from the share capital of the following companies:

Name of the associate	2012 BGN '000	share %	2011 BGN '000	Share %
PIC Saglasie Co. Ltd.	16 768	49.43%	16 768	49.43%
Konor GmbH	21	20.00%	5	20.00%
	16 789		**16 773**	

The financial information about the associates can be summarized as follows:

	2012 BGN '000	2011 BGN '000
Assets	23 226	20 002
Liabilities and pension reserves	11 599	8 487
Revenue	11 215	9 957
Profit	851	816
Share in profit, attributable to the Company	421	403

In 2012 and 2011 the Company has not received any dividends from associates. The investments in associates are recognized in the financial statements at cost.

10. Long-term financial assets

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

	2012 BGN'000	2011 BGN'000
Available-for-sale financial assets	108	108
	108	**108**

11. Long-term loans provided

	2012 BGN '000	2011 BGN '000
Pavleks 97 EOOD	53 443	50 617
Rost Invest AD	19 342	17 057
Akin EOOD	8 412	8 032
Franchise Development OOD	7 729	7 489
Armada Group EOOD	6 800	6 200
Konsortium Slatina Bulgarplod	2 444	-
Slatina Bulgarplod	78	-
Holding Nov Vek AD	-	2 437
Nova Industrialna Kompania EOOD	-	283
	98 248	**92 115**

Long-term loan receivables include principle and interest receivables on loans, granted to non-related parties. The annual interest rates on the loans are between 8 % - 14 %. The loans maturity dates are after 31 December 2013.

The loans are not collateralized.

12. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences can be summarized as follows:

	1 January 2012 BGN '000	Recognized in profit and loss BGN '000	31 December 2012 BGN '000
Non-current assets			
Investment in subsidiaries	-	6 280	6 280
Investment property	2 664	21	2 685
Current assets			
Short-term financial assets	3 420	-	3 420
Trade receivables	(8)	4	(4)
Non-current liabilities			
Employee pension obligations	(5)	(1)	(6)
Current liabilities			
Employee obligations	(6)	2	(4)
	6 065	**6 306**	**12 371**
Recognized as:			
Deferred tax asset	**(19)**		**(14)**
Deferred tax liability	6 084		12 385
Net deferred tax liabilities	6 065		12 371

Deferred taxes for the comparative period 2011 can be summarized as follows:

	1 January 2011 BGN '000	Recognized in profit and loss BGN '000	31 December 2011 BGN '000
Non-current assets			
Investment property	535	2 129	2 664
Current assets			
Short-term financial assets	5 189	(1 769)	3 420
Trade receivables	(13)	5	(8)
Non-current liabilities			
Employee pension obligations	(5)	-	(5)
Current liabilities			
Employee obligations	(6)	-	(6)
	5 700	**365**	**6 065**
Recognized as:			
Deferred tax asset	**(24)**		**(19)**
Deferred tax liability	**5 724**		**6 084**
Net deferred tax liabilities	**5 700**		**6 065**

All deferred tax assets have been recognized in the statement of financial position.

13. Inventories

Inventories recognized in the statement of financial position can be analyzed as follows:

	2012 BGN '000	2011 BGN '000
Goods	368	376
Raw materials and consumables	2	2
	370	**378**

None of the inventories are pledged as securities for liabilities.

14. Short-term financial assets

Short-term financial assets for the presented reporting periods are classified as follows:

	Note	2012 BGN '000	2011 BGN '000
Financial assets at fair value through profit or loss	14.1	31 957	35 729
Held-to-maturity investments	14.2	19 567	19 566
Available-for-sale financial assets	14.2	1 418	1 145
		52 942	**56 440**

As at 31 December 2012 the Company has not pledged any short-term financial assets.

14.1. Financial assets at fair value through profit or loss

The short-term financial assets amounting to BGN 31 957 thousand (2011 : BGN 35 729 thousand) are classified as financial instruments at fair value through profit or loss. As at 31 December 2012 the financial assets are presented at fair value based on the prices quoted on the Bulgarian Stock Exchange – Sofia.

14.2. Held-to-maturity investments

Convertible bonds maturing on 19 November 2013 are classified as held-to-maturity investments

	2012 BGN'000	2011 BGN'000
Convertible bonds of Chimimport Invest AD	19 567	19 566
	19 567	**19 566**

Chimimport Invest AD - Convertible bonds

The Convertible bonds were issued on 19 November 2009 with a nominal value of EUR 100 thousand per bond and an annual interest rate of 7%. The bond loan has a maturity date on 19 November 2013. The Company had the right to demand repayment of the loan on 19 November 2011 and 19 November 2012 that was not exercised. Chimimport AD holds 100 bonds. Bond holders may convert them into ordinary shares throughout the period of the loan, Each bond with a nominal value of EUR 100 thousand can be converted into 185 716 ordinary shares.

14.3. Available-for-sale financial assets

As at 31 December 2012, the available-for-sale financial assets amounting to BGN 1 418 thousand (2011 : BGN 1 145 thousand) comprise shares, that are not traded on a regulated market and their fair value cannot be determined as at 31 December 2012. Therefore, available-for-sale financial assets are recognized at acquisition value.

14.4. Financial assets measured at fair value

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

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

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

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

31 December 2012	**Note**	**Level 1 BGN '000**	**Level 2 BGN '000**	**Level 3 BGN '000**	**Total BGN '000**
Assets					
Listed equity investments	a)	31 957	-	-	31 957
Total		31 957	-	-	31 957

31 December 2011	**Note**	**Level 1 BGN '000**	**Level 2 BGN '000**	**Level 3 BGN '000**	**Total BGN '000**
Assets					
Listed equity investments	a)	35 729	-	-	35 729
Total		35 729	-	-	35 729

There have been no significant transfers between levels 1 and 2.

