Annual Activity Report
Independent Auditor's Report
Financial Statements

CHIMIMPORT AD

31 December 2011

Content

Statement of financial position as at 31 December

	Note	31.12.2011 BGN '000	31.12.2010 BGN '000	31.12.2009 BGN '000
Assets				
Non-current assets				
Property, plant and equipment	6	15 908	19 389	18 127
Investment property	7	31 409	10 069	11 005
Investments in subsidiaries	9	647 699	568 832	294 459
Investments in associates	10	16 773	16 773	26 470
Intangible assets	11	-	5	9
Long-term financial assets	12	108	19 622	20 595
Long-term related party receivables	041	90 136	96 214	191 106
Long-term loans provided	13	92 115	160 211	71 806
Deferred tax assets	14	19	24	11
Non-current assets		**894 167**	**891 139**	**633 588**
Current assets				
Inventories	15	378	384	46
Short-term financial assets	16	56 440	55 669	25 360
Loans granted	17	112 796	33 538	109 543
Trade receivables	18	67 794	84 823	68 988
Short-term related party receivables	41	164 335	120 286	187 592
Tax receivables	19	116	116	70
Other receivables	20	4 889	3 186	9 872
Cash and cash equivalents	21	106 114	101 883	122 775
Current assets		**512 862**	**399 885**	**524 246**
Total assets		**1 407 029**	**1 291 024**	**1 157 834**

Prepared by: ______________ **Executive Director:** ______________
/A. Kerezov/ /I. Kamenov/
Date: 29 March 2012

Audited according to the auditor's report dated 30 March 2012:

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

The accompanying notes on pages 7 to 70 form an integral part of the financial statements.

Statement of financial position as at 31 December (continued)

Equity and liabilities	Note	31.12.2011 BGN '000	31.12.2010 BGN '000	31.12.2009 BGN '000
Equity				
Share capital	22.1	239 646	239 646	239 646
Share premium	22.2	260 615	260 599	260 475
Other reserves	22.3	59 853	6 477	6 534
Retained earnings		368 562	331 054	240 546
Net profit for the year		93 127	90 886	90 508
Total equity		**1 021 803**	**928 662**	**837 709**
Liabilities				
Non-current liabilities				
Long-term dividend liabilities	23	56 245	65 285	74 101
Long-term borrowings	25.125	27 711	14 772	5 474
Long-term related party payables	41	1 364	133 426	225
Finance lease liabilities	8.1	45	-	491
Pension and other employee obligations	24.2	66	50	27
Deferred tax liabilities	14	6 084	5 724	2 619
Non-current liabilities		**91 515**	**219 257**	**82 937**
Current liabilities				
Short-term dividend liabilities	23	16 770	16 773	8 432
Short-term bank loans	25.2	3 000	2 920	2 920
Other short-term borrowings	25.4	19 926	36 906	42 720
Trade payables	26	16 614	15 394	16 916
Finance lease liabilities	8.1	16	921	1 650
Pension and other employee obligations	24.2	112	122	174
Short-term related party payables	41	232 926	67 407	155 510
Tax liabilities	27	1 585	570	2 971
Other liabilities	28	2 762	2 092	5 895
Current liabilities		**293 711**	**143 105**	**237 188**
Total liabilities		**385 226**	**362 362**	**320 125**
Total equity and liabilities		**1 407 029**	**1 291 024**	**1 157 834**

ХИМИМПОРТ АД София

Prepared by: ____________________
/A. Kerezov/

Executive Director: ____________________
/I. Kamenov/

Date: 29 March 2012

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

The accompanying notes on pages 7 to 70 form an integral part of the financial statements.

Statement of comprehensive income for the year ended 31 December

	Note	2011 BGN '000	2010 BGN '000
Gains from transactions with financial instruments	29	26 139	89 928
Losses from transactions with financial instruments	30	(74)	(59)
Net result from transactions with financial instruments		**26 065**	**89 869**
Interest income	31	43 821	40 647
Interest expense	32	(32 774)	(32 559)
Net interest income		**11 047**	**8 088**
Gains from foreign exchange differences	33	1 713	874
Losses from foreign exchange differences	33	(1 608)	(929)
Net result from foreign exchange differences		**105**	**(55)**
Other financial income	34	872	202
Other financial expenses	34	(108)	(1 468)
Other financial income/(expenses)		**764**	**(1 266)**
Dividend income	8	35 271	536
Operating revenue	835	26 206	7 838
Gains from sale of non-current assets	36	3 075	144
Operating expenses	37	(7 743)	(10 686)
Net result from operating activities		**56 809**	**(2 168)**
Profit for the period before tax		**94 790**	**94 468**
Tax expense	38	(1 663)	(3 582)
Net profit for the period		**93 127**	**90 886**
Total comprehensive income		**93 127**	**90 886**
Earnings per share in BGN	39	**0.6173**	**0.6032**
Diluted earnings per share in BGN	39	**0.4213**	**0.4139**

Prepared by: ____________
/A. Kerezov/

Executive Director: ____________
/I. Kamenov/

Date: 29 March 2012

Audited according to the auditor's report dated 30 March 2012:

ХИМИМПОРТ АД София

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

The accompanying notes on pages 7 to 70 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 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
Transfer of retained earnings to other reserves	-	-	53 378	(53 378)	-
Other changes	-	-	(2)	-	(2)
Balance at 31 December 2011	**239 646**	**260 615**	**59 853**	**461 689**	**1 021 803**

Prepared by: ______________ **/A. Kerezov/**

Executive Director: ______________ **/I. Kamenov/**

Date: 29 March 2012

Audited according to the auditor's report dated 30 March 2012:

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
Balance at 1 January 2010	**239 646**	**260 475**	**6 534**	**325 148**	**831 803**
Changes in accounting policy, note 5	-	-	-	5 906	5 906
Adjusted balance at 1 January 2010	**239 646**	**260 475**	**6 534**	**331 054**	**837 709**
Increase in share premium through conversion of preferred shares in ordinary shares	-	124	-	-	124
Transactions with owners	-	124	-	-	124
Net profit for the period, ending at 31 December 2010	-	-	-	90 886	90 886
Total comprehensive income	-	-	-	90 886	90 886
Other changes	-	-	(57)	-	(57)
Adjusted balance at 31 December 2010	**239 646**	**260 599**	**6 477**	**421 940**	**928 662**

Prepared by: /A. Kerezov/

Executive Director: /I. Kamenov/

Date: 29 March 2012

ХИМИМПОРТ • АД • СОФИЯ

Audited according to the auditor's report dated 30 March 2012:

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №032
"Грант - Торнтон" ООД

The accompanying notes on pages 7 to 70 form integral part of the financial statements.

Statement of cash flows for the year ended 31 December

	Note	2011 BGN '000	2010 BGN '000
Operating activities			
Proceeds from short-term loans		195 840	259 748
Payments for short-term loans		(191 916)	(167 678)
Proceeds from sale of short-term financial assets		35 493	24 154
Purchase of short-term financial assets		(255)	(12 228)
Cash receipt from customers		6 688	16 809
Cash paid to suppliers		(5 319)	(7 576)
Interest received		23 186	8 226
Interest paid		(7 185)	(2 435)
Cash paid to employees and social security institutions		(2 659)	(1 299)
Taxes paid		(917)	(3 087)
Other proceeds		13 755	179
Other payments		(2 198)	(207)
Net cash flow from operating activities		**64 513**	**114 606**
Investing activities			
Purchase of non-current assets	6	(720)	(1 326)
Proceeds from sale of non-current assets		-	1 512
Proceeds from sale of interest in subsidiaries and associates		-	1 000
Acquisition of subsidiaries and associates		(67 844)	(373)
Dividends received		-	536
Repayments of loans granted		10 444	79 153
Loans granted		(11 202)	(192 027)
Net cash flow from investing activities		**(69 322)**	**(111 525)**
Financing activities			
Dividends paid on preferred shares	23, 42	(2 761)	(9 532)
Long-term loans received		26 101	11 484
Payments for long-term and bank loans received		(4 207)	(14 826)
Interest paid	8.1	(8 904)	(9 175)
Discharge of finance lease liability		(1 015)	(1 930)
Net cash flow from financing activities		**9 214**	**(23 979)**
Net change in cash and cash equivalents		4 405	(20 898)
Cash and cash equivalents, beginning of year		**101 883**	**122 775**
Exchange (losses)/ gains from cash and cash equivalents		(174)	6
Cash and cash equivalents, end of year	21	**106 114**	**101 883**

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

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

Date: 29 March 2012

Audited according to the auditor's report dated 30 March 2012:

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №032
"Грант Торнтон" ООД

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 2011 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 2010 and 2009) 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 2011:

- Annual Improvements to IFRSs 2010 effective from 1 January 2011 unless otherwise stated, adopted by the EU on 18 February 2011.

Significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement are described as follows:

Annual Improvements to IFRSs 2010 effective from 1 January 2011 unless otherwise stated, adopted by the EU on 18 February 2011:
-IFRS 7 amendment clarifies the disclosure requirements of the standard to remove inconsistencies, duplicative disclosure requirements and specific disclosures that may be misleading.

-IAS 1 amendment clarifies that entities may present the required reconciliations for component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

The following standards, amendments and interpretations to existing standards, are not relevant to the business activities of the Company and have no effect on the financial statements:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (amended) – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters – effective from 1 July 2010, adopted by the EU on 30 June 2010;

- IAS 24 "Related Party Disclosures" (amended) effective from 1 January 2011, adopted by the EU on 19 July 2010;
- IAS 32 "Financial Instruments: Presentation" (amended) effective from 1 February 2010, adopted by the EU on 24 December 2009;
- IFRIC 14 "Prepayments of a Minimum Funding Requirement" (amended) effective from 1 January 2011, adopted by the EU on 19 July 2010;
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" effective from 1 July 2010, adopted by the EU on 23 July 2010.

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" – Derecognition, effective from 1 July 2011, not yet adopted by the EU
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 securitisation of financial asset.

IFRS 9 "Financial Instruments" effective from 1 January 2013, 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.

IFRS 10 "Consolidated Financial Statements" effective from 1 January 2013, not yet adopted by the EU
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.

IFRS 12 "Disclosure of Interests in Other Entities" effective from 1 January 2013, not yet adopted by the EU
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, not yet adopted by the EU

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, not yet adopted by the EU

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 2012, not yet adopted by the EU

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, not yet adopted by the EU

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'.

IAS 27 "Separate Financial Statements" (Revised) effective from 1 January 2013, not yet adopted by the EU

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, not yet adopted by the EU

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".

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 July 2011, not yet adopted by the EU

IFRS 11 "Joint Arrangements" effective from 1 January 2013, not yet adopted by the EU

IFRIC 20 "Stripping costs in the production phase of a surface mine" effective from 1 January 2013, not yet adopted by the EU

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 two comparative periods due to change in accounting policy related to investment property measurement. Further information regarding the changes in accounting policy is presented in note 5. 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 note 29, 31, 33, 35, 37.

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. Intangible assets

Intangible assets include property rights, trade marks, software licenses and intangible assets in process of acquisition. They are accounted for using the cost model. The cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the statement of comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognized as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance; and this expenditure can be measured and attributed to the asset reliably. If these two conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

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

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

- Software 2 years
- Property rights 5 years

Amortization has been included within 'Operating expenses'.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset, and is recognized in profit or loss within 'Gain/(Loss) on sale of non-current assets'.

The recognition threshold adopted by the Company for the intangible assets amounts to BGN 700.

4.11. 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:

- Buldings 25 years
- Machines and equipment 3-5 years
- Computers 2 years
- Aircrafts 10 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/(Loss) on sale of non-current assets'.

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

4.12. Leases

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.

4.13. 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.

4.14. 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 valuer 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.

Depreciation is calculated using the straight-line method over the estimated useful life of the buildings, which is 25 years.

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.

4.15. 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.

4.15.1. 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.

4.15.2. 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.

4.16. 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.

4.17. 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 4.22.

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.

4.18. Cash and cash equivalents

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

4.19. 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.

4.20. 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.

4.21. 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.

4.22. 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 4.23.

4.22.1. 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.

4.22.2. 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.

4.22.3. 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.

4.23. 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.

4.23.1. 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.

4.23.2. Useful lives of depreciable assets

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

At 31 December 2011 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in notes 6 and 11. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

4.23.3. 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 66 thousand (2010: BGN 50 thousand; 2009: BGN 43 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.

4.23.4. 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. Effect of change in accounting policy

On 1 January 2011 the Company changed its accounting policy with respect to the subsequent measurement of investment property from the cost model to the fair value model, with changes in fair value recognized in profit or loss. The Company's management believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets assists users to better understand the risks associated with these assets.

This change in accounting policy was applied retrospectively and has the following impact on earnings per share (basic and diluted) for 2011 – increase of BGN 0.1240 for basic earnings per share and BGN 0.0781 for diluted earnings per share (2010: decrease of BGN 0.0062 for basic earnings per share and BGN 0.0039 for diluted earnings per share). The following table summarises the adjustments made to the statement of financial position on implementation of the new accounting policy.

All amounts are in BGN '000	**Investment property**	**Deferred tax liabilities**	**Retained earnings**
Carrying amount as at 1 January 2010 before policy change	4 049	1 971	325 148
Effect of change in accounting policy as at 1 January 2010	6 956	648	5 906
Recalculated carrying amount 1 January 2010	**11 005**	**2 619**	**331 054**
	-	-	-
Carrying amount as at 31 December 2010 before policy change	4 162	5 189	416 970
Effect of change in accounting policy as at 31 December 2010	5 907	535	4 970
Recalculated carrying amount 31 December 2010	**10 069**	**5 724**	**421 940**
	-	-	-
Carrying amount as at 31 December 2011 before policy change	9 636	3420	442 982
Effect of change in accounting policy as at 31 December 2011	21 773	2 664	18 707
Recalculated carrying amount 31 December 2011	**31 409**	**6 084**	**461 689**

Effects on the statement of comprehensive income by the change in accounting policy are as follows:

	2011 BGN'000	**2010 BGN'000**
Change in fair value of investment property	21 292	(1 128)
Decrease in depreciation	79	79
Tax (expense)/income	(2 664)	113
Effect on the financial result	**18 707**	**(936)**

6. Property, plant and equipment

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

	Land	Buildings	Machines and equipment	Aircrafts	Vehicles	Other	Assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	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**

The carrying amount as at 31 December 2010 can be analyzed as follows:

	Land	Buildings	Machines and equipment	Aircrafts	Vehicles	Other	Assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount								
Balance at 1 January 2010	8 178	26	178	8 787	167	258	4 053	21 647
Additions	-	-	17	-	-	1	2 178	2 196
Disposals	-	-	(77)	-	-	(88)	-	(165)
Balance at 31 December 2010	8 178	26	118	8 787	167	171	6 231	23 678
Depreciation								
Balance at 1 January 2010	-	(15)	(174)	(3 076)	(167)	(88)	-	(3 520)
Disposals	-	-	67	-	-	69	-	136
Depreciation	-	(1)	(4)	(878)	-	(22)	-	(905)
Balance at 31 December 2010	-	(16)	(111)	(3 954)	(167)	(41)	-	(4 289)
Carrying amount as at 31 December 2010	**8 178**	**10**	**7**	**4 833**	**-**	**130**	**6 231**	**19 389**

The carrying amount as at 31 December 2009 can be analyzed as follows:

	Land	Buildings	Machines and equipment	Aircrafts	Vehicles	Other	Assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount								
Balance at 1 January 2009	8 178	144	740	8 787	179	276	4 637	22 941
Additions, separately acquired	-	-	43	-	-	837	9 950	10 830
Disposals	-	(118)	(605)	-	(12)	(855)	(10 534)	(12 124)
Balance at 31 December 2009	8 178	26	178	8 787	167	258	4 053	21 647
Depreciation								
Balance at 1 January 2009	-	(53)	(724)	(2 197)	(179)	(95)	-	(3 248)
Disposals	-	43	572	-	12	32	-	659
Depreciation	-	(5)	(22)	(879)	-	(25)	-	(931)
Balance at 31 December 2009	-	(15)	(174)	(3 076)	(167)	(88)	-	(3 520)
Carrying amount as at 31 December 2009	**8 178**	**11**	**4**	**5 711**	**-**	**170**	**4 053**	**18 127**

Assets in a process of acquisition amounting to BGN 6 370 thousand (2010: BGN 7 381 thousand; 2009: BGN 5 203 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.

- and expenditure 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 36).

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.

7. 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 valuer 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 2009	**1 498**
Additions	
- from subsequent expenditure	3 032
Net gain from fair value adjustments	6 475
Carrying amount at 31 December 2009	**11 005**
Additions	
- from subsequent expenditure	1 391
Disposals	(1 199)
Net loss from fair value adjustments	(1 128)
Carrying amount at 31 December 2010	**10 069**
Additions	
- from subsequent expenditure	48
Net gain from fair value adjustments	21 292
Carrying amount at 31 December 2011	**31 409**

In 2011, 2010 and 2009 the Company has performed repair works on its investment property amounting to BGN 48 thousand, BGN 1 391 thousand and BGN 3 032 thousand respectively.

In 2011 renovation of the investment property has been completed. As of 31.12.2010 and 31.12.2009 the Company had commitments related to the renovations investment property which are completed in 2011.

