Grant Thornton

Independent Auditor's Report
Financial Statements

CHIMIMPORT AD

31 December 2009

CHIMIMPORT
PUBLIC HOLDING COMPANY

Content

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Chimimport AD
2 Stefan Karadja Str., Sofia

Report on the financial statements

We have audited the accompanying financial statements of Chimimport AD, which comprise statement of financial position as of 31 December 2009, and the related statements of comprehensive income, changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by EU and the national legislation. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Chimimport AD as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by EU and the national legislation.

Report on other legal and regulatory requirements – Management's report for the year ended 31 December 2009

We have reviewed the management's report for the year ended 31 December 2009 of Chimimport AD, which is not part of the financial statements. The historical financial information in the management's report, prepared by the management, complies in its main aspects with the financial information, presented in the financial statements for the year ended 31 December 2009, prepared in accordance with International Financial Reporting Standards, as adopted by EU and the national legislation. The preparation of the management's report is responsibility of the management.

Mariy Apostolov — **Gergana Mihaylova**
Managing partner — **Registered Auditor**

Grant Thornton Ltd.
Auditing Company

31 March 2010
Bulgaria, Sofia

Statement of financial position

	Note	31.12.2009 BGN '000	31.12.2008 BGN '000
Assets			
Non-current			
Property, plant and equipment	6	18 529	20 095
Investment property	10	4 049	1 096
Investments in subsidiaries	7	294 459	391 454
Investments in associates	8	26 470	60 348
Intangible assets	5	9	602
Long-term financial assets	11	1 332	1 332
Long-term related party receivables	40	130 850	157 634
Long-term receivables	12	62 786	13 511
Deferred tax assets	13	11	6
		538 495	**646 078**
Current			
Inventories	14	46	88
Short-term financial assets	15	44 918	5 389
Loans granted	16	95 462	114 230
Trade receivables	17	68 988	70 073
Short-term related party receivables	40	247 848	57 914
Tax receivables	18	70	75
Other receivables	19	32 678	18 776
Cash and cash equivalents	20	122 775	101 840
		612 785	**368 385**
Total assets		**1 151 280**	**1 014 463**

Prepared by: ____________________ **Executive director:** __________________

Date: 30 March 2010

Audited in accordance with Auditor's report:

Statement of financial position (continued)

Equity and liabilities	**Note**	**31.12.2009 BGN '000**	**31.12.2008 BGN '000**
Equity			
Share capital	21.1	239 646	150 000
Share premium	21.2	260 475	232 343
Other reserves	21.3	6 534	6 734
Retained earnings		234 719	148 708
Net profit for the year		90 429	86 011
Total equity		**831 803**	**623 796**
Liabilities			
Non-current			
Long-term dividend liabilities	22	74 101	-
Long-term borrowings	24.1	5 051	-
Long-term related party payables	40	225	292 439
Finance lease liabilities	9.1	491	1 993
Pension and other employee obligations	23.2	27	-
Deferred tax liabilities	13	1 971	-
		81 866	**294 432**
Current			
Short-term dividend liabilities	22	8 432	**-**
Short-term bank loans	24.2	2 920	2 920
Other short-term borrowings	24.3	40 865	10 524
Short-term related party payables	40	155 510	58 678
Trade payables	25	16 916	8 245
Finance lease liabilities	9.1	1 650	1 800
Pension and other employee obligations	23.2	174	93
Tax liabilities	26	2 971	6 486
Other liabilities	27	8 173	7 489
		237 611	**96 235**
Total liabilities		**319 477**	**390 667**
Total equity and liabilities		**1 151 280**	**1 014 463**

Prepared by: ____________________ **Executive director:** ____________________

Date: 30 March 2010

Audited in accordance with Auditor's report:

Statement of comprehensive income

	Note	2009 BGN '000	2008 BGN '000
Gains from transactions with financial instruments	28	70 511	36 099
Losses from transactions with financial instruments	29	(51)	(1 109)
Net profit from transactions with financial instruments		**70 460**	**34 990**
Interest income	30	35 015	18 550
Interest expense	31	(19 509)	(9 023)
Net profit from interest		**15 506**	**9 527**
Gains from foreign exchange differences	33	468	110
Losses from foreign exchange differences	33	(117)	(255)
Net profit/(loss) from foreign exchange differences		**351**	**(145)**
Other financial income	32	4 831	665
Other financial expenses	32	(575)	(360)
Other financial income		**4 256**	**305**
Operating revenue	34	10 746	37 268
Gains from sale of non-current assets	36	794	18 714
Operating expenses	35	(6 785)	(8 179)
Profit from operating activities		**4 755**	**47 803**
Profit for the period before tax		**95 328**	**92 480**
Tax expense	37	(4 899)	(6 469)
Net profit for the period		**90 429**	**86 011**
Other comprehensive income			
Donations granted		(200)	(100)
Total comprehensive income		**90 229**	**85 911**
Earnings per share in BGN	38	**0.6039**	**0.5734**
Diluted earnings per share in BGN	38	**0.3784**	-

Prepared by: ____________________ **Executive director:** ____________________

Date: 30 March 2010

Audited in accordance with Auditor's report:

Statement of changes in equity

All amounts are presented in BGN '000	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2009	**150 000**	**232 343**	**6 734**	**234 719**	**623 796**
Increase in share capital and share premium through issue of preferred shares and conversion of preferred shares in ordinary shares	89 646	30 165	-	-	**119 811**
Transaction costs related to the issue of preferred shares	-	(2 033)	-	-	**(2 033)**
Transactions with owners	**89 646**	**28 132**	**-**	**-**	**117 778**
Net profit for 2009	-	-	-	90 429	**90 429**
Other comprehensive income					
Donations granted	**-**	**-**	(200)	-	(200)
Total comprehensive income	**-**	**-**	**(200)**	**90 429**	**90 229**
Balance at 31 December 2009	**239 646**	**260 475**	**6 534**	**325 148**	**831 803**