Measurement of fair value

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

a) Listed equity instruments

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

15. Loans granted

	2012 BGN '000	2011 BGN '000
Abas EOOD	41 413	38 777
PFK Cherno More AD	21 534	17 104
General Stock Investment EOOD	17 253	18 835
Citisime Trade EOOD	5 977	1 085
Hamur 2003 EOOD	3 865	1 838
Invest Capital Consult EOOD	3 505	3 929
Armi Group EOOD	3 379	3 077
Business center Izgrev EOOD	3 076	-
Aks 77 EOOD	2 861	-
Dar Trade EOOD	2 386	-
Orka AD	2 063	884
Office 1 Superstore – Ukraine	1 632	1 506
Zurneni Hrani Plovdiv OOD	1 313	1 212
Primahim EOOD	1 126	-
Sparg EOOD	1 087	-
Norgius EOOD	1 038	-
Noviko Nord EOOD	902	820
Rentapark EOOD	883	308
Deniz 2001 EOOD	856	2 297
Bulgaria On Air	821	241
Bulagrohim EOOD	770	-
Andezit OOD	515	484
Franchise Development OOD	240	-
Bliasak EOOD	170	309
Ital Commerce 75 EOOD	102	1 249
Tehnoimportexport AD	-	6 951
St. St. Konstantin and Elena AD	-	2 070
Gama Finance EOOD	-	1 520
Neftena Targovska Kompania EOOD	-	1 366
Others	3 027	6 934
	121 794	**112 796**

Short-term loans are granted with annual interest rates from 8% to 14%, depending on the maturity date. The loans are receivable on demand by the Company. The loans are without pledge. The fair value of the granted loans has not been determined separately, as the management considers the carrying amounts recognized at the statement of financial position to be a reasonable approximation of their fair value.

16. Trade receivables

	2012 BGN '000	2011 BGN '000
Advances for purchase of investments	60 000	60 000
Ital commerce 75 EOOD	1 342	7 019
Others	704	775
	62 046	**67 794**

All trade receivables are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All trade receivables of the Company have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of BGN 265 thousand (2011: BGN 182 thousand) has been recognized in the Statement of comprehensive income within 'Operating expenses'. The impaired trade receivables are mostly due from trade customers that are experiencing financial difficulties. As at the reporting date there are no significant not impaired trade receivables with expired maturity.

17. Tax receivables

	2012 BGN '000	2011 BGN '000
VAT refundable	116	116
	116	**116**

18. Other receivables

	Current		Non-current
	2012 BGN'000	2011 BGN'000	2012 BGN'000
Short-term deposits	1 258	1 016	-
Prepaid expenses	141	-	65
Other short-term receivables	3 398	3 873	-
	4 797	**4 889**	**65**

19. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2012 BGN '000	2011 BGN '000
Cash at bank and in hand		
- BGN	9 127	4 455
- EUR	74 963	74 883
- USD	119	5
Short-term deposits	28 512	26 771
	112 721	**106 114**

As at 31 December 2012 the restricted cash and cash equivalents amount to BGN 630 thousand (2011: BGN 368 thousand).

20. Equity

20.1. Share capital

The share capital of the Company as at 31 December 2012 consists of 150 875 596 ordinary shares with a par value of BGN 1 and 88 770 671 preferred shares with a par value of BGN 1. The shares of the Company are ordinary, registered and subject to unrestricted transfers and entitle 1 voting right and liquidation quota. The preferred shares do not entitle voting rights. They give the owner the right to a cumulative guaranteed dividend and to a guaranteed liquidation quota of the Company.

	2012 BGN '000	2011 BGN '000
Shares issued and fully paid:		
- beginning of the year	239 646 267	239 646 267
- decrease in preferred shares due to conversion of preferred shares	-	(16 787)
- increase in ordinary shares due to conversion of preferred shares	-	16 787
Shares issued and fully paid at the end of the year	**239 646 267**	**239 646 267**

On 12 June 2009 the Company issued mandatory convertible preferred shares with 9% guaranteed fixed annual dividend and guaranteed liquidation quota. 89 646 283 preferred shares are issued and paid with issue value amounting to BGN 2.22 each, representing 99.61% of the offered shares. The accumulated during the public offering capital amounts to BGN 199 015 thousand. The obligatory conversion of the shares occurs at the end of the seventh year after the registration of the capital increase in the Trade register.

The accumulated on 12 June 2009 funds above the nominal value of the share capital amounting to BGN 109 369 thousand are allocated as follows:

- BGN 27 622 thousand – share premium
- BGN 8 348 thousand – short-term dividend liabilities
- BGN 70 008 thousand – long-term dividend liabilities
- BGN 3 391 thousand – share issue expenses

The dividend liabilities and share premium, as a result of the conversion of 875 612 preferred shares into ordinary shares, are allocated as follows:

- BGN 28 271 thousand – share premium
- BGN 16 770 thousand – short-term dividend liabilities
- BGN 46 147 thousand – long-term dividend liabilities

The list of the principal shareholders, holding ordinary shares, is as follows:

	2012 Number of ordinary shares	2012 %	2011 Number of ordinary shares	2011 %
Chimimport Invest AD	108 957 067	72.22%	108 533 269	71.94%
Artio International Equity Fund	5 744 865	3.81%	10 693 367	7.09%
Unicredit Bank Austria	5 208 127	3.45%	1 161 064	0.77%
CCB Group EAD	5 160 005	3.42%	4 395 005	2.91%
EFG EUROBANK ERGASIAS	2 878 750	1.91%	1 378 750	0.91%
CACEIS Bank Deutschland GmbH	2 841 264	1.88%	2 833 188	1.88%
PIC Saglasie Co.Ltd.	788 972	0.52%	850 672	0.56%
Consolid Commerce	704 276	0.47%	704 276	0.47%
Danske Invest Trans-Balkan Fund	695 638	0.46%	505 999	0.34%
Eaton Vance Tax-Managed Emerging Markets	487 988	0.32%	487 988	0.32%
ZAD Armeec	463 100	0.31%	463 100	0.31%
The Bank of New York Mellon	452 029	0.30%	633 049	0.42%
Eaton Vance Structured Emerging Markets	329 922	0.22%	329 922	0.22%
EFG Eurobank clients ACC	272 057	0.18%	337 796	0.22%
Clearstream Banking Luxembourg Clients	80	0.00%	446 080	0.30%
DIAS Investment Company	-	0.00%	1 500 000	0.99%
LIC Saglasie AD	-	0.00%	765 000	0.51%
MEI – Romanian and Bulgaria Funds	-	0.00%	504 088	0.33%
Skandinavian Enskilda Banken	-	0.00%	500 000	0.33%
Julius Baer Multistock - Black Sea Fund	-	0.00%	346 425	0.23%
Other legal entities	8 174 046	5.42%	7 139 704	4.73%
Other natural persons	7 717 410	5.12%	6 366 854	4.22%
	150 875 596	**100.00%**	**150 875 596**	**100.00%**

The list of principle shareholders, holding more ordinary shares and preferred shares of the Company's capital is presented as follows:

	2012 Number of shares /ordinary and preferred shares/	2012 %	2011 Number of shares /ordinary and preferred shares/	2011 %
Chimimport Invest AD	175 710 589	73.32%	179 885 551	75.06%
Artio International Equity Fund	12 093 007	5.05%	17 109 388	7.14%
CCB Group EAD	8 233 658	3.44%	7 468 658	3.12%
UniCredit Bank Austria	5 750 082	2.40%	1 909 993	0.80%
PIC Saglasie Co.Ltd.	3 130 555	1.31%	1 635 655	0.68%
LIC Saglasie	2 902 819	1.21%	765 000	0.32%
CACEIS Bank Deutschland GmbH	2 841 264	1.19%	2 833 188	1.18%
POAD CC-SILA	1 476 866	0.62%	1 287 106	0.54%
Danske invest trans-balkan fund	929 138	0.39%	505 999	0.21%
Consolid Commerce	704 276	0.29%	704 276	0.29%
The Bank Of New York Mellon	452 029	0.19%	633 049	0.26%
Efg eurobank ergasias	272 657	0.11%	1 378 750	0.58%
ING Universal pension Fund	244 605	0.10%	539 525	0.23%
Dias investment company	-	0.00%	1 500 000	0.63%
MEI – Romanian and Bulgaria Funds	-	0.00%	574 088	0.24%
Skandinavian Enskilda Banken	-	0.00%	500 000	0.21%
Other legal entities	10 946 890	4.57%	11 694 067	4.88%
Other natural persons	13 957 832	5.82%	8 721 974	3.64%
	239 646 267	**100%**	**239 646 267**	**100%**

Withholding tax for dividends due from individuals and foreign legal entities for 2011, 2012 and 2013 amounts to 5% and the tax is deducted from the gross amount of dividends.

20.2. Share premium

As at 31 December 2012 the share premium amounts to BGN 260 615 thousand (2011: BGN 260 615 thousand). Share premium is formed by the following share issues:

- Share premium of BGN 28 271 thousand from the issue of preferred shares in 2009. The expenses related to the share issue amounting to BGN 2 033 thousand are deducted from the share premium..
- The premium reserve amounting to BGN 199 419 thousand is accumulated from the Secondary Public Offering (SPO) of the shares of the Company in 2007. The expenses related to the share issue amounting to BGN 581 thousand are deducted from the share premium.
- The premium reserve amounting to BGN 32 925 thousand is accumulated from the Initial Public Offering (IPO) of the shares of the Company in the period from 07 September 2006 to 20 September 2006. The expenses related to the share issue amounting to BGN 327 thousand are deducted from the share premium.

20.3. Other reserves

Other reserves, amounting to BGN 59 849 thousand as at 31 December 2012 (2011: BGN 59 853 thousand) are accumulated in accordance with the requirements of the Commercial Act for accumulation of statutory reserves..

21. Dividend liabilities

As at 31 December 2012 dividend liabilities for the preferred shares are as follows:

	Current		Non-current	
	2012 BGN '000	2011 BGN '000	2012 BGN '000	2011 BGN '000
Dividend liabilities	16 770	16 770	46 147	56 245
	16 770	**16 770**	**46 147**	**56 245**

In 2012 and 2011 Chimimport AD distributed to its shareholders of preferred shares guaranteed dividend at the amount of BGN 17 736 thousand and BGN 17 635 thousand respectively or BGN 0.1998 per preferred share.

Dividends liabilities of the Company arose as a result of the issue of mandatory convertible preferred shares in 2009 with a guaranteed fixed annual dividend of 9%. Each preferred stock in circulation shall give to its owner the right of a cumulative guaranteed dividend at the amount of 9% of the issue price. Due to the fact that the dividend on preferred share is guaranteed, same shall be due by the Company, irrespective of whether during the relevant year the General Meeting of the Shareholders shall have adopted a resolution for the distribution of dividends on ordinary shares. Because the guaranteed dividend is cumulative, it shall be due irrespective of whether the Company shall have formed distributable profit during the relevant year.

The Preferred Shareholders entitled to receive Ordinary Shares upon Conversion will be treated as record holders of such Ordinary Shares as of the date the Central Depository has registered them as record holders.