In 2011 the Company has not realized any operating income from investment property. Direct operating expenses amounting to BGN 1 thousand are recognized as 'Operating Expense' (2010: BGN 405 thousand).

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

8. Lease

8.1. Finance leases as lessee

In 2011 the Company is a lessee by a contract for finance lease for vehicle under a lease contract signed with DSK Leasing AD in February 2011 with a termination date in February 2016 (See note 6).

The Company was a lessee by a 5-year contract for finance lease signed with ANZEF London on 31 March 2006 for the purchase of 3 aircrafts – BAE with a termination date in April 2011 (See note 6)

The net carrying amount of the assets acquired under the terms of a lease contract amounts to BGN 70 thousand (2010: BGN 4 833 thousand; 2009: BGN 5 711 thousand). The assets are disclosed in note "Property, plant and equipment" (See note 6).

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

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**

31 December 2010	Within 1 year BGN'000	From 1 to 5 years BGN'000	Total BGN'000
Lease payments	1 075	-	1 075
Finance charges	(154)	-	(154)
Net present value	**921**	**-**	**921**

31 December 2009	Within 1 year BGN'000	From 1 to 5 years BGN'000	Total BGN'000
Lease payments	2 148	635	2 783
Finance charges	(498)	(144)	(642)
Net present value	**1 650**	**491**	**2 141**

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.

The acquired aircrafts under the lease contract are rented to Aviation Company Hemus Air EAD under an contract for operating subleasing (See note 8.3). Recognized rental income in the statement of comprehensive income for 2011 amounts to BGN 2 037 thousand.

8.2. 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 2011	427	363	**790**
As at 31 December 2010	507	429	**936**
As at 31 December 2009	456	798	**1 254**

Lease payments recognized as an expense during the period amount to BGN 494 thousand (2010: BGN 482 thousand). This amount consists of minimum lease payments.

The Company has signed the following operating lease contracts:

- On 1 September 2006 the Company has signed an operating lease agreement with Trans Intercar EOOD for lease of 9 vehicles with monthly payments at the amount of BGN 38 thousand until 1 September 2012.
- On 15 September 2006 the Company has signed an operating lease agreement with ZAD Armeec for lease of 1 automobile with monthly payments in accordance with repayment schedule until 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.

8.3. Operating leases as lessor

The Company's future minimum operating lease proceeds to the Company in its capacity of a lessor are as follows:

	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000
As at 31 December 2010	759	-	**759**
As at 31 December 2009	2 081	694	775

On 30 April 2006 the Company has signed a 5-year contract with Aviation Company Hemus Air EAD for operating lease of 3 aircrafts BAE 146-300 with a monthly payment of USD 128 856 which has been expired at the end of 2011.

9. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation	Main activities	2011 BGN '000	share %	2010 BGN '000	share %	2009 BGN '000	share %
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	215 487	100.00%	182 316	100.00%	25 039	100.00%
CCB Group EAD	Bulgaria	Financial services	191 770	100.00%	160 270	100.00%	160 270	100.00%
Chimimport Group EAD	Bulgaria	Manufacturing and trade	117 754	100.00%	117 282	100.00%	998	100.00%
Airport services-Bulgaria EAD	Bulgaria	Aviation Services	27 626	100.00%	27 626	100.00%	27 626	100.00%
Sport Complex Varna AD	Bulgaria	Real estate	22 474	65.00%	22 474	65.00%	22 474	65.00%
CCB AD	Bulgaria	Financial services	33 707	9.90%	20 477	2.88%	20 477	2.88%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%	16 380	99.00%
ZAD Armeec	Bulgaria	Financial services	9 492	4.30%	9 492	4.30%	9 492	4.30%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 166	83.20%	2 166	83.20%	1 722	83.20%
Trans Intercar EOOD	Bulgaria	Transportation	2 095	100.00%	2 095	100.00%	2 095	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	2 000	100.00%	2 000	100.00%	2 000	100.00%
Plovdivska stokova borsa AD	Bulgaria	Manufacturing and trade	1 878	67.00%	-	-	-	-
Chimimport Holland B.V.	The Netherlands	Financial services	1 294	100.00%	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%	956	3.65%
HGH Consult Co. OOD	Bulgaria	Services	111	59.34%	111	59.34%	111	59.34%
Anitas 2003 EOOD	Bulgaria	Manufacturing and trade	5	100.00%	5	100.00%	5	100.00%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%	4	70.00%
Chimsnab AD	Bulgaria	Manufacturing and trade	-	-	1 384	93.33%	1 011	93.33%
Brand New Ideas EOOD	Bulgaria	Services	-	-	-	0.00%	5	100.00%
			647 699		**568 832**		**294 459**	

The investments in subsidiaries are recognized in the financial statements using the cost method.

On 06.01.2012 Bulgarian Aviation Group EAD was renamed to Bulgarian Airways Group EAD. On 29.02.2012 Molet EAD was renamed to Airport services-Bulgaria EAD following a merger of Airport services EOOD in its sole owner Molet EAD.

In 2011 and 2010, the increase of investments in subsidiaries Bulgarian Aviation Group EAD amounting to BGN 33 171 thousand (2010: BGN 157 277 thousand) and Chimimport Group EAD amounting to BGN 472 thousand (2010: BGN 116 284 thousand) represent amounts provided to the subsidiaries under loan contracts with no maturity date that can be redeemed at the discretion of subsidiaries.

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. (see note 16.1).

In 2010 Chimimport AD has increased its investments in Energoproekt EAD and Chimsnab AD respectively by BGN 444 thousand and BGN 373 thousand through additional contributions.

In 2011, the following subsidiaries has distributed dividends to the Company as follows:

	2011 BGN'000	2010 BGN'000
CCB Group EAD	23 601	-
Bulgarian Shipping Company EAD	10 156	-
Trans Intercar EOOD	900	-
Bulgarian Airways Group EAD	614	-
Brand New Ideas EOOD	-	536
	35 271	**536**

10. Investments in associates

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

Name of the associate	2011 BGN '000	share %	2010 BGN '000	Share %	2009 BGN '000	share %
PIC Saglasie Co. Ltd.	16 768	49.43%	16 768	49.43%	16 768	49.43%
Holding Nov vek AD	-	-	-	-	9 697	28.20%
Other	5	20.00%	5	20.00%	5	20.00%
	16 773		**16 773**		**26 470**	

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

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Assets	20 002	18 733	85 023
Liabilities and pension reserves	8 487	8 034	45 860
Revenue	13 338	11 529	11 000
Profit/(Loss)	816	33	(1 659)
Share in profit /(loss), attributable to the Company	403	16	(559)

In 2010 Chimimport has sold its investment in Holding Nov Vek AD. Gain from the transaction is presented under "Gains from transactions with financial instruments" in the Statement of comprehensive income.

In 2011 and 2010 the Company has not received any dividends from associates. The investments in associates are recognized in the financial statements using the cost method.

11. Intangible assets

Intangible assets of the Company include trademarks and software licenses. Their carrying amounts for the current accounting period can be presented as follows:

	Trade marks BGN '000	Software licenses BGN '000	Total BGN '000
Gross carrying amount			
Balance at 1 January 2011	10	10	20
Balance 31 December 2011	**10**	**10**	**20**
Amortization			
Balance at 1 January 2011	(5)	(10)	(15)
Amortization	(5)	-	(5)
Balance 31 December 2011	**(10)**	**(10)**	**(20)**
Carrying amount at 31 December 2011	**-**	**-**	**-**

	Trade marks BGN '000	Software licenses BGN '000	Total BGN '000
Gross carrying amount			
Balance at 1 January 2010	10	10	20
Balance 31 December 2010	**10**	**10**	**20**
Amortization			
Balance at 1 January 2010	(1)	(10)	(11)
Amortization	(4)	-	(4)
Balance 31 December 2010	**(5)**	**(10)**	**(15)**
Carrying amount at 31 December 2010	**5**	**-**	**5**

	Trade marks BGN '000	Software licenses BGN '000	Intangible assets in process of acquisition BGN '000	Total BGN '000
Gross carrying amount				
Balance at 1 January 2009	1	10	601	612
Additions, separately acquired	9	-	-	9
Disposals	-		(601)	(601)
Balance 31 December 2009	**10**	**10**	**-**	**20**
Amortization				
Balance at 1 January 2009	(1)	(9)	-	(988)
Amortization	-	(1)	-	(1)
Balance 31 December 2009	**(1)**	**(10)**	**-**	**(989)**
Carrying amount at 31 December 2009	**9**	**-**	**-**	**9**

No material contractual commitments were entered into during the period.

All amortization is included in the Statement of comprehensive income within 'Operating expenses'.

No intangible assets have been pledged as security for liabilities.