Prepared by: ____________________ **Executive director:** ____________________

Date: 30 March 2010

Audited in accordance with Auditor's report:

Statement of changes in equity (continued)

All amounts are presented in BGN '000	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2008	**150 000**	**232 343**	**6 834**	**148 708**	**537 885**
Net profit for 2008	-	-	-	86 011	**86 011**
Other comprehensive income					
Donations granted	-	-	(100)	-	**(100)**
Total comprehensive income	**-**	**-**	**(100)**	**86 011**	**85 911**
Balance at 31 December 2008	**150 000**	**232 343**	**6 734**	**234 719**	**623 796**

Prepared by: ____________________ **Executive director: ________________**

Date: 30 March 2010

Audited in accordance with Auditor's report:

Statement of cash flows

	Note	2009 BGN '000	2008 BGN '000
Operating activities			
Proceeds from short-term loans		111 802	126 745
Payments for short-term loans		(144 712)	(132 615)
Proceeds from sale of short-term financial assets		8 387	37 717
Purchase of short-term financial assets		(8 154)	(98 631)
Cash receipt from customers		34 666	10 754
Cash paid to suppliers		(24 496)	(13 644)
Interest received		4 623	85
Cash paid to employees and social security institutions		(732)	(838)
Taxes paid		(6 534)	(454)
Cash flow from operating activities		**(25 150)**	**(70 881)**
Investing activities			
Purchase of property, plant and equipment	6	(10 825)	(8 896)
Proceeds from sale of property, plant and equipment		7 500	-
Proceeds from sale of interest in associates		34 905	-
Proceeds from sale of long-term financial assets		-	16 326
Acquisition of subsidiaries and associates		(1 658)	(29 220)
Loans granted		(31 699)	(72 926)
Cash flow from investing activities		**(1 777)**	**(94 716)**
Financing activities			
Proceeds from issue of preferred shares		199 015	-
Payments of commissions related to issue of preferred shares		(3 391)	-
Long-term loans received		68 650	214 996
Payments for long-term and bank loans received		(207 677)	(37 283)
Discharge of finance lease liability	9.1	(2 167)	(2 000)
Interest paid		(6 915)	(986)
Cash flow from financing activities		**47 515**	**174 727**
Net change in cash and cash equivalents		20 588	9 130
Cash and cash equivalents, beginning of year		**101 840**	**92 845**
Exchange gain/(loss) from cash and cash equivalents		347	(135)
Cash and cash equivalents, end of year	20	**122 775**	**101 840**

Prepared by: ____________________ **Executive director:** ____________________
Date: 30 March 2010

Audited in accordance with Auditor's report:

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.

2. Basis for the preparation of the 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.

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".

3. Changes in accounting policies

3.1. Overall considerations

The following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board are effective for the annual period beginning 1 January 2009:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (amended)
- IFRS 2 "Share-based Payment" (revised 2007)
- IFRS 8 "Operating Segments"
- IAS 1 "Presentation of Financial Statements" (revised 2007 and amended)
- IAS 23 "Borrowing Costs" (revised 2007 and amended)
- IAS 32 "Financial Instruments: Presentation" (amended)
- IAS 39 "Financial Instruments: Recognition and Measurement" (amended)
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- "Annual Improvements to IFRSs 2008": IASB has issued Improvements to IFRS 2008. Major part of the changes are effective for reporting periods beginning on or after 1 January 2009;
- IFRS 4 "Insurance Contracts" (amended)
- IFRS 7 "Financial Instruments: Disclosures" (amended)
- IFRIC 9 "Reassessment of Embedded Derivatives" (amended)

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:

The adoption of IAS 1 "Presentation of Financial Statements" (revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Company's assets, liabilities, income and expenses is unchanged.

All remaining standards, amendments and interpretations to IFRS, effective from 1 January 2009, are not relevant to the business activities of the Company and do not have significant effect on the financial statements

3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not 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. 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 3 "Business Combinations" (revised 2008) effective from 1 July 2009

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and will have a significant effect on business combinations occurring in reporting periods, beginning on or after 1 July 2009.

IAS 27 "Consolidated and Separate Financial Statements" (revised 2008) effective from 1 July 2009

The revised standard introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Company's interest in subsidiaries. These changes will be applied prospectively in accordance with the transitional provisions and so do not have an immediate effect on the Company's financial statements.

IFRIC 17 "Distributions of Non-cash Assets to Owners" effective from 1 July 2009

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

IFRIC 18 "Transfers of Assets from Customers" effective from 1 July 2009

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 "Revenue".

IFRS 9 "Financial instruments" effective from 2013
Prepayments of a minimum funding requirement – Amendment to IFRIC 14 (effective from 1 January 2011)
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments effective from 1 July 2010
Improvements to IFRS, effective from 16 April 2009

Group cash-settled share based payment transactions – Amendment to IFRS 2, effective from 1 January 2010
Amendment to IFRS 2, effective from 16 April 2009
Amendment to IFRS 1 Additional Exemptions for First-time Adopters, effective from 1 January 2010
IAS 24 (revised 2009) Related party disclosures, effective from 1 January 2011

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

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.

In these financial statements the Company presents one comparative period. The management considers unnecessary to present comparative information for a second prior reporting period, as the comparative information for 2007 corresponds to that presented in the separate financial statements as at 31 December 2008. 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. Revenue

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue from major products and services is shown in note 28.

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; and
- 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.

4.6.1. 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.

4.6.2. 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.

4.6.3. Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, is recognized at the time the right to receive payment is established.

4.7. Operating expenses

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

4.8. 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 'Finance costs'.

4.9. 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 income statement 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 'Depreciation and amortization of non-financial assets'.

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) from sale of non-current assets'.