22. Employee remuneration

22.1. Employee benefits expense

Expenses recognized for employee benefit include wages, salaries, social security costs, unused leaves and provision for pension as follows:

	2012 BGN '000	2011 BGN '000
Wages and salaries	(743)	(762)
Social security costs	(114)	(123)
Adjusted expenses for unused leaves	22	1
Pension provision	(5)	(12)
Employee benefits expense	**(840)**	**(896)**

22.2. Pension and other employee obligations

The liabilities for pension and other employee obligations recognized in the statement of financial position consist of the following amounts:

	2012 BGN '000	2011 BGN '000
Non-current:		
Pension provisions	72	66
Non-current pension and other employee obligations	**72**	**66**
Current		
Pension and other employee obligations	39	43
Social security payables	28	32
Payables for unused leaves	18	37
Current pension and other employee obligations	**85**	**112**

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled during 2013.

The defined benefit obligation for the reporting periods under review is as follows:

	2012 BGN '000	2011 BGN '000
Defined benefit obligation at 1 January	66	50
Current service cost	4	13
Interest costs	2	3
Defined benefit obligation at 31 December	**72**	**66**

For determination of the pension obligation, the following actuarial assumptions were used:

	2012	2011
Discount rate	4.00%	5.75%
Expected rate of salary increases	2%	2%
Resignation expectancies at the end of each year		
Employees under 30 years of age	6%	6%
Employees between 30 and 40 years of age	4%	4%
Employees between 40 and 50 years of age	2%	2%
Employees between 50 and 60 years of age	1%	1%
Employees over 60 years of age	0%	0%

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. These assumptions have led to the amounts determined as the Company's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary.

The Company's defined benefit obligations and plan assets may be reconciled to the amounts presented on the face of the statement of financial position for each of the reporting periods under review as follows:

	2012 BGN '000	2011 BGN '000
Defined benefit obligation	72	66
Defined benefit plans	**72**	**66**
Classified in the statement of financial position as:		
Non-current liabilities	72	66

Total expenses resulting from the Company's defined benefit plans can be analyzed as follows:

	2012 BGN '000	2011 BGN '000
Employee benefits expense		
Current service cost	4	13
Interest costs	2	3
Total expense recognized in profit or loss	**6**	**16**

Interest costs have been included in 'Interest expenses' in the Statement of comprehensive income (see note 30). All other expenses summarized above were included within 'Employee benefits expense' (see note 22.1). The Company recognizes all actuarial gains and losses in accordance with the corridor approach (see note 4.19). In 2012 and 2011, actuarial gains and losses are within the margins of the corridor and because of that they have not been recognized in the gain or loss.

Based on historical data, the Company does not expect contributions to be paid for 2013.

23. Borrowings, measured at amortized cost

Borrowings include the following financial liabilities:

	Note	Short -term		Long -term	
		2012	2011	2012	2011
		BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities measured at amortized cost:					
Bank loans	23.1, 23.2	4 369	3 000	18 189	19 558
Other loans	23.3, 23.4	23 600	19 926	1 935	8 153
Total carrying amount		**27 969**	**22 926**	**20 124**	**27 711**

23.1. Long-term bank loans

	2012	2011
	BGN'000	BGN'000
Corporate Commercial Bank AD	18 189	19 558
	18 189	**19 558**

Bank loan from Corporate Commercial Bank AD

The Company has entered into the bank loan contract on 4 July 2011 for a loan at the amount of BGN 19 558 thousand with maturity date on 25 June 2017. The Company has not pledged any assets as collateral in relation to the bank loan but the Company is obliged to provide collateral required by the bank in determined term in case of worsening of the financial position as. The interest rate is 7.375%. Payments are made in euro, according to a repayment schedule.

23.2. Short-term bank loans

	2012	2011
	BGN'000	BGN'000
DSK Bank AD	3 000	3 000
Corporate Commercial Bank AD	1 369	-
	4 369	**3 000**

Bank loan DSK Bank AD

The Company has entered into the bank loan contract on 5 October 2011 for a loan at the amount of BGN 3 000 thousand with maturity date on 5 October 2013. The loan is secured with a mortgage on buildings, owned by Park build OOD: hotel complex "Geolog" in St.St. Konstantin and Elena resort. The contract interest rate is 1M SOFIBOR plus 4.0% and it cannot be less than 8.5% and higher than 10%.

23.3. Long-term borrowings

	2012 BGN'000	2011 BGN'000
Loriyan EOOD	1 047	-
Eskana Russia EOOD	888	-
Niko Commerce EOOD	-	7 961
BuildCo EOOD	-	149
Sila Holding AD	-	43
	1 935	**8 153**

Long-term borrowings are received with annual interest rates from 8% to 12% depending on the maturity date. None of the borrowings has any collateral pledged.

23.4. Other short-term borrowings

	2012 BGN'000	2011 BGN'000
Chimsnab Bulgaria AD	12 083	11 803
Zarneni Hrani Export EOOD	2 981	285
Capital Management ADSIC	1 927	2 875
Holding Nov Vek AD	1 367	-
Niko commerce EOOD	964	-
Gama Finance EOOD	900	9
Slantze Stara Zagora-Tabak AD	755	694
Arogans EOOD	660	737
Holding-Varna AD	433	104
Finance Consulting AD	405	-
Technoimportexport AD	344	-
Nova Industrialna Kompania AD	228	-
Nomokanon 2000 EOOD	-	380
Prima Him EOOD	-	930
Fisko Group EOOD	-	171
CCB Real Estate Fund ADSIC	-	138
Kamchiya AD	-	65
Other	553	1 735
	23 600	**19 926**

Short-term borrowings are received with annual interest rates from 8% to 12% depending on the maturity date. Debt agreements are classified according to their maturity date which is during 2013 . None of the borrowings has any collateral pledged. The fair value of the borrowings received has not been determined separately, as the management considers the carrying amounts recognized at the statement of financial income to be a reasonable approximation of their fair value.