12. Long-term financial assets

Long-term financial assets, recognized in the statement of financial position, include the following categories:

	Note	2011 BGN'000	2010 BGN'000	2009 BGN '000
Held-to-maturity financial assets:	12.1	-	19 409	19 263
Available-for-sale financial assets	12.2	108	213	1 332
		108	**19 622**	**20 595**

12.1. Held-to-maturity financial assets

	2011 BGN'000	2010 BGN'000	2009 BGN '000
Convertible bonds of Chimimport Invest AD	-	19 409	19 263
	-	**19 409**	**19 263**

As at 31.12.2011 the convertible bonds are reclassified as short-term financial assets as they have maturity date on 19 November 2012. (see note 16.2)

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 2012. The Company had the right to demand repayment of the loan on 19 November 2011 that was not exercised. Chimimport AD holds 100 bonds.

Holders of the bonds 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.

12.2. Available-for-sale financial assets

	2011	2010	2009
	BGN'000	BGN'000	BGN '000
Shares	108	213	1 332
	108	**213**	**1 332**

In 2011 the Company has gained control over Plovdivska stokova borsa AD and has classified the financial assets as investment in subsidiaries. (see note 9).

In 2011 the Company has sold shares in Petrochim Trade AD. Gain from the transaction is presented under "Gains from transactions with financial instruments" in the Statement of comprehensive income.

In 2011 and 2010 the investment in Tatinvest Bank, Tatarstan has been reclassified as current financial assets as the company intends to sell its investment in the following reporting period. See note 16.2.

These companies are not traded on a regulated market and their fair value cannot be determined at of 31.12.2011. Therefore, available-for-sale financial assets are recognized at acquisition value.

13. Long-term loans provided

	2011	2010	2009
	BGN '000	BGN '000	BGN '000
Pavleks 97 EOOD	50 617	46 258	44 611
Rost Invest AD	17 057	14 874	10 352
Akin EOOD	8 032	7 311	-
Franchise Development OOD	7 489	7 000	6 527
Armada Group EOOD	6 200	5 600	-
Holding Nov Vek AD	2 437	8 488	-
Nova industrialna kompania EOOD	283	2 337	-
Abas EOOD	-	36 256	-
General Stock Investment EOOD	-	15 229	-
Technoimportexport AD	-	6 513	-
Prima Chim EOOD	-	2 097	5 313
Armi Group EOOD	-	2 774	2 471
Invest Capital Consult EOOD	-	3 149	2 001
Novico Nord EOOD	-	1 476	-
Business Centre Izgrev EOOD	-	849	-
Others	-	-	531
	92 155	**160 211**	**71 806**

Long-term loan receivable from Pavleks 97 EOOD amounting to BGN 50 617 thousand includes a principal amounting to BGN 37 333 thousand and interest receivables at the amount of BGN 13 284 thousand. The loan is provided under a contract for temporary financial assistance signed on 30.03.2009 for loan amount of BGN 41 000 thousand at annual interest rate of 12.50%. The maturity date is on 31.12.2014.

Long-term loan receivable from Rost Invest AD amounting to BGN 17 057 thousand includes a principal amounting to BGN 15 000 thousand and interest receivables at the amount of BGN 2 057 thousand. The loan is provided under a contract for temporary financial assistance signed on 23.05.2008 for loan amount of BGN 15 000 thousand at annual interest rate of 10.00%. The maturity date is on 23.05.2014.

14. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences 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**

Deferred taxes for the comparative period 2010 can be summarized as follows:

	1 January 2010 BGN '000	Recognized in profit and loss BGN '000	31 December 2010 BGN '000
Non-current assets			
Investment property	648	(113)	535
Current assets			
Short-term financial assets	1 971	3 218	5 189
Trade receivables	-	(13)	(13)
Non-current liabilities			
Employee pension obligations	(3)	(2)	(5)
Current liabilities			
Employee obligations	(8)	2	(6)
	2 608	**3 092**	**5 700**
Recognized as:			
Deferred tax asset	**(11)**		**(24)**
Deferred tax liability	**2 619**		**5 724**
Net deferred tax liabilities	**2 608**		**5 700**

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

15. Inventories

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

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Raw materials and consumables	2	2	2
Goods	376	382	44
	378	**384**	**46**

None of the inventories are pledged as securities for liabilities.

16. Short-term financial assets

Short-term financial assets for the presented reporting periods include various investments, held for short-term trading.

	Note	2011 BGN '000	2010 BGN '000	2009 BGN '000
Financial assets at fair value through profit or loss	16.1	35 729	54 524	20 651
Held-to-maturity financial assets	16.2	19 566	-	-
Available-for-sale financial assets	16.2	1 145	1 145	4 709
		56 440	**55 669**	**25 360**

As at 31 December 2011 the Company has not pledged any short-term financial assets.

16.1. Financial assets at fair value through profit or loss

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Shares	35 729	54 524	20 651
	35 729	**54 524**	**20 651**

The short-term financial assets are classified as financial instruments at fair value through profit or loss. As at 31 December 2011 the financial assets are presented at fair value based on the prices quoted on the Bulgarian Stock Exchange – Sofia.

16.2. Held-to-maturity financial assets

	2011 BGN'000	2010 BGN'000	2009 BGN '000
Convertible bonds of Chimimport Invest AD	19 566	-	-
	19 566	**-**	**-**

As at 31.12.2011 the convertible bonds are reclassified as short-term financial assets as they have maturity date on 19 November 2012. For additional information see note 12.1.

16.3. Available-for-sale financial assets

	2011 BGN'000	2010 BGN'000	2009 BGN '000
Shares	1 145	1 145	4 709
	1 145	**1 145**	**4 709**

The shares in these companies are not traded on a regulated market and their fair value cannot be determined as at 31 December 2011. Therefore, available-for-sale financial assets are recognized at acquisition value.

16.4. 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 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

31 December 2010	**Note**	**Level 1 BGN '000**	**Level 2 BGN '000**	**Level 3 BGN '000**	**Total BGN '000**
Assets					
Listed equity investments	a)	25 583	-	-	25 583
Non-listed equity investments	b)	-	-	28 941	28 941
Total		25 583	-	28 941	54 524

31 December 2009	**Note**	**Level 1 BGN '000**	**Level 2 BGN '000**	**Level 3 BGN '000**	**Total BGN '000**
Assets					
Listed equity investments	a)	19 971	-	-	19 971
Non-listed equity investments	b)	-	-	680	680
Total		19 971	-	680	20 651

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.

b) Non-listed equity instruments

The fair value of non-listed equity investments are determined by reference to valuation reports of licensed valuation specialists. Gains and losses are recorded within 'Gains from transactions with financial instruments'.

17. Loans granted

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Abas EOOD	38 777	-	33 272
General Stock Investment EOOD	18 835	-	-
PFK Cherno More AD	17 104	13 337	9 151
Tehnoimportexport AD	6 951	-	5 970
Invest Capital Consult EOOD	3 929	-	-
Armi Group EOOD	3 077	-	-
Deniz 2001 EOOD	2 297	701	1 505
St. St. Konstantin and Elena AD	2 070	1 897	1 139
Hamur 2003 EOOD	1 838	793	-
Gama Finance EOOD	1 520	-	-
Office 1 Superstore – Ukraine	1 506	1 386	1 261
Neftena Tyrgovska Kompania EOOD	1 366	-	-
Ital Commerce 75 EOOD	1 249	1 408	3 228
Zurneni Hrani Plovdiv OOD	1 212	634	-
Citisime Trade EOOD	1 085	1 645	-
Business center Izgrev EOOD	908	-	5 904
Orka AD	884	1 057	-
Aks 77 EOOD	520	-	3 650
Bliasak EOOD	309	2 330	2 534
Consortium Slatina Bulgarplod	-	1 608	-
Slatina Bulgarplod EAD	-	1 452	-
INO EOOD	-	-	12 989
Loriyan EOOD	-	-	8 625
Nova Industrialna Kompania EOOD	-	-	7 387
Akin EOOD	-	-	7 025
Others	7 359	5 290	5 903
	112 796	**33 538**	**109 543**

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.

Short-term loan receivable from Abas EOOD amounting to BGN 38 777 thousand includes a principal amounting to BGN 28 238 thousand and interest receivables at the amount of BGN 10 539 thousand. The loan is provided under a contract for temporary financial assistance signed on 15.12.2007 for loan amount of BGN 30 000 thousand at annual interest rate of 10.00%. The maturity date is on 31.12.2012 and in 2011 the loan is reclassified as short-term.

Short-term loan receivable from General Stock Investment EOOD amounting to BGN 18 835 thousand includes a principal amounting to BGN 16 629 thousand and interest receivables at the amount of BGN 2 206 thousand. The loan is provided under a contract for temporary financial assistance signed on 01.03.2007 for loan amount of BGN 14 000 thousand at annual interest rate of 10.00%. The maturity date is on 31.12.2012 and in 2011 the loan is reclassified as short-term.