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

4.10. Property, plant and equipment

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

After initial recognition, the property, plant and equipment is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognized in the income statement 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 value estimates and estimates of useful life of property, plant and equipment are updated as at each reporting date.

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

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

• Buildings	25 years
• Machines and equipment	3-5 years
• Computers	2 years
• 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) from sale of non-current assets'.

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

4.11. Leases

In the capacity of 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.

In the capacity of 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 income statement for the reporting period.

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

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

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

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

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

4.13. Investment property

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

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

Following the initial recognition, the investment property is measured at cost less any subsequent accumulated depreciation and any subsequent impairment losses.

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 4.6 and note 4.7.

4.14. Financial instruments

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

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

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

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

All financial assets are recognized on their transaction date.

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

4.14.1. Financial assets

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

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

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

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

Loans and receivables

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

4.14.2. Financial liabilities

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

Financial liabilities are recognized when the Company becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'Finance costs' or 'Finance 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 income statement on an accrual basis using the effective interest method and are added to the carrying amount of the financial liability to the extent that they are not settled in the period in which they arise.

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

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

4.15. Inventories

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

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

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

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

4.16. Income taxes

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

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

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

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

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.21.

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

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

4.17. Cash and cash equivalents

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

4.18. Equity, reserves and dividend payments

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

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

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

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

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

4.19. Post employment benefits and short-term employee benefits

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

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

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

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

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

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

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

4.20. Provisions, contingent liabilities and contingent assets

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

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

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

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

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

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

4.21. Significant management judgment in applying accounting policies

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

4.21.1. Leases

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

4.21.2. Deferred tax assets

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

4.22. Estimation uncertainty

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

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

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

4.22.1. Impairment

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

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

4.22.2. Useful lives of depreciable assets

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

At 31 December 2009 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in notes 5 and 6. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

4.22.3. Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability BGN 43 thousand (2008: BGN 0) is based on standard rates of inflation, expected resignation rate and mortality. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to yield of government bonds.

4.22.4. Fair value of financial instruments

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

5. Intangible assets

Intangible assets of the Company include acquired property rights, trademarks and software licenses. Their carrying amount for the current accounting period can be presented as follows:

	Property rights	Trade marks	Software licenses	Intangible assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount					
Balance at 1 January 2009	978	1	10	601	1 590
Additions, separately acquired	-	9	-	-	9
Disposals	-	-		(601)	(601)
Balance 31 December 2009	**978**	**10**	**10**	**-**	**998**
Amortization					
Balance at 1 January 2009	(978)	(1)	(9)	-	(988)
Amortization	-	-	(1)	-	(1)
Balance at 31 December 2009	**(978)**	**(1)**	**(10)**	**-**	**(989)**
Carrying amount at 31 December 2009	**-**	**9**	**-**	**-**	**9**

	Property rights	Trade marks	Software licenses	Intangible assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount					
Balance at 1 January 2008	978	1	51	-	1 030
Additions, separately acquired	-	-	-	601	601
Disposals	-	-	(41)	-	(41)
Balance 31 December 2008	**978**	**1**	**10**	**601**	**1 590**
Amortization					
Balance at 1 January 2008	(733)	(1)	(49)	-	(783)
Amortization	(245)	-	(1)	-	(246)
Disposals	-	-	41	-	41
Balance at 31 December 2008	**(978)**	**(1)**	**(9)**	**-**	**(988)**
Carrying amount at 31 December 2008	**-**	**-**	**1**	**601**	**602**

In 2008 the Company has recognized intangible assets in process of acquisition at the amount of BGN 601 thousand in relation to a project for construction of a new airport in Kazan, Russia. The project is sold in 2009.

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.

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 2009	8 580	144	740	8 787	179	276	4 637	23 343
Additions, separately acquired	-	-	43	-	-	837	9 950	10 830
Disposals	-	(118)	(605)	-	(12)	(855)	(10 534)	(12 124)
Balance at 31 December 2009	**8 580**	**26**	**178**	**8 787**	**167**	**258**	**4 053**	**22 049**
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	**8 580**	**11**	**4**	**5 711**	**-**	**170**	**4 053**	**18 529**

	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 2008	401	654	1 057	22 042	179	607	4 023	28 963
Additions, separately acquired	8 179	-	15	-	-	88	692	8 974
Disposals		(510)	(332)	(13 255)	-	(419)	(78)	(14 594)
Balance at 31 December 2008	**8 580**	**144**	**740**	**8 787**	**179**	**276**	**4 637**	**23 343**
Depreciation								
Balance at 1 January 2008	-	(153)	(1 021)	(5 295)	(179)	(482)	-	(7 130)
Disposals	-	122	318	5 302	-	414		6 156
Depreciation		(22)	(21)	(2 204)	-	(27)		(2 274)
Balance at 31 December 2008	**-**	**(53)**	**(724)**	**(2 197)**	**(179)**	**(95)**	**-**	**(3 248)**
Carrying amount as at 31 December 2008	**8 580**	**91**	**16**	**6 590**	**-**	**181**	**4 637**	**20 095**

Assets in a process of acquisition amounting to BGN 4 053 thousand as at the balance sheet date comprise of 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. The Company's obligation to this contract is to build a municipal center for recreation, training and qualification.

On 18 April 2006 three of the Company's aircrafts (British Aerospace BAE/Model 146-300) acquired under the terms of a hire purchase agreement, signed with ANZEF Limited, United Kingdom, are pledged as collateral and registered in the Special Pledges Register. Their carrying amount as at 31 December 2009 is BGN 5 711 thousand (31 December 2008 - BGN 6 590 thousand) (See note 9).