24. Trade payables

The trade payables, presented in the statement of financial position include:

	2012 BGN'000	2011 BGN'000
Current		
Advance payments for the acquisition of financial assets	17 872	10 700
Trade Payables	-	3 661
Other	2 222	2 253
	20 094	**16 614**

25. Tax liabilities

Tax liabilities include:

	2012 BGB'000	2011 BGB'000
Corporate income tax	644	1 298
Personal income tax of individuals	310	278
Value Added Tax	27	9
	981	**1 585**

26. Other liabilities

Other liabilities can be summarized as follows:

	2012 BGN'000	2011 BGN'000
Liabilities on share rights	808	808
Other short-term liabilities	2 215	1 954
	3 023	**2 762**

27. Gains from transactions with financial instruments

Gains from transactions with financial instruments for the reporting periods under review are as follows:

	2012 BGN'000	2011 BGN'000
Gain from revaluation of financial instruments	67 883	24 719
Gain from sale of financial instruments	8	1 420
	67 891	**26 139**

28. Losses from transactions with financial instruments

Losses from transactions with financial instruments for the reporting periods under review can be analyzed as follows:

	2012 BGN '000	2011 BGN'000
Loss from sale of financial instruments	(33)	(74)
	(33)	**(74)**

29. Interest income

Interest income for the reporting periods under review is as follows

Interest income, resulting from:	2012 BGN'000	2011 BGN'000
- loans granted	36 093	41 604
- bank deposits	2 651	2 217
	38 744	**43 821**

30. Interest expenses

Interest expenses for the reporting periods under review include:

Interest expenses, resulting from:	2012 BGN'000	2011 BGN '000
- loans received	(21 260)	(22 143)
- preferred shares	(7 638)	(8 709)
- bank loans	(3 504)	(1 764)
- finance lease	(4)	(155)
- pension provisions	-	(3)
	(32 406)	**(32 774)**

31. Gains and losses from changes in the exchange rates

Gains and losses from changes in the exchange rates for the reporting periods under review can be summarized as follows:

	2012 BGN'000	2011 BGN'000
Gain from changes in the exchange rates	2 423	1 713
Loss from changes in the exchange rates	(2 374)	(1 608)
Net result from changes in the exchange rates	**49**	**105**

32. Other financial income and expenses

Other financial income and expenses for the reporting periods under review can be summarized as follows:

Other financial income	**2012 BGN'000**	**2011 BGN'000**
Other financial income	10	-
Income from transactions with cession agreements	-	872
	10	**872**

Other financial expenses	**2012 BGN'000**	**2011 BGN '000**
Bank charges and commissions	(180)	(108)
	(180)	**(108)**

33. Operating revenue

The Company's operating revenue can be analyzed as follows:

	2012 BGN'000	**2011 BGN'000**
Revenue from payables written-off	3 678	67
Revenue from services	2 716	2 799
Gain on investment property revaluation	146	21 292
Revenue from leases	-	2 038
Revenue from goods sold	11	10
	6 551	**26 206**

34. Gain on sale of non-current assets

	2012 BGN '000	**2011 BGN '000**
Revenue from sale on non-current assets	3	7 029
Carrying amount of non-current assets sold	-	(3 954)
Gain on sale of non-current assets	**3**	**3 075**

35. Operating expenses

The Company's operating expenses can be analyzed as follows:

	Note	2012 BGN'000	2011 BGN'000
Hired services expenses		(4 641)	(5 350)
Employee benefits expenses	22.1	(840)	(896)
Receivables written-off		(265)	(182)
Depreciation and amortization		(58)	(926)
Cost of materials		(76)	(75)
Cost of goods sold		(7)	(7)
Other expenses		(321)	(307)
		(6 208)	**(7 743)**

Hired service expenses related to audit for 2012 amount to BGN 78 thousand (2011 - BGN 78 thousand).

36. Tax expense

The relationship between the expected tax expense based on the applicable tax rate at 10% (2011: 10%) and the tax expense actually recognized in the statement of comprehensive income can be reconciled as follows:

	2012 BGN'000	2011 BGN'000
Profit for the year before tax	75 283	94 790
Tax rate	10%	10%
Expected tax expense	**(7 528)**	**(9 479)**
Tax effect on tax-exempt income	6 910	11 231
Tax effect on non-deductible expenses	(26)	(3 050)
Current tax expense	**(644)**	**(1 298)**
Tax rate	10%	10%
Deferred tax expense, resulting from:		
-accrual and reversal of temporary tax differences	(6 306)	(365)
Tax expense	**(6 950)**	**(1 663)**

Note 12 presents information on the deferred tax assets and liabilities.

37. Earnings per share

Basic earnings per share have been calculated using the net profit attributable to holders of ordinary shares of the Company as the numerator.

The weighted average number of outstanding shares used for calculating the basic earnings per share as well as the net profit decreased by the dividend liabilities attributable to shareholders are as follows:

	2012	2011
Net profit in BGN attributable to shareholders	68 333 000	93 127 000
Weighted average number of shares	150 875 596	150 872 891
Basic earnings per share (BGN per share)	**0.4529**	**0.6173**

The weighted average number of shares outstanding /ordinary and preferred/, used for the calculation of diluted earnings per share as well as the net profit adjusted with the dividend expenses, attributable to shareholders are as follows:

	2012	2011
Net profit in BGN, adjusted with dividend expenses	75 207 200	100 965 100
Weighted average number of shares	239 646 267	239 646 267
Diluted earnings per share (BGN per share)	**0.3138**	**0.4213**

38. Related party transactions

The Company's related parties include its owners, subsidiaries and associates, and key management personnel.