Short-term loan receivable from PFK Cherno More AD amounting to BGN 17 104 thousand includes a principal amounting to BGN 12 874 thousand and interest receivables at the amount of BGN 4 230 thousand. The loan is provided under a contract for temporary financial assistance signed on 14.12.2007 for loan amount of BGN 13 000 thousand at annual interest rate of 14.00%. The maturity date is on 31.12.2012.

18. Trade receivables

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Advances for purchase of investments	60 000	60 000	60 000
Ital commerce 75 EOOD	7 019	-	-
Lorian EOOD	-	18 749	-
Finance Consulting EAD	-	3 725	-
TIM Club EOOD	-	1 341	-
Pierro 97 MA AD	-	295	1 353
Velgraf Assets Management AD	-	-	4 453
Others	775	713	3 182
	67 794	**84 823**	**68 988**

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 182 thousand (2010: BGN 2 740 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.

19. Tax receivables

	2011 BGN '000	2010 BGN '000	2009 BGN '000
VAT refundable – for December	116	116	70
	116	**116**	**70**

20. Other receivables

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Short-term deposits	1 016	1 013	2 893
Court receivables	-	-	109
Other short-term receivables	3 873	2 173	6 870
	4 889	**3 186**	**9 872**

21. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Cash at bank and in hand			
- BGN	30 859	26 690	20 746
- EUR	74 883	13 136	13 019
- USD	5	35	6
Short-term deposits	367	62 022	89 004
	106 114	**101 883**	**122 775**

As at 31 December 2011 the restricted cash and cash equivalents amount to BGN 367 thousand (2010: BGN 368 thousand).

22. Equity

22.1. Share capital

The share capital of the Company as at 31 December 2011 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.

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Shares issued and fully paid:			
- beginning of the year	239 646 267	239 646 267	149 999 984
- issued during the year /preferred shares/	-	-	89 646 283
- decrease in preferred shares due to conversion of preferred shares	(16 787)	(281 419)	(577 406)
- increase in ordinary shares due to conversion of preferred shares	16 787	281 419	577 406
Shares issued and fully paid at the end of the year	**239 646 267**	**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 28 272 thousand – share premium
- BGN 16 770 thousand – short-term dividend liabilities
- BGN 56 245 thousand – long-term dividend liabilities

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

	2011	2011	2010	2010	2009	2009
	Number of ordinary shares	%	Number of ordinary shares	%	Number of ordinary shares	%
Chimimport Invest AD	108 533 269	71.94%	109 348 114	72.48%	109 724 464	72.87%
Artio International Equity Fund	10 693 367	7.09%	10 693 367	7.09%	10 693 367	7.10%
CCB Group EAD	4 395 005	2.91%	5 192 408	3.44%	5 192 408	3.45%
CACEIS Bank Deutschland GmbH	2 833 188	1.88%	2 840 358	1.88%	1 275 706	0.85%
DIAS Investment Company	1 500 000	0.99%	1 501 935	1.00%	1 171 377	0.78%
EFG EUROBANK ERGASIAS	1 378 750	0.91%	1 362 229	0.90%	1 362 229	0.90%
Unicredit Bank Austria	1 161 064	0.77%	1 198 300	0.79%	1 266 249	0.84%
PIC Saglasie Co.Ltd.	850 672	0.56%	255 672	0.17%	244 672	0.16%
LIC Saglasie AD	765 000	0.51%	-	0.00%	-	0.00%
Consolid Commerce	704 276	0.47%	704 276	0.47%	704 276	0.47%
The Bank of New York Mellon	633 049	0.42%	328 842	0.22%	91 250	0.06%
Danske Invest Trans-Balkan Fund	505 999	0.34%	320 500	0.21%	320 500	0.21%
MEI – Romanian and Bulgaria Funds	504 088	0.33%	543 188	0.36%	708 188	0.47%
Skandinavian Enskilda Banken	500 000	0.33%	1 495 999	0.99%	1 345 999	0.89%
Eaton Vance Tax-Managed Emerging Markets	487 988	0.32%	487 988	0.32%	487 988	0.32%
ZAD Armeec	463 100	0.31%	463 100	0.31%	405 848	0.27%
Clearstream Banking Luxembourg Clients	446 080	0.30%	75 704	0.05%	-	0.00%
Julius Baer Multistock - Black Sea Fund	346 425	0.23%	-	0.00%	-	0.00%
EFG Eurobank clients ACC	337 796	0.22%	431 434	0.29%	458 168	0.30%
Eaton Vance Structured Emerging Markets	329 922	0.22%	911 100	0.60%	329 922	0.22%
Other legal entities	7 139 704	4.73%	6 039 754	4.00%	8 543 524	5.67%
Other natural persons	6 366 854	4.22%	6 664 541	4.43%	6 251 255	4.15%
	150 875 596	**100.00%**	**150 858 809**	**100.00%**	**150 577 390**	**100.00%**

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

	2011 Number of shares /ordinary and preferred shares/	2011 %	2010 Number of shares /ordinary and preferred shares/	2010 %	2009 Number of shares /ordinary and preferred shares/	2009 %
Chimimport Invest AD	179 885 551	75.06%	180 713 551	75.41%	181 149 195	75.59%
Artio International Equity Fund	17 109 388	7.14%	17 109 388	7.14%	17 729 376	7.40%
CCB Group EAD	7 468 658	3.12%	8 266 061	3.45%	8 307 853	3.47%
CACEIS Bank Deutschland GmbH	2 833 188	1.18%	2 840 358	1.19%	1 275 706	0.53%
UniCredit Bank Austria	1 909 993	0.80%	2 102 255	0.88%	2 257 850	0.94%
Dias investment company	1 500 000	0.63%	1 501 935	0.63%	1 171 377	0.49%
Efg eurobank ergasias	1 378 750	0.58%	1 800 964	0.75%	1 362 229	0.57%
PIC Saglasie Co.Ltd.	1 635 655	0.68%	1 181 651	0.49%	966 155	0.40%
POAD CC-SILA	1 287 106	0.54%	1 076 703	0.45%	551 864	0.23%
LIC Saglasie	765 000	0.32%	-	0.00%	-	0.00%
Consolid Commerce	704 276	0.29%	704 276	0.29%	704 276	0.29%
The Bank Of New York Mellon	633 049	0.26%	401 816	0.17%	401 816	0.17%
MEI – Romanian and Bulgaria Funds	574 088	0.24%	613 188	0.26%	778 188	0.32%
ING Universal pension Fund	539 525	0.23%	613 188	0.26%	539 525	0.23%
Danske invest trans-balkan fund	505 999	0.21%	479 500	0.20%	320 500	0.13%
Skandinavian Enskilda Banken	500 000	0.21%	1 495 999	0.62%	1 345 999	0.56%
Other legal entities	11 694 067	4.88%	16 090 333	6.71%	13 940 503	5.82%
Other natural persons	8 721 974	3.64%	2 655 101	1.11%	6 843 855	2.86%
	239 646 267	**100.00%**	**239 646 267**	**100.00%**	**239 646 267**	**100.00%**

Withholding tax for dividends due from individuals and foreign legal entities for 2010, 2011 and 2012 amounts to 5% and the tax is deducted from the gross amount of dividends.

22.2. Share premium

As at 31 December 2011 the share premium amounts to BGN 260 615 thousand (2010: BGN 260 599 thousand; 2009: BGN 260 475 thousand). Share premium is formed by the following share issues:

- Share premium of BGN 28 272 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. In 2011 the share premium has been increased by BGN 15 thousand, in relation to the 16 787 preferred shares converted during the year.
- The premium reserve amounting to BGN 199 418 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.

22.3. Other reserves

Other reserves, amounting to BGN 59 853 thousand as at 31 December 2011 (2010: BGN 6 477 thousand; 2009: BGN 6 534 thousand) are accumulated in accordance with the requirements of the Commercial Act for accumulation of statutory reserves. The increase in 2011 is due to transfer of funds from retained earnings at the amount of BGN 53 378 thousand.

23. Dividend liabilities

As at 31 December 2011 dividend liabilities for the preferred shares are as follows:

	Current			Non-current		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
	BGN '000	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**
Dividend liabilities	16 770	16 773	8 432	56 245	65 285	74 101
	16 770	**16 773**	**8 432**	**56 245**	**65 285**	**74 101**

In 2011 and 2010 Chimimport AD distributed to its shareholders of preferred shares respectively as at 28 July 2011 and 19 July 2010, guaranteed dividend at the amount of BGN 17 635 thousand and BGN 9 626 thousand or respectively BGN 0.1998 and BGN 0.1077 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.