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

In 2009 and 2008 the Company has no contractual commitment to acquire assets

7. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation	Main activities	2009 BGN '000	share %	2008 BGN '000	share %
CCB Group EAD	Bulgaria	Finance sector	160 270	100.00%	160 270	100.00%
Molet AD	Bulgaria	Air transport	27 626	100.00%	27 626	100.00%
Bulgarian Aviation Group EAD	Bulgaria	Air transport	25 039	100.00%	25 039	100.00%
Sport complex Varna AD	Bulgaria	Real estate property	22 474	65.00%	22 474	65.00%
Central Cooperative Bank AD	Bulgaria	Finance sector	20 477	2.88%	20 477	2.88%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	14 880	99.00%
ZAD Armeec	Bulgaria	Finance sector	9 492	4.30%	-	0.00%
Bulchimex GmbH	Germany	Real estate property	2 500	100.00%	2 500	100.00%
Trans Intercar EOOD	Bulgaria	Transport	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%
Energoproekt AD	Bulgaria	Engineering sector	1 722	83.20%	1 664	83.20%
Chimimport Holland B.V.	Netherlands	Finance sector	1 294	100.00%	1 294	100.00%
Chimsnab AD	Bulgaria	Production and trade	1 011	93.33%	1 011	93.33%
Chimimport Group EAD	Bulgaria	Production and trade	998	100.00%	998	100.00%
Oil and Gas Exploration and Production Plc.	Bulgaria	Production and trade	956	3.65%	12 744	52.70%
HGH Consult Ltd.	Bulgaria	Service sector	111	59.34%	111	59.34%
Brand New Ideas EOOD	Bulgaria	Production and trade	5	100.00%	5	100.00%
Anitas 2003 EOOD	Bulgaria	Production and trade	5	100.00%	5	100.00%
Prime Lega Consult OOD	Bulgaria	Service sector	4	70.00%	4	70.00%
Zarneni hrani Bulgaria AD	Bulgaria	Production and trade	-	0.00%	96 057	57.78%
Investicionna kompania Galata AD	Bulgaria	Real estate property	-	0.00%	200	10.00%
			294 459		**391 454**	

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

In 2009 the Company has acquired 4.30% of the share capital of ZAD Armeec AD. The investment is reported as investment in subsidiary due to the indirect controlling interest in the company.

As a result of the reorganization process which includes the restructuring of the owned shares, the following sales within the Group of Chimimport are performed:

- Oil and Gas Exploration and Production Plc. - 49.83%
- Zarneni hrani Bulgaria AD – 57.78%

During the reporting period the Company has acquired another 0.78% share in the share capital of Oil and Gas Exploration and Production Plc. for the amount of BGN 263 thousand.

In 2009 Chimimport AD has performed initial public offering of ordinary shares of Investicionna kompania Galata AD on the Bulgarian Stock Exchange. Subsequently, Chimimport AD has sold 37.81% of the share capital of the company, as a result of which a gain amounting to BGN 33 547 thousand was realized. The Company has also realized gain from revaluation of financial instruments amounting to BGN 19 712 thousand.

As at 31 December 2009 Chimimport has increased its investment in Port Lesport AD with the amount of BGN 1 500 thousand.

In 2009 and 2008 the Company has not received any dividends.

The Company has not incurred any contingent liabilities or other commitments relating to its investments in subsidiaries

8. Investments in associates

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

Name of the associate	**2009 BGN '000**	**share %**	**2008 BGN '000**	**share %**
PIC SAGLASIE Co. LTD	16 768	49.43%	15 028	49.28%
Holding Nov Vek AD	9 697	28.20%	9 695	28.20%
Konor OOD	5	20.00%	5	20.00%
Holding Varna AD	-	-	34 905	21.27%
Electroterm AD	-	-	715	38.07%
	26 470		**60 348**	

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

	2009 BGN '000	2008 BGN '000
Assets	85 023	231 324
Liabilities	45 860	62 483
Revenue	9 963	18 787
(Loss)/ Profit	(1 659)	889
Share in (loss)/ profit, attributable to the Company	(559)	323

As at 31 December 2009 Chimimport AD has increased its investment in PIC SAGLASIE Co. LTD with the amount of BGN 1 740 thousand.

In 2008 and 2009 the Company has not received any dividends. The investments in associates are recognized in the financial statements using the cost method.

9. Lease

9.1. Finance leases as lessee

The Company is 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 5 711 thousand (2008 – BGN 6 590 thousand). The assets are disclosed in note "Property, plant and equipment" (See note 6).

The finance lease liabilities are secured with the leased assets.

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

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**

31 December 2008	**Within 1 year** **BGN'000**	**From 1 to 5 years** **BGN'000**	**Total** **BGN'000**
Lease payments	2 148	2 767	4 915
Finance charges	(348)	(774)	(1 122)
Net present value	**1 800**	**1 993**	**3 793**

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 irrevocable contract for operating subleasing (See note 9.2).

9.2. Operating leases as lessee

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

	Minimum lease payments due		
	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000
As at 31 December 2009	384	672	**1 056**
As at 31 December 2008	384	1 056	**1 440**

Lease payments recognized as an expense during the period amount to BGN 384 thousand (2008: BGN 384 thousand). This amount consists of minimum lease payments.

On 1 September 2006 the Company has signed an operating lease contract with Trans intercar EOOD for lease of 9 automobiles with monthly payments at the amount of BGN 32 thousand until 1 September 2012.

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.

9.3. 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 2009	2 081	694	**2 775**
As at 31 December 2008	2 344	3 345	**5 689**

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.

10. Investment property

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

	Investment property BGN '000
Gross carrying amount	
Balance at 1 January 2009	1 964
Improvement costs	3 032
Balance at 31 December 2009	**4 996**
Depreciation	
Balance at 1 January 2009	(868)
Depreciation	(79)
Balance at 31 December 2009	**(947)**
Carrying amount as at 31 December 2009	**4 049**

	Investment property BGN '000
Gross carrying amount	
Balance at 1 January 2008	1 964
Balance at 31 December 2008	**1 964**
Depreciation	
Balance at 1 January 2008	(789)
Depreciation	(79)
Balance at 31 December 2008	**(868)**
Carrying amount as at 31 December 2008	**1 096**

The investment property owned by the Company is a building, which is located on 1 Batenberg Str., Sofia, which is held with the purpose of increasing the value of share capital.