38.1. Transactions with owners

	2012 BGN'000	2011 BGN'000
Sales		
- sale of services, rental income and interest income		
Chimimport Invest AD – parent company	12 437	14 133
Purchases		
- purchase of services, goods and interest income		
Chimimport Invest AD – parent company	403	-
Loans		
Loans provided	36 616	23 041

38.2. Transactions with subsidiaries and associates

	2012 BGN'000	2011 BGN'000
Sales		
- sales of goods		
CCB AD	133	102
Bulchimtrade OOD	4	10
	137	**112**
- sale of services, rental income and interest income		
CCB Group EAD	3 991	4 033
CCB AD	2 648	2 217
Bulgarian Shipping Company EAD	2 482	2 218
Bulgarian Airways Group EAD	1 025	1 547
Trans Intercar EOOD	865	835
Energoproekt AD	592	553
Port Lesport AD	276	-
Port Balchik AD	111	119
Zarneni Hrani Bulgaria AD	91	87
Konor OOD	90	86
PDNG AD	20	9
Chimimport Group EAD	14	73
POAD CCB	7	6
Himceltex OOD	6	6
Parahodstvo BRP AD	5	5
ZOK CCB AD	3	-
Omega Finance OOD	2	1 229
Prime Lega Consult OOD	2	2
HGH Consult OOD	1	2
Hemus Air EAD	-	2 040
Rabar Trade OOD	-	6
Others	-	153
	12 231	**15 226**
Purchases		
- purchase of services, goods and interest income(subsidiaries)		
Chimimport Holland B.V.	13 554	13 158
Omega Finance OOD	2 213	1 335
CCB AD	1 465	737
ZAD Armeec	291	838
Pristanishte Lesport AD	284	269
HGH Consult Ltd.	282	297
PDNG AD	277	296
Trans Intercar EOOD	273	446
ZAED CCB Life	247	247
Bulgarska Petrolna Rafineriya EOOD	120	113
Prime Lega Consult OOD	116	81
Plovdivska Stokova Borsa AD	96	96
ZOK CCB	47	47
Other	-	123
	19 265	**18 083**
Loans		
Loans granted	110 145	20 556
Loans received	12 946	141 903

38.3. Transactions with key management personnel

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

	2012 BGN'000	2011 BGN'000
Short-term employee benefits:		
Salaries, including bonuses	(570)	(2 193)
Social security costs	(28)	(28)
Company car allowance	(9)	(8)
Total remunerations	**(607)**	**(2 229)**

39. Related party balances at year-end

	2012 BGN'000	2011 BGN'000
Long-term receivables from		
- subsidiaries		
CCB Group EAD	82 420	29 838
Trans Intercar EOOD	10 639	9 955
Port Balchik AD	854	-
Bulgarian Shipping Company EAD	-	39 106
Energoproekt AD	-	7 484
Airport Services-Bulgaria EAD	-	2 872
Bulchimex GmbH	-	881
	93 913	**90 136**
Including interest receivables	*3 294*	*13 023*
Short-term receivables from:		
- parent company		
Chimimport Invest AD	**90 418**	**112 675**
- subsidiaries		
CCB Group EAD	23 844	23 875
Zarneni Hrani Bulgaria AD	18 389	2
Bulgarian Shipping Company EAD	11 736	10 516
Energoproekt AD	7 947	-
Airport Services-Bulgaria EAD	2 872	-
Bulgarian Airways Group EAD	-	1 905
Bulhimex EOOD	1 112	-
Trans Intercar EOOD	900	900
Chimcelteks OOD	102	101
Bulchimtrade OOD	78	65
MC Health Medica	68	-
POAD CCB Sila	46	46
ZAD Armeec	37	32
Rubber Trade OOD	35	70
HGH Consult OOD	15	15

	2012 BGN'000	2011 BGN'000
Prime Lega Consult OOD	13	17
CCB AD	10	9
IT Systems Consult EOOD	2	-
Port of Balchik AD	-	1 466
Chimimport Group EAD	-	1 073
Port Lesport AD	-	30
Fertilasers Trade OOD	-	28
Chimoil BG EOOD	-	5
	67 206	**40 155**
Including trade receivables	*1 172*	*1 358*
Including interest receivables	*1 970*	*1 250*
- associates		
Konor OOD	9 356	9 422
Lufthansa Technik Sofia OOD	5	5
PIC Saglasie Co. Ltd.	-	649
	9 361	**10 076**
Including trade receivables	*1 402*	*-*
Including interest receivables	*1 053*	*963*
- other related parties under common control		
Aviation Company Hemus Air AD	1 402	1 429
	1 402	**1 429**
Including trade receivables	*1 402*	*1 427*
Total short-term related party receivables	**168 387**	**164 335**

The significant part of the related party receivables is as follows:
The Company has a loan receivable from CCB Group EAD amounting to BGN 106 264 thousand under the following contracts:

- Loan agreement, maturing 31 December 2015. The receivable amounts to BGN 38 376, including principle at the amount of BGN 36 971 thousand and interest payables – BGN 1 405 thousand. The loan is not secured and has a fixed interest rate of 8%;
- Subordinated debt agreement, dated 21 December 2012, maturing 21 December 2019. The receivable amounts to BGN 44 044 thousand. The loan is not secured and has a fixed interest rate of 4.5%;
- Dividend receivables amounting to BGN 23 601 thousand;
- Trade receivables amounting to BGN 243 thousand.

The Company has a receivable from Chimimport Invest amounting to BGN 90 418 thousand including principle, loan interest and interest receivable on the convertible bonds. The maturity date of the loan is 31 December 2013. The loan is not secured and has a fixed interest rate of 12.5%.