24. Employee remuneration

24.1. Employee benefits expense

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

	2011 BGN '000	2010 BGN '000
Wages and salaries	(762)	(1 002)
Social security costs	(123)	(119)
Expenses for unused leaves	1	4
Pension provision	(12)	(5)
Employee benefits expense	**(896)**	**(1 122)**

24.2. 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:

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Non-current:			
Pension provisions	66	50	27
Non-current pension and other employee obligations	**66**	**50**	**27**
Current			
Pension and other employee obligations	43	47	98
Social security payables	32	37	34
Payables for unused leaves	37	38	26
Pension provisions	-	-	16
Current pension and other employee obligations	**112**	**122**	**174**

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled during 2012.

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

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Defined benefit obligation at 1 January	50	43	-
Current service cost	13	5	-
Interest costs	3	2	2
Benefits paid	-	-	-
Past service costs	-	-	41
Defined benefit obligation at 31 December	**66**	**50**	**43**

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

	2011	2010	2009
Discount rate	5.75%	5.75%	6%
Expected rate of salary increases	2%	2%	2%
Resignation expectancies at the end of each year			
Employees under 30 years of age	6%	6%	6%
Employees between 30 and 40 years of age	4%	4%	4%
Employees between 40 and 50 years of age	2%	2%	2%
Employees between 50 and 60 years of age	1%	1%	1%
Employees over 60 years of age	0%	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:

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Defined benefit obligation	66	50	43
Defined benefit plans	**66**	**50**	**43**
Classified in the statement of financial position as:			
Non-current liabilities	66	50	27
Current liabilities	-	-	16

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

	2011 BGN '000	2010 BGN '000
Employee benefits expense		
Current service cost	13	5
Employee benefits expense	**13**	**5**
Interest costs	**3**	**2**
Total expense recognized in profit or loss	**16**	**7**

Interest costs have been included in 'Interest expenses' in the Statement of comprehensive income (see note 32). All other expenses summarized above were included within 'Employee benefits expense' (see note 24.1). The Company recognizes all actuarial gains and losses in accordance with the corridor approach (see note 4.20). In 2011 and 2010, 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 2012.

25. Borrowings, measured at amortized cost

Borrowings include the following financial liabilities:

	Note	Current			Non-current		
		2011	2010	2009	2011	2010	2009
		BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities measured at amortized cost:							
Bank loans	25.1, 25.2	3 000	2 920	2 920	19 558	-	-
Other loans	25.1, 25.4	19 926	36 906	42 720	8 153	14 772	5 474
Total carrying amount		**22 926**	**39 826**	**45 640**	**27 711**	**14 772**	**5 474**

25.1. Long-term bank loans

	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Corporate Commercial Bank AD	19 558	-	-
	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 repayment schedule is as follows: 25.06.2013: BGN 1 370 thousand; 25.06.2014: BGN 3 323 thousand; 25.06.2015: BGN 4 499 thousand; 25.06.2016: BGN 4 499 thousand and 25.06.2017: BGN 5 867 thousand 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.

25.2. Short-term bank loans

	2011	2010	2009
	BGN '000	BGN '000	BGN'000
DSK Bank AD	3 000	2 920	2 920
	3 000	**2 920**	**2 920**

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 2012. 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%.

25.3. Long-term loans

	2011 BGN'000	2010 BGN'000	2009 BGN'000
Niko Commerce EOOD	7 961	10 033	-
BuildCo EOOD	149	1 238	-
Sila Holding AD	43	512	-
Bulgarian Mills EOOD	-	2 989	-
Neftena Targovska Kompania EOOD	-	-	1 939
Rentapark EOOD	-	-	3 535
	8 153	**14 772**	**5 474**

The Company's loan to Niko Commerce EOOD as at 31 December 2011 at the amount of BGN 7 961 thousand, includes principle at the amount of BGN 6 813 thousand and interest payables at the amount of BGN 1 147 thousand. The loan was received under Framework contract for temporary financial aid, entered into on 3 October 2008 for the amount of BGN 11 000 thousand, with 8% interest rate. The maturity date is on 31 December 2014.

25.4. Other short-term loans

	2011 BGN '000	2010 BGN '000	2009 BGN '000
Chimsnab Bulgaria AD	11 803	-	-
Capital Management ADSIC	2 875	3 908	-
Plovdivska Stokova Borsa AD	1 559	1 463	1 451
Prima Him EOOD	930	-	-
Arogans EOOD	737	-	-
Slantze Stara Zagora-Tabak AD	694	-	-
Nomokanon 2000 EOOD	380	-	-
Zyrneni Hrani Export EOOD	285		
Fisko Group EOOD	171	-	-
CCB Real Estate Fund SIPC	138		
Holding-Varna AD	104	3 199	1 147
Kamchiya AD	65	3 894	3 769
Gama Finance EOOD	9	736	1 074
Bulgarian Mills AD	-	13 998	11 700
Neftena Targovska Kompania EOOD	-	6 019	-
Rentapark AD	-	3 367	-
Finance Consulting EAD	-	-	12 849
Niko commerce EOOD	-	-	8 583
Buildco EOOD	-	-	1 428
Other	176	322	719
	19 926	**36 906**	**42 720**

Short-term loans are granted with annual interest rates from 8% to 12% depending on the maturity date. The loans are receivable on demand by the Company. None of the loans has any collateral pledged. The fair value of the loans 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.

26. Trade payables

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

	2011 BGN'000	2010 BGN'000	2009 BGN'000
Current			
Trade Payables	3 661	3 661	3 661
Advance payments received	10 700	11 345	11 629
Other	2 253	388	1 626
	16 614	**15 394**	**16 916**

27. Tax liabilities

Tax liabilities include:

	2011 BGB'000	2010 BGB'000	2009 BGN'000
Corporate income tax	1 298	490	2 933
Income tax of individuals	278	80	38
Value Added Tax	9	-	-
	1 585	**570**	**2 971**

28. Other liabilities

Other liabilities can be summarized as follows:

	2011 BGN'000	2010 BGN'000	2009 BGN'000
Liabilities on share rights	808	889	889
Interest liabilities	-	395	485
Other short-term liabilities	1 954	808	4 521
	2 762	**2b092**	**5 895**

29. Gains from transactions with financial instruments

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

	2011 BGN'000	2010 BGN'000
Gain from sale of financial instruments	1 420	38 033
Gain from revaluation of financial instruments	24 719	51 895
	26 139	**89 928**

30. Losses from transactions with financial instruments

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

	2011 BGN '000	2010 BGN'000
Loss from sale of financial instruments	(74)	(59)
	(74)	**(59)**

31. Interest income

Interest income for the reporting periods under review is as follows

Interest income, resulting from:	2011 BGN'000	2010 BGN'000
- loans granted	41 604	36 604
- bank deposits	2 217	4 043
	43 821	**40 647**

32. Interest expenses

Interest expenses for the reporting periods under review include:

Interest expenses, resulting from:	2011 BGN'000	2010 BGN '000
- bank loans	(1 764)	(833)
- finance lease	(155)	(543)
- preferred shares	(8 709)	(9 237)
- pension provisions	-	(2)
- loans received	(22 146)	(21 944)
	(32 774)	**(32 559)**

33. 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:

	2011 BGN'000	2010 BGN'000
Gain from changes in the exchange rates	1 713	874
Loss from changes in the exchange rates	(1 608)	(929)
Net result from changes in the exchange rates	**105**	**(55)**

34. Other financial income and expenses

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

Other financial income	2011 BGN'000	2010 BGN'000
Other financial income	-	202
Income from transactions with cession agreements	872	-
	872	**202**

Other financial expenses	2011 BGN'000	2010 BGN '000
Bank charges and commissions	(82)	(63)
Losses from transactions with cession agreements	-	(1 404)
Other financial expenses	(26)	(1)
	(108)	**(1 468)**

35. Operating revenue

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

	2011 BGN'000	2010 BGN'000
Gain on investment property revaluation	21 292	-
Revenue from goods sold	10	352
Revenue from services	2 799	2 468
Revenue from leases	2 038	2 298
Revenue from payables written-off	67	2 720
	26 206	**7 838**

36. Gain on sale of non-current assets

	2011 BGN '000	2010 BGN '000
Revenue from sale on non-current assets	7 029	1 524
Carrying amount of non-current assets sold	(3 954)	(1 380)
Gain on sale of non-current assets	**3 075**	**144**

37. Operating expenses

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

	Note	2011 BGN'000	2010 BGN'000
Cost of goods sold		(7)	(344)
Cost of materials		(75)	(83)
Hired services expenses		(5 350)	(3 802)
Depreciation and amortization		(926)	(908)
Employee benefits expenses	24.1	(896)	(1 122)
Receivables written-off		(182)	(1 128)
Loss from revaluation of investment property		-	(2 740)
Other expenses		(307)	(559)
		(7 743)	**(10 686)**

Hired service expenses related to audit for 2011 amount to BGN 78 thousand (2010 - BGN 78 thousand).