In 2009 the Company has made improvements to the investment property for the amount of BGN 3 302 thousand.

As at 31 December 2009 the fair value of the investment property amounts to BGN 18 859 thousand (as at 31 December 2008 – BGN 21 827 thousand) and is estimated by the Company according to the current market levels. The investment property was not valued by an independent appraiser.

As at 31 December 2009 the Company has entered into an agreement for repair of the investment property.

In 2009 the Company has not realized any operating income from investment property. Operating income from investment property for 2008 amounts to BGN 30 506 thousand and is presented in the Statement of comprehensive income through "Operating revenue". Contingent rental income has not been recognized. Direct operating expenses amounting to BGN 97 thousand are recognized as "hired services – taxes and fees" (2008: BGN 69 thousand).

11. Long-term financial assets

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

	Note	2009 BGN'000	2008 BGN '000
Available-for-sale financial assets	11.1	1 332	1 332
		1 332	**1 332**

11.1. Available-for-sale financial assets

	Country of incorporation	2009 BGN'000	Share %	2008 BGN'000	Share %
Tatinvest bank	Russia, Kazan	1 136	5.01%	1 136	5.01%
Plovdivska Stokova Borsa	Bulgaria	88	4.37%	88	4.37%
Chimimport Hungary KKFT	Hungary	82	48.00%	82	48.00%
BZOK Zakrila	Bulgaria	10	5.00%	10	5.00%
Oximoron 2003 OOD	Bulgaria	5	47.00%	5	47.00%
Gazinvest AD	Bulgaria	8	8.00%	8	8.00%
Inofert OOD	Bulgaria	2	20.00%	2	20.00%
Unicredit Bulbank AD	Bulgaria	1	0.00%	1	0.00%
		1 332		**1 332**	

12. Long-term receivables

	2009 BGN '000	2008 BGN '000
Pavleks 97 EOOD	40 787	-
Rostinvest AD	9 404	7 049
Franchise Development OOD	5 698	5 689
Prima chim EOOD	4 709	-
Tim consult EOOD	1 688	685
Slanchevi luchi Provadia AD	397	-
Velgraf Assets Management AD	103	-
Interlease AD	-	88
	62 786	**13 511**

13. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences of revaluation of financial instruments, unused paid leaves and pension provision and can be summarized as follows:

	1 January 2009 BGN '000	Recognized in profit and loss BGN '000	31 December 2009 BGN '000
Current assets			
Short-term financial assets	-	1 971	1 971
Non-current liabilities			
Employee pension obligations	-	(3)	(3)
Current liabilities			
Other payables to employees	(1)	(2)	(3)
Provisions for unused paid leaves	(5)	-	(5)
	(6)	**1 966**	**1 960**
Recognized as:			
Deferred tax asset	**(6)**		**(11)**
Deferred tax liability	**-**		**1 971**
Net deferred tax (assets)/liabilities	**(6)**		**1 960**

Deferred taxes for the comparative period 2008 can be summarized as follows:

	1 January 2008 BGN '000	Recognized in profit and loss BGN '000	31 December 2008 BGN '000
Current liabilities			
Other payables to employees	-	(1)	(1)
Provisions for unused paid leaves	-	(5)	(5)
	-	**(6)**	**(6)**
Recognized as:			
Deferred tax asset	-		**(6)**

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

14. Inventories

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

	2009 BGN '000	2008 BGN '000
Raw materials and consumables	2	2
Goods	44	86
	46	**88**

None of the inventories are pledged as securities for liabilities.

15. Short-term financial assets

In the reporting periods under review the other short-term financial assets include various investments in money market funds considered to be held for short-term trading.

	Note	2009 BGN '000	2008 BGN '000
Financial assets at fair value through profit or loss	15.1	19 971	-
Available-for-sale financial assets	15.2	24 947	5 389
		44 918	**5 389**

As at 31 December 2009 the Company has not pledged any short-term financial assets.

15.1.Financial assets at fair value through profit or loss

	2009 BGN '000	2008 BGN '000
Investicionna kompania Galata AD	19 971	-
	19 971	**-**

The short-term financial assets are classified as financial instruments at fair value through profit or loss. As at 31 December 2009 the financial assets are presented at fair value based on the prices quoted on the Bulgarian Stock Exchange – Sofia.

15.2. Available-for-sale financial assets

	Country of incorporation	2009 BGN '000	share %	2008 BGN '000	share %
Convertible bonds	Switzerland	19 558	-	-	-
PFK Cherno more AD	Bulgaria	4 700	91.67%	4 700	91.67%
David 202 AD	Bulgaria	519	99.79%	519	99.79%
MIT 2003 EOOD	Bulgaria	161	100.00%	161	100.00%
Zarneni hrani Varna OOD	Bulgaria	3	60.00%	3	60.00%
Zarneni hrani Plovdiv OOD	Bulgaria	3	51.00%	3	51.00%
Bulgarian Government Securities	Bulgaria	3		3	
		24 947		**5 389**	

The shares in these companies are not traded on a regulated market and their fair value cannot be determined as at 31 December 2009.