	2012	2011
Long-term payables to:	**BGN '000**	**BGN '000**
- subsidiaries		
Chimimport Holland B.V.	130 247	1 364
ZAD Armeec	7 453	-
Plovdivska Stokova Borsa AD	51	-
	137 751	**1 364**
Including interest payables	*-*	*113*
Total long-term related party payables	**137 751**	**1 364**
Short-term payables to:		
- parent company		
Chiminvest Institute	494	-
- subsidiaries		
Omega Finance OOD	25 539	26 676
CCB AD	25 355	20 402
ZAD Armeec AD	14 881	10 762
Chimimport Holland B.V.	12 634	137 025
Port Lesport AD	8 802	7 675
CCB Life EAD	7 842	3 834
Oil and Gas Exploration and production Plc.	3 667	3 651
Plovdivska Stokova Borsa AD	1 656	-
Bulgarska Petrolna Rafineriya EOOD	1 577	1 360
Sport Complex Varna AD	975	1 015
ZOK CCB AD	612	741
Anitas 2003 EOOD	497	497
Chimoil Trade OOD	170	-
Bulgaria Air AD	168	168
HGH Consult OOD	117	127
Parahodstvo BRP AD	110	-
Dialisa Bulgaria OOD	42	-
Orgachim Trading 2003 OOD	37	-
Trans Intercar EOOD	17	32
Zarneni Hrani Bulgaria AD	-	6 792
Others	-	12 169
	105 192	**232 926**
Including trade payables	*75*	*175*
Including interest payables	*19 011*	*12 869*
- other related parties under common control		
M Car EOOD	1	-
	1	**-**
Including trade payables	*1*	*-*
Total short-term related party payables	**105 193**	**232 926**

As at 31 December 2012, the Company has a loan payable, amounting to BGN 137 540 thousand, in relation to secured exchangeable bonds. The bonds issued on 22 August 2008 by the Dutch company Chimimport Netherlands BV amounted to € 65 million, 7% interest rate and exchangeable into ordinary shares of "Chimimport" AD. Each bondholder has the right (option) to present for repurchasing to the issuer Chimimport Holland B.V., all or a portion of the owned bonds. The right is exercisable on 22 August 2015.

The company has a loan payable to Omega Finance OOD amounting to BGN 25 539 thousand to 31 December 2012 under a loan agreement, maturing 31 December 2013. The loan is not secured and has a fixed interest rate of 8%.

Company's payables to CCB AD derive from bank loans – overdrafts. The loans are classified as short-term in accordance with the maturity dates. The annual interest rates are fixed and are between 6.5% - 8%. The loans are secured with the Company's receivables.

40. Non-cash transactions

During the reporting periods the Company had certain transactions which did not involve cash or cash equivalents and which are not reported under cash flows from financing activities in the statement of cash flows:

- The Company has offset dividends payable on preferred shares against receivables from some of its shareholders amounting to BGN 14 708 for 2012 (14 874 thousand for 2011).

41. Contingent liabilities

The Company has provided guarantees under Article 240 of the Commercial Act as a member of the managing and supervisory board of the Parahodstvo Bulgarsko Rechno Plavane AD and Oil and Gas Exploration and Production Plc,.
The company is co-signer on the following contracts:
- credit line contract with repayment schedule signed between DSK EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 10 000 thousand with maturity date on 25 January 2013;
- credit contract with repayment schedule signed on 05.12.2011 between Alpha Bank EAD and Slanchevi lachi AD for the amount of EUR 10 050 thousand (BGN 19 656 thousand) with maturity date on 31 December 2015;
- contract signed on 25.11.2011 between Bulgarian Development Bank EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 30 000 thousand (as at 31.12.2012 the loan is not utilized);
- credit contract 100-342/10.08.2006 signed between Eurobank EFG Bulgaria AD and Zarneni Hrani Bulgaria AD for the amount of BGN 2 467 thousand with maturity date 2013;
- framework revolving credit contract 26/28.08.2007 and overdraft contract from 28.08.2007 signed between UniCredit Bulbank AD and Zarneni Hrani Bulgaria AD for the amount of BGN 16 000 thousand with maturity date on 20.09.2013;
- credit contract between DSK Bank EAD and Bulgarian Shipping Company EAD for the amount of EUR 11 000 thousand (BGN 21 514 thousand) with maturity date 25 April 2016;
- credit contract between Corporate Commercial Bank EAD and Bulgarian Airways Group EAD for the amount of EUR 25 000 thousand (BGN 48 896 thousand) with maturity date 25 July 2017;

The Company has signed declaration of guarantor with Landesbank Baden-Württemberg related to loan contract 068/31245208 from 29.08.2017 and 30.05.2015 with contract limit of EUR 4 769 thousand (BGN 9 327 thousand).

Bank guarantees issued under contract with DSK Bank EAD, dated 2 October 2006, secured by mortgage on a building "Dom na geologa" in resort St.st. Constantine and Elena, owned by Park Build EOOD:

Bank guarantees in favor of Imorent Bulgaria at the amount of EUR 114 thousand (BGN 233 thousand);

Bank guarantees for Oil and Gas Exploration and Production AD in favor of National Revenue Agency at the amount of BGN 43 thousand;

Bank guarantees in favor of Ministry of Economy, Energy and Tourism at the total amount of up to BGN 98 thousand and BGN 35 thousand – with validity up to 30 June 2015 and 31 March 2013.

Bank guarantees in favor of individuals at the amount of BGN 110 thousand with validity up to 30 July 2014;

Bank guarantees issued under contract with UniCredit Bulbank AD at the amount of BGN 121 thousand with validity up to 30 November 2030.

The Company has signed contract for several bank guarantees from 05 November 2010 with secured by mortgage on a building "Dom na geologa" in resort St.St. Constantine and Elena, owned by Park Build EOOD with due date up to 05 November 2015. There are no bank guaranties issued yet.

Cash deposit amounting to BGN 60 000 thousand has been provided by the Company as guarantee under credit contract provided to Omega Finance OOD.

42. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

Financial assets	**Note**	**2012 BGN '000**	**2011 BGN '000**
Financial assets available-for-sale:			
Shares	10, 14.3	1 526	1 253
Held-to-maturity investments:			
Bonds	14.2	19 567	19 566
Financial assets available-for-sale designated at fair value through profit or loss:			
Shares	14.1	31 957	35 729
Loans and receivables:			
Loans granted	11, 15	220 042	204 911
Related party receivables	39	262 300	254 471
Trade and other receivables	**Error! Reference source not found.**, 18	66 908	72 683
Cash and cash equivalents	19	112 721	106 114
		715 021	**694 727**

Financial liabilities	Note	2012 BGN '000	2011 BGN '000
Borrowings measured at amortized cost:			
Non-current liabilities:			
- dividend liabilities	21	46 147	56 245
- loans	23.1,23.3, 39	157 875	29 075
- finance lease liabilities	7.1	25	45
Current liabilities:			
- dividend liabilities	21	16 770	16 770
- loans	23.2, 23.4,39	133 162	255 852
- finance lease liabilities	7.1	19	16
- trade and other receivables	24, 26	23 117	19 376
		377 115	**377 379**

See note 4.14 about information related to the accounting policy for each category financial instruments. Description of the risk management objectives and policies of the Company related to the financial instruments is presented in note 44.

43. Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. More information on the Company's financial assets and liabilities by category is summarized in note 42. The main types of risks are market risk, credit risk and liquidity risk.

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

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

43.1. Market risk analysis

43.1.1. Foreign currency risk

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

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

	Short-term exposure		Long-term exposure	
	USD	EUR	USD	EUR
	'000	'000	'000	'000
31 December 2012				
Financial assets	10 131	94 685	-	-
Financial liabilities	(9 913)	(20 296)	-	(148 436)
Total exposure	**218**	**74 389**	**-**	**(148 436)**
31 December 2011				
Financial assets	10 024	94 913	-	881
Financial liabilities	(10 043)	(143 852)	-	(20 922)
Total exposure	**(19)**	**(48 939)**	**-**	**(20 041)**

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

The table assumes that the percentage strengthened/ weakened as of 31 December 2012 exchange rate of the Bulgarian lev against the dollar is + / - 2.35% (2011 + / - 3.05%). These percentages are determined based on average exchange rates for the last 12 months. The sensitivity analysis is based on the Company's investments in financial instruments in foreign currency held by the end of the reporting period

If the BGN had strengthened/weakened against the USD by 2.35% (2011: +/- 3.05%) then this would have had the following impact:

	Net financial result after tax for the year	Net financial result after tax for the year
	Increase	**Decrease**
	BGN '000	**BGN '000**
31 December 2012	+471	(471)
31 December 2011	+612	(612)

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

43.1.2. Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As at 31 December 2012, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. All other financial assets and financial liabilities of the Company are at fixed interest rates.

The following table illustrates the sensitivity of the net financial result after tax to a reasonably possible increase/decrease in the following interest rates: 12M Euribor (for 2011 – 12M Euribor). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the volatility of the average market interest rate for each period. All other variables are held constant.

31 December 2012	Impact on post-tax profit of the year			
	12M EURIBOR		Total	
	+42%	-42%	+	-
	BGN‘000	BGN‘000	BGN‘000	BGN‘000
	(71)	71	(71)	71

31 December 2011	Impact on post-tax profit of the year			
	12M EURIBOR		Total	
	+ 18%	-18%	+	-
	BGN‘000	BGN‘000	BGN‘000	BGN‘000
	(17)	17	(17)	17

43.1.3. Other price risk

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

- CCB AD - subsidiary;
- Oil and Gas Exploration and Production Plc. – subsidiary;
- Velgraf Asset Management AD – short-term financial asset;
- Holding Nov Nek AD – short-term financial asset;
- Chimsnab Bulgaria AD – short-term financial assets.

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

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

43.2. Credit risk analysis

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

	2012 BGN'000	2011 BGN'000
Classes of financial assets – carrying amounts:		
Shares / financial assets /	53 050	56 548
Loans granted	220 042	204 911
Related party receivables	262 300	254 471
Trade and other receivables	66 908	72 683
Cash and cash equivalents	112 721	106 114
Carrying amount	**715 021**	**694 727**

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

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

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The carrying amounts disclosed above are the Company's maximum possible risk exposure in relation to these financial instruments.

43.3. Liquidity risk

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

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

As at 31 December 2012, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2012	Short-term		Long-term	
	Within 6 months BGN'000	Within 12 months BGN'000	2 to 5 years BGN'000	Later than 5 years BGN'000
Dividend liabilities	-	16 770	46 147	-
Bank and other long-term borrowings	8 214	19 755	20 124	-
Related party payables	4 570	100 623	137 751	-
Finance lease liabilities	10	9	25	-
Trade and other payables	20 094	3 023	-	-
Total	**32 888**	**140 180**	**204 047**	**-**

As at 31 December 2011, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2011	Short-term		Long-term	
	Within 6 months BGN'000	Within 12 months BGN'000	2 to 5 years BGN'000	Later than 5 years BGN'000
Dividend liabilities	-	16 770	56 245	-
Bank and other long-term borrowings	21 399	1 527	27 711	-
Related party payables	-	232 926	1 364	-
Finance lease liabilities	8	8	45	-
Trade and other payables	16 614	2 762	-	-
Total	**38 021**	**253 993**	**85 365**	**-**

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Annual interest payments amount to BGN 17 532 thousand (2011: BGN 16 089 thousand).

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

44. Capital management and procedures

The Company's capital management objectives are:

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

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

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

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

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

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

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

	2012 BGN'000	2011 BGN'000
Shareholders' equity	1 090 132	1 021 803
Equity	**1 090 132**	**1 021 803**
Debt	390 624	385 207
- Cash and cash equivalents	(112 721)	(106 114)
Net debt	**277 903**	**279 093**
Capital to net debt	**1:0,25**	**1:0.27**

The ratio in 2012 has remained stable in comparison with 2011 with an immaterial deviation.

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

45. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

46. Authorization of the financial statements

The financial statements for the year ended 31 December 2012 (including comparatives) were approved by the Managing Board on 29 March 2013.