38. Tax expense

The relationship between the expected tax expense based on the applicable tax rate at 10% (2010: 10%) and the tax expense actually recognized in the statement of comprehensive income can be reconciled as follows:

	2011 BGN'000	2010 BGN'000
Profit for the year before tax	94 790	94 468
Tax rate	10%	10%
Expected tax expense	**9 479**	**(9 447)**
Tax effect from deductions of the financial result	11 231	9 197
Tax effect from additions to the financial result	(3 050)	(240)
Current tax expense	**(1 298)**	**(490)**
Tax rate	10%	10%
Deferred tax expense, resulting from:		
-accrual and reversal of temporary tax differences	(365)	(3 092)
Tax expense	**(1 663)**	**(3 582)**

Note 14 presents information on the deferred tax assets and liabilities.

39. 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:

	2011	2010
Net profit in BGN attributable to shareholders	93 127 000	90 886 000
Weighted average number of shares	150 872 891	150 675 314
Basic earnings per share (BGN per share)	**0.6173**	**0.6032**

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:

	2011	2010
Net profit in BGN, adjusted with dividend expenses	100 965 100	99 199 585
Weighted average number of shares	239 646 267	239 646 267
Diluted earnings per share (BGN per share)	**0.4213**	**0.4139**

40. Related party transactions

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

40.1. Transactions with owners

	2011 BGN'000	2010 BGN'000
- sale of services, rental income and interest income		
Chimimport Invest AD – parent company	14 133	6 224
	14 133	**6 224**

Loans	2011 BGN'000	2010 BGN'000
Loans provided	23 041	54 484

40.2. Transactions with subsidiaries and associates

	2011 BGN'000	2010 BGN'000
Sales		
- sales of goods		
CCB AD	102	274
Bulchimtrade OOD	10	22
POAD CCB Sila AD	-	4
	112	**300**
- gains from sale of non-current assets		
CCB AD	-	669
POAD CCB Sila AD	-	333
CCB Assets Management EAD	-	38
Omega Finance OOD	-	36
Parahodstvo Balgarsko Rechno Plavane AD	-	12
	-	**1 088**

	2011 BGN'000	2010 BGN'000
CCB Group EAD	4 033	2 866
Bulgarian Shipping Company EAD	2 218	2 558
CCB AD	2 217	3 850
Hemus Air EAD	2 040	2 389
Bulgarian Airways Group EAD	1 547	1 071
Omega Finance OOD	1 229	754
Trans Intercar EOOD	835	816
Energoproekt AD	553	420
Port Balchik AD	119	119
Konor OOD	86	608
Chimimport Group EAD	73	420
Chimsnab AD	-	390
Bulchimex GmbH	-	313
ZAD Armeec	-	187
Zarneni Hrani Bulgaria AD	87	10
Others	153	319
	15 190	**17 090**

Purchases	2011 BGN'000	2010 BGN'000
- purchase of services, goods and interest income(subsidiaries)		
Chimimport Holland B.V.	13 158	16 297
Omega Finance OOD	1 335	96
ZAD Armeec	838	292
CCB AD	737	556
Trans Intercar EOOD	446	442
HGH Consult Ltd.	297	327
PDNG AD	296	266
Pristanishte Lesport AD	269	269
ZAED CCB Life	247	194
Bulgarska Petrolna Rafineriya EOOD	113	84
Plovdivska Stokova Borsa	96	
Prime Lega Consult OOD	81	90
ZOK CCB	47	47
Other	123	651
	18 083	**19 611**

Loans	2011 BGN'000	2010 BGN'000
Loans provided	20 556	56 568
Loans received	141 903	31 447

40.3. 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:

	2011 BGN'000	2010 BGN'000
Short-term employee benefits:		
Salaries, including bonuses	2 193	568
Social security costs	28	28
Company car allowance	8	11
Total short-term employee benefits	**2 229**	**607**
Total remunerations	**2 229**	**607**

41. Related party balances at year-end

Long-term receivables from:	2011 BGN'000	2010 BGN'000	2009 BGN'000
- subsidiaries			
Bulgarian Shipping Company EAD	39 106	35 757	37 124
CCB Group EAD	29 838	41 146	41 362
Trans Intercar EOOD	9 955	9 288	-
Energoproekt AD	7 484	5 600	-
Airport Services-Bulgaria EAD	2 872	-	-
Bulchimex GmbH	881	4 423	3 650
Bulgarian Aviation Group AD	-	-	108 842
Parahodstvo BRP AD	-	-	128
	90 136	**96 214**	**191 106**
Including interest receivables	*13 023*	*17 066*	*18 894*
Total long-term related party receivables	**90 136**	**96 214**	**191 106**

Short-term receivables from:	2011 BGN'000	2010 BGN'000	2009 BGN'000
- parent company			
Chimimport Invest AD	112 675	113 435	22 275
- subsidiaries			
CCB Group EAD	23 875	-	-
Bulgarian Shipping Company EAD	10 516	888	528
Bulgarian Airways Group EAD	1 905	-	16 018
Port of Balchik AD	1 466	1 347	1 227
Chimimport Group EAD	1 073	-	115 025
Trans Intercar EOOD	900	-	8 690
Chimcelteks OOD	101	229	261
Rubber Trade OOD	70	182	319
ZAD Armeec	32	62	1 144
Port Lesport AD	30	219	3
Parahodstvo BRP AD	-	175	37
Energoproekt AD	-	-	5 243
Brand New Ideas EOOD	-	-	1 241
Chimoil Trade OOD	-	-	116
Others	187	200	364
	40 155	**3 302**	**150 216**
Including trade receivables	*1 358*	*1 977*	*18 588*
Including interest receivables	*1 250*	*9 603*	*23 928*

	2011 BGN'000	2010 BGN'000	2009 BGN'000
- associates			
Konor OOD	9 422	1 756	1 083
PIC Saglasie Co. Ltd.	649	739	739
Lufthansa Technik Sofia OOD	5	5	2 151
Holding Nov Vek AD	-	-	9 605
	10 076	**2 500**	**13 578**
Including trade receivables	-	-	*1*
Including interest receivables	*963*	*873*	*1 991*
- other related parties under common control			
Aviation Company Hemus Air AD	1 429	380	1 509
Asenova Krepost AD	-	669	14
	1 429	**1 049**	**1 523**
Including trade receivables	-	-	-
Including interest receivables	-	*57*	-
Total short-term related party receivables	**164 335**	**120 286**	**187 592**

Long-term payables to::	**2011 BGN '000**	**2010 BGN '000**	**2009 BGN '000**
- subsidiaries			
Chimimport Holland B.V.	1 364	133 104	-
Sofgeoprouchvane EOOD	-	322	-
Parahodstvo BRP AD	-	-	225
	1 364	**133 426**	**225**
Including trade payables	-	-	-
Including interest payables	*113*	*296*	-
Total long-term related party payables	**1 364**	**133 426**	**225**

Short-term payables to:	2011 BGN '000	2010 BGN '000	2009 BGN '000
- parent company			
Chiminvest Institute	494	727	-
- subsidiaries			
Chimimport Holland B.V.	137 138	1 416	130 742
Omega Finance OOD	26 676	29 952	2 035
CCB AD	24 340	4 107	695
ZAD Armeec AD	10 762	410	131
Port Lesport AD	7 675	7 559	7 290
CCB Life EAD	3 834	3 586	2 392
Zyrneni Hrani Bulgaria AD	6 792	-	-
Oil and Gas Exploration and production Plc.	3 651	3 263	3 022
Bulgarska Petrolna Rafineriya EOOD	1 360	1 247	390
Sport Complex Varna AD	1 015	1 867	2 742
ZOK CCB AD	741	694	647
Anitas 2003 EOOD	497	499	499
Chimoil Trade OOD	170	170	
Bulgaria Air AD	168	168	348
HGH Consult OOD	127	118	65
Chimsnab AD	-	691	7
Sofgeoprouchvane EOOD	-	-	242
Others	7 486	10 744	3 717
	232 926	**67 218**	**154 964**
Including trade payables	*175*	*1 093*	*761*
Including interest payables	*12 869*	*4 375*	*5 482*

	2011 BGN '000	2010 BGN '000	2009 BGN '000
- associates			
Holding Nov Vek AD	-	-	334
	-	**-**	**334**
Including interest receivables	-	-	*334*
- other related parties under common control			
Aviation company Hemus Air EAD	-	189	212
	-	**189**	**212**
Total short-term related party payables	**232 926**	**67 407**	**155 510**

The Company has a loan receivable from CCB Group EAD amounting to BGN 29 171 thousand under contract for a loan with final maturity on 30.09.2012. The loan is not secured and has a fixed interest rate of 8%.