16. Loans granted

	2009 BGN '000	2008 BGN '000
ABAS EOOD	28 066	28 066
INO EOOD	11 109	11 216
Loriyan EOOD	8 219	8 920
PFK Cherno more AD	7 814	4 470
New Industrial Company EOOD	6 689	7 580
Technoimportexport AD	5 651	32
AKIN EOOD	5 593	6 157
Business center Izgrev EOOD	4 584	4 191
Ital Commerce 75 EOOD	2 997	1 103
Axe 77 EOOD	2 758	3 385
Bliasak EOOD	1 548	1 930
Armi Group EOOD	2 163	2 163
Denis 2001 EOOD	1 404	-
St.St. Konstantin and Elena AD	1 135	671
Office 1 Superstore – Ukraine	1 001	1 001
General Stock Investment EOOD	570	8 964
Velgraf Assets Management EAD	-	1 162
Other	4 161	23 219
	95 462	**114 230**

Short-term loans are granted with annual interest rates from 7% to 14%, depending on the maturity date. The loans are receivable on demand of the Company. None of the loans has any collateral pledged. 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. As at 31 December 2009 there are no receivables pledged as collateral.

17. Trade receivables

	2009 BGN '000	2008 BGN '000
Advances for purchase of investments	60 000	60 000
Velgraf Assets Management AD	4 453	4 453
Pierro 97 MA AD	1 353	2 461
Other	3 182	3 159
	68 988	**70 073**

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 258 thousand (2008: BGN 70 thousand) has been recognized in the Statement for 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.

18. Tax receivables

	2009 BGN '000	2008 BGN '000
VAT refundable – for December	70	75
	70	**75**

19. Other receivables

	Note	2009 BGN '000	2008 BGN '000
Interest receivables on long-term and short-term loans	19.1	23 632	11 562
Court receivables	19.2	109	222
Short-term deposits		2 893	3 925
Other short-term receivables		6 044	3 067
		32 678	**18 776**

19.1.Interest receivables on long-term and short-term loans

	2009 BGN '000	2008 BGN '000
ABAS EOOD	5 206	2 400
Pavleks 97 EOOD	3 824	-
INO EOOD	1 880	540
PFK Cherno more AD	1 337	491
Business Center Izgrev EOOD	1 321	821
Bliasak EOOD	986	733
Rostinvest AD	947	175
Axe 77 EOOD	892	552
Franchise Development OOD	829	350
New Industrial Company EOOD	698	24
Lorian EOOD	406	872
Technoimportexport AD	319	2
Nordius EOOD	314	257
Tim consult EOOD	313	170
Office 1 Superstore – Ukraine	259	67
Zarneni hrani Plovdiv OOD	222	178
Energomat OOD	183	183
Andezit OOD	111	80
Other below BGN 100 thousand	3 585	3 667
	23 632	**11 562**

19.2. Court receivables

	2009 BGN '000	2008 BGN '000
Privatization Agency	90	90
Hydrotechnika AD	-	37
ET Skud – Mehti Kasamov	-	34
Other	19	61
	109	**222**

20. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2009 BGN'000	2008 BGN'000
Cash at bank and in hand:		
- BGN	20 746	68 126
- Euro	13 019	33 708
- USD	6	6
Short-term deposits	89 004	-
	122 775	**101 840**

The amount of cash and cash equivalents at deposits in banks is BGN 89 004 thousand at 6% annual interest rate.

21. Equity

21.1. Share capital

The share capital of the Company as at 31 December 2009 consists of 150 577 390 ordinary shares with a par value of BGN 1 and 89 068 877 preferred shares with a par value of BGN 1. The shares of the Company are ordinary, registered and subject to unrestricted transfers and entitle 1 voting right and liquidation quota. The preferred shares do not entitle voting rights. They give the owner the right to a cumulative guaranteed dividend and to a guaranteed liquidation quota of the Company's estate.

	2009 BGN'000	2008 BGN'000
Shares issued and fully paid:		
- beginning of the year	149 999 984	149 999 984
- issued during the year /preferred shares/	89 068 877	-
- converted preferred shares into common stock during the year	577 406	-
Shares issued and fully paid as at 31 December	**239 646 267**	**149 999 984**

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 199 014 748.26. 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 funds above the nominal value of the share capital amounting to BGN 109 368 465.26 are allocated as follows:

- BGN 27 621 665.26 – share premium
- BGN 8 348 230.00 – short-term dividend liabilities
- BGN 70 007 570.00 – long-term dividend liabilities
- BGN 3 391 000.00 – share issue expenses

The dividend liabilities and share premium, as a result of the conversion of 577,406 preferred shares into ordinary shares, are allocated as follows:

- BGN 28 131 870.60 – share premium
- BGN 8 432 290.00– short-term dividend liabilities
- BGN 74 100 530.00– long-term dividend liabilities

The major shareholder Chimimport Invest AD has fulfilled the undertaken obligation and inscribed preferred shares corresponding to rights. More than 51% of the new shares are inscribed by local investors including 32% by institutions.

The list of the principal shareholders is as follows:

	2009 Number of shares	**2009** %	**2008** Number of shares	**2008** %
Chimimport Invest AD	109 724 464	72.87%	109 423 676	72.95%
ARTIO INTERNATIONAL EQUITY FUND	10 693 367	7.10%	11 573 251	7.72%
CCB Group EAD	5 192 408	3.45%	5 192 408	3.46%
EFG EUROBANK ERGASIAS	1 362 229	0.90%	-	0.00%
Scandinavian Enskilda Banken	1 345 999	0.89%	1 300 456	0.87%
Kasias Bank Germany	1 275 706	0.85%	-	0.00%
Unicredit Bank Austria	1 266 249	0.84%	-	0.00%
DIAS Investment company	1 171 377	0.78%	818 230	0.55%
MEI Funds for Bulgaria and Romania	708 188	0.47%	545 688	0.36%
Consolid Commerce EAD	704 276	0.47%	704 276	0.47%
Raiffeisen Central Bank – Austria	592 361	0.39%	265 581	0.18%
HVB AG ATHENS	564 981	0.38%	244 030	0.16%
EATON VANCE TAX-MANAGED EMERGING MARKETS	487 988	0.32%	-	0.00%
EFG Eurobank Clients ACC	458 168	0.30%	1 674 279	1.12%
Invest Bank AD	417 697	0.28%	776 549	0.52%
ABNAMRO BANK – London	405 471	0.27%	347 517	0.23%
DSK – funds (OTP Group)	325 324	0.22%	1 192 921	0.80%
Danske fund Eastern Europe – Luxembourg	320 500	0.21%	500 000	0.33%
Raiffeisen – mutual funds	120 000	0.08%	200 000	0.13%
Standard Investment – mutual funds	109 802	0.07%	144 522	0.10%
Other legal entities	6 988 330	4.64%	8 191 076	5.46%
Other private individuals	6 342 505	4.22%	6 905 524	4.59%
	150 577 390	**100.00%**	**149 999 984**	**100.00%**

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

	2009 Number of shares / common stock and preferred shares/	2009 %
Chimimport Invest AD	181 149 195	75.59%
Julius Bear	17 729 376	7.40%
EFG Eurobank Clients ACC	1 822 317	0.76%
Scandinavian Enskilda Banken	1 345 999	0.56%
Bank Austria Kredit Anstalt	2 257 850	0.94%
Danske fund Eastern Europe – Luxembourg	452 500	0.19%
Consolid Commerce EAD	704 276	0.29%
DSK – funds (OTP Group)	630 544	0.26%
Invest Bank AD	453 679	0.19%
MEI – Romanian and Bulgarian funds	778 188	0.32%
ABNAMRO BANK – London	405 471	0.17%
Raiffeisen – mutual funds	273 869	0.11%
Raiffeisen Central Bank – Austria	592 361	0.25%
Standard Investment – mutual funds	109 802	0.05%
Other legal entities	22 249 778	9.28%
Other private individuals	8 691 062	3.64%
	239 646 267	**100.00%**

Withholding tax for dividends due from individuals and foreign legal entities for 2008, 2009 and 2010 amounts to 5% and the tax is deducted from the gross amount of dividends.

21.2. Share premium

As at 31 December 2009 the share premium amounts to BGN 260 475 thousand. The proceeds received in addition to the nominal value of the preferred stock issued during the year are included in the share premium, decreased by the registration and other regulatory fees. As at 31 December 2009 the value of the share premium formed as a result of the issuing of preferred shares, included in the share capital amounts to BGN 28 132 thousand. The transaction costs related to the share issue, amounting to BGN 2 033 thousand are deducted from the share premium.

The share premium as at 31 December 2008 amounts to BGN 232 343 thousand. 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 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 respectively to BGN 581 thousand and BGN 327 thousand are deducted from the share premium.

21.3. Other reserves

Other reserves, amounting to BGN 6 534 thousand as at 31 December 2009 (BGN 6 734 thousand as at 31 December 2008) are accumulated in accordance with the requirements of the Commercial Act for accumulation of statutory reserves.

22. Dividend liabilities

As at 31 December 2009 dividend liabilities for the preferred shares are as follows:

	Current		Non-current	
	2009	**2008**	**2009**	**2008**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Dividend liabilities	8 432	-	74 101	-
	8 432	**-**	**74 101**	**-**

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. 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.

23. Employee remuneration

23.1. Employee benefits expense

Expenses recognized for employee benefit include wages, salaries, as well as key management remuneration for achieved results including 2008, social security costs, unused leaves and provision for pension as follows:

	2009	**2008**
	BGN'000	**BGN'000**
Wages and salaries	(1 892)	(663)
Social security costs	(120)	(111)
Expenses for unused leaves	(30)	(45)
Pension provision	(41)	-
Employee benefits expense	**(2 083)**	**(819)**

23.2. 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:

	2009 BGN'000	2008 BGN'000
Non-current:		
Pension provisions	27	-
Non-current pension and other employee obligations	**27**	**-**
Current:		
Pension and other employee obligations	98	45
Social security payables	34	34
Payables for unused leaves	42	14
Current pension and other employee obligations	**174**	**93**

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled during 2010.

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

	2009	2008
Discount rate	6%	-
Expected rate of salary increases	2%	-
Resignation expectancies at the end of each year		
Employees under 30 years of age	6%	-
Employees between 30 and 40 years of age	4%	-
Employees between 40 and 50 years of age	2%	-
Employees between 50 and 60 years of age	1%	-
Employees over 60 years of age	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:

	2009 BGN'000	2008 BGN'000
Defined benefit obligation	43	-
Defined benefit plans	**43**	**-**
Classified in the statement of financial position as:		
Non-current liabilities	27	-
Current liabilities	16	-

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

	2009 BGN'000	2008 BGN'000
Employee benefits expense		
Past service cost	41	-
Interest costs	2	-
Total expense recognized in profit or loss	**43**	**-**

Interest costs have been included in 'Interest expenses' in the Statement of comprehensive income (see note 31). All other expenses summarized above were included within 'Employee benefits expense' (see note 23.1). The Company recognizes all actuarial gains and losses in accordance with the corridor approach (see note 4.19). In 2009, actuarial gains and losses did not arise.

24. Borrowings measured at amortized cost

Borrowings include the following financial liabilities:

	Notes	Current		Non-current	
		2009 BGN'000	2008 BGN'000	2009 BGN'000	2008 BGN'000
Financial liabilities measured at amortized cost:					
Bank loans	24.2	2 920	2 920	-	-
Other loans	24.1, 24.3	40 865	10 524	5 051	-
Total carrying amount		**43 785**	**13 444**	**5 051**	**-**

24.1. Long-term loans

	2009 BGN'000	2008 BGN'000
Neftena Targovska Kompania EOOD	1 569	-
Rentapark EOOD	3 482	-
	5 051	**-**

24.2. Short-term bank loans

	2009 BGN'000	2008 BGN'000
DSK Bank AD	2 920	2 920
	2 920	**2 920**

Loan agreement with DSK Bank AD

The bank loan from DSK Bank AD is defined by contract 599/02.10.2006, with a maturity on 02 October 2010. The loan is secured with a mortgage on buildings part of the "Dom na geologa" area, in St.st. Konstantin and Elena resort, owned by Park build OOD. The negotiated interest rate is the base interest rate plus 3.5%. The maximum loan amount is BGN 3 million.