The Company has a loan receivable from Bulgarian Shipping Company EAD in the amount of TBGN 29 468 and receivable amounting to BGN 9 637 thousand under contract for a loan with final maturity on 30. 12.2014 The loan is not secured and has a fixed interest rate of 7%.

The Company has a loan receivable from Chimimport Invest amounting to TBGN 89 266 and receivable amounting to BGN 23 409 thousand under a contract with a final maturity on 02.01.2012. The loan is not secured and has a fixed interest rate of 12.5%.

As at 31.12.2011, the Company has a loan payble amounting to BGN 138 502 thousand in connection with secured exchangeable bonds. The bonds issued on 22 August 2008 by the Dutch company Chimimport Netherlands BV (with the sole shareholder "Chimimport") amounted to € 65 million, 7% interest and exchangeable into ordinary shares of "Chimimport" AD (the "Bonds"). 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 2012.

Any bondholder may claim for the purchase of the issuer Chimimport Netherlands BV, all or part owned by the bondholder Bonds as the next date for exercising the right to lodge purchase is 22 August 2012.

The company has a loan payable to Omega Finance OOD amounting to BGN 26 676 thousand to 31.12.2011 under a contract with maturity on 12.09.2012. The contract is with a fixed interest rate of 8%.

The Company has entered into bank overdraft with CCB, Sofia Branch No. 2907, of 12.09.2011 on the amount to BGN 6 965 thousand with final maturity on 29.12.2011. The loan is secured by receivables in the amount of BGN 6 965 thousand. The interest rate is fixed to 6.5%.

The Company has entered into bank overdraft with CCB, Sofia Branch No. 2908, of 13.09.2011 on the amount to 6 650 thousand USD with final maturity on 29.12.2011 The loan is secured by receivables in the amount EUR 4 900 thousand (BGN 9 584 thousand) The interest rate is fixed amounting to 4.8%.

42. 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 14 874 thousand for 2011.

43. Contingent liabilities

The Company has provided guarantees under Article 240 of the Commercial Act amounting to BGN 27 thousand as a member of the managing and supervisory board of the Parahodstvo Bulgarsko Rechno Plavane AD, Investicionna Kompania Galata AD, Oil and Gas Exploration and Production Plc, Bulgaria Air AD, Hemus Air EAD.
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 March 2012 and with option for extension until 25.01.2013;
- 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 31.12.2015;
- contract signed on 25.11.2011 between Bulgarian Development Bank EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 30 000 thousand with maturity date on 31.07.2012. (As at 31.12.2011 the loan is not used);
- credit contract 100-342/10.08.2006 signed between Eurobank EFG Bulgaria AD and Zarneni Hrani Bulgaria AD for the amount of BGN 2 493 thousand with maturity date on 31.08.2012;
- framework revolving credit contract 26/28.08.2007 and overdraft contract from 28.08.2007 signed between UniCredit Bulbank EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 18 200 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 25.04.2016;
- credit contract between Corporate Commercial Bank EAD and Bulgarian Airways Group EAD for the amount of EUR 20 000 thousand (BGN 39 117 thousand) with maturity date 25.07.2017.

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 6 050 thousand (BGN 11 833 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 299 thousand;
- Bank guarantees in favor of Ministry of Economy, Energy and Tourism at the total amount of BGN 113 thousand.

Bank guarantees issued under contract with UniCredit Bulbank AD at the amount of BGN 427 thousand with validity up to 30.11.2030.

The Company has signed contract for several bank guarantees from 05.11.2010 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 05.11.2015. 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.

44. 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**	**2011**	**2010**	**2009**
		BGN '000	**BGN '000**	**BGN '000**
Financial assets available-for-sale:				
Shares	12,2	108	213	1 332
Held-to-maturity investments:				
Bonds	14	-	19 409	19 263
Financial assets available-for-sale designated at fair value through profit or loss:				
Short-term financial assets	16	56 440	55 669	25 360
Loans and receivables:				
Loans Granted	13, 17	204 911	193 749	181 349
Related party receivables	0	254 471	216 500	378 698
Trade and other receivables	18, 20	72 683	88 009	78 860
Cash and cash equivalents	21	106 114	101 883	122 775
		694 727	**675 432**	**807 637**

Financial liabilities	**Note**	**2011**	**2010**	**2009**
		BGN '000	**BGN '000**	**BGN '000**
Borrowings measured at amortized cost:				
Non-current liabilities:				
- dividend liabilities	23	56 245	65 285	74 101
- loans	25.1,25.3,41	29 075	148 198	5 699
- finance lease liabilities	8.1	45	-	491
- other		-	-	-
Current liabilities:				
- dividend liabilities	23	16 770	16 773	8 432
- loans	25.2, 25.4,41	255 852	107 233	201 150
- finance lease liabilities	8.1	16	921	1 650
- trade and other receivables	26, 28	19 376	17 486	22 811
		377 379	**355 896**	**314 334**

See note 4.15 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 46.

45. 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.

45.1. Market risk analysis

45.1.1. 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 ‘000	**EUR ‘000**	**USD ‘000**	**EUR ‘000**
31 December 2011				
Financial assets	9 736	74 883		881
Financial liabilities	(10 038)	23 354		(75 803)
Total exposure	**(302)**	**51 529**		**(74 922)**
31 December 2010				
Financial assets	918	11 845	-	3 284
Financial liabilities	(1 075)	(6 971)	-	(133 104)
Total exposure	**(157)**	**4 874**	**-**	**(129 820)**
31 December 2009				
Financial assets	1 982	16 826	-	4 974
Financial liabilities	(1 650)	(127 192)	(491)	-
Total exposure	**332**	**(110 366)**	**(491)**	**4 974**

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 2011 exchange rate of the Bulgarian lev against the dollar is + / - 3.05% (2010 + / - 4.35%). 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 3.05% (2010: +/- 4.35%) 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 2011	(603)	+603
31 December 2010	(7)	+7

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.

45.1.2. 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 2011, 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: BIR(basic interest rate) (for 2010 – BIR). 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 2011	Impact on post-tax profit of the year			
	BIR		Total	
	+2.00%	-2.00%	+	-
	BGN'000	BGN'000	BGN'000	BGN'000
	(2)	2	(2)	2

31 December 2010	Impact on post-tax profit of the year			
	BIR		Total	
	+ 6.00%	- 6.00%	+	-
	BGN'000	BGN'000	BGN'000	BGN'000
	(11)	11	(11)	11

45.1.3. 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;
- Holding Nov Nek AD – short-term financial asset;
- Investicionna kompania Galata 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.

45.2. 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:

	2011 BGN'000	2010 BGN'000	2009 BGN'000
Classes of financial assets – carrying amounts:			
Shares / financial assets /	56 548	75 291	45 955
Loans granted	204 911	193 749	181 349
Related party receivables	254 471	216 500	378 698
Trade and other receivables	72 683	88 009	78 860
Cash and cash equivalents	106 114	101 883	122 775
Carrying amount	**694 727**	**675 432**	**807 637**

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.

45.3. 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 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**	**-**

As at 31 December 2010, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2010	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	-	16 773	40 430	24 855
Bank and other long-term borrowings	15 598	24 228	14 772	-
Related party payables	-	67 407	133 426	-
Finance lease liabilities	921	-	-	-
Trade and other payables	15 394	2 092	-	-
Total	**31 913**	**110 500**	**188 628**	**24 855**

As at 31 December 2009, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2009	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	4 216	4 216	35 109	38 992
Bank and other long-term borrowings	12 774	32 866	5 474	-
Related party payables	-	155 510	225	-
Finance lease liabilities	825	825	491	-
Trade and other payables	16 916	5 895	-	-
Total	**34 731**	**199 312**	**41 299**	**38 992**

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 16 310 thousand (2010: BGN 11 610 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.

46. 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 analysed as follows:

	2011 BGN'000	2010 BGN'000	2009 BGN'000
Shareholders' equity	1 021 803	928 662	837 709
Equity	**1 021 803**	**928 662**	**837 709**
Debt	385 226	362 362	320 125
- Cash and cash equivalents	(106 114)	(101 883)	(122 775)
Net debt	**279 112**	**260 479**	**197 350**
Capital to net debt	**1:0.27**	**1:0.28**	**1:0.24**

The ratio in 2011 has remained stable in comparison with 2010 with slight deviation only.

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

47. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization, except of the following:

On 06.01.2012 the name of Bulgarian Aviation Group EAD was changed to Bulgarian Airways Group EAD. On 29.02.2012 Molet EAD has changed its name to Airport Services - Bulgaria EAD following a merger of Airport services EOOD to its sole owner Molet EAD.

48. Authorization of the financial statements

The financial statements for the year ended 31 December 2011 (including comparatives) were approved by the Managing Board on 29 March 2012.