24.3. Other short-term loans

	2009 BGN'000	2008 BGN'000
Finance Consulting EAD	12 090	175
Bulgarian Mills EOOD	11 244	55
Niko Commerce EOOD	8 364	88
Kamchiya AD	3 591	-
Plovdivska Stokova Borsa AD	1 375	1 375
Buildco EOOD	1 274	329
Gama Finance EOOD	1 065	-
Holding Varna AD	1 143	-
Capital Management ADSIC	591	8
Neftena Targovska Kompania EOOD	-	4 933
Denis 2001 OOD	-	3 362
Other	128	199
	40 865	**10 524**

Short-term loans are granted with annual interest rates from 7% to 11% 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.

25. Trade payables

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

	2009 BGN'000	2008 BGN'000
Current:		
Samokov Municipality	3 661	3 661
Liabilities from advance payments	11 629	2 309
Other	1 626	2 275
	16 916	**8 245**

26. Tax liabilities

The tax liabilities include:

	2009 BGN'000	2008 BGN'000
Corporate income tax	2 933	6 469
Income tax of natural persons	38	2
Taxes on expenses	-	15
	2 971	**6 486**

27. Other liabilities

Other liabilities can be summarized as follows:

	Note	2009 BGN'000	2008 BGN'000
Interest payables on short-term loans	27.1	2 761	997
Other short-term liabilities		5 412	6 492
		8 173	**7 489**

27.1. Interest payables on short-term loans

	2009 BGN'000	2008 BGN'000
Finance Consulting EAD	760	-
Bulgarian Mils EOOD	456	3
Neftena Targovska Kompania EOOD	370	253
Niko Commerce EOOD	219	2
Kamchiya AD	178	-
Velgraf Assets Management EAD	170	169
Buildco EOOD	154	-
Ital Commerce EOOD	107	107
Other	347	463
	2 761	**997**

28. Gains from transactions with financial instruments

	2009 BGN'000	2008 BGN'000
Gain from sale of financial instruments	50 549	36 099
Gain from revaluation of financial instruments	19 962	-
	70 511	**36 099**

29. Losses from transactions with financial instruments

	2009 BGN'000	2008 BGN '000
Loss from sale of financial instruments	(51)	(1 109)
	(51)	**(1 109)**

30. Interest income

Interest income, resulting from:	2009 BGN'000	2008 BGN'000
- loans granted	33 561	18 469
- bank deposits	1 454	81
	35 015	**18 550**

31. Interest expenses

Interest expense, resulting from:	2009 BGN'000	2008 BGN'000
- bank loans	(797)	(736)
- finance lease	(488)	(442)
- preferred shares	(4 687)	-
- pension provisions	(2)	-
- loans received	(13 535)	(7 845)
	(19 509)	**(9 023)**

32. Other financial income and expenses

Other financial income	2009 BGN'000	2008 BGN'000
Income from transactions with cession agreements	4 831	664
Other income	-	1
	4 831	**665**

Other financial expenses	2009 BGN'000	2008 BGN'000
Bank charges and commissions	(307)	(123)
Fines and penalty charges	(268)	(167)
Other financial expenses	-	(70)
	(575)	**(360)**

33. Gains and losses from changes in the exchange rates

	2009 BGN'000	2008 BGN'000
Gain from changes in the exchange rates	468	110
Loss from changes in the exchange rates	(117)	(255)
Net result from changes in the exchange rates	**351**	**(145)**

34. Operating revenue

The Company's revenue can be analyzed as follows:

	2009 BGN'000	2008 BGN'000
Revenue from goods sold	14	46
Revenue from services	6 537	1 195
Revenue from investment properties	-	30 506
Revenue from leases	2 179	5 365
Revenue from payables written-off	1 598	-
Other operating revenue	418	156
	10 746	**37 268**

35. Operating expenses

	Note	2009 BGN'000	2008 BGN'000
Cost of goods sold		(10)	(37)
Cost of materials		(73)	(48)
Hired services expenses		(2 864)	(2 887)
Depreciation and amortization		(1 011)	(2 599)
Employee benefits expenses	23.1	(2 083)	(819)
Receivables written-off		(464)	(70)
Other expenses		(280)	(1 719)
		(6 785)	**(8 179)**

36. Gain from sale on non-current assets

	2009 BGN '000	2008 BGN '000
Gain from sale on non-current assets	905	27 068
Carrying amount of non-current assets sold	(111)	(8 354)
	794	**18 714**

37. Tax expense

The relationship between the expected tax expense based on the effective tax rate at 10% (2008: 10%) and the tax expense actually recognized in the income statement can be reconciled as follows:

	2009 BGN'000	2008 BGN'000
Profit for the year before tax	95 328	92 480
Tax rate	10%	10%
Expected tax expense	**(9 533)**	**(9 248)**
Tax effect from deductions of the financial result	6 831	3 058
Tax effect from additions to the financial result	(231)	(285)
Current tax expense	**(2 933)**	**(6 475)**
Tax rate	10%	10%
Deferred tax (expense)/income, resulting from:		
-accrual and reversal of temporary tax differences	(1 966)	6
Tax expense	**(4 899)**	**(6 469)**

Note 13 presents information on the deferred tax assets and liabilities.

38. Earnings per share

38.1. 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:

	31 December 2009 BGN	31 December 2008 BGN
Net profit attributable to shareholders	90 429 000	86 011 000
Weighted average number of shares	149 752 737	149 999 984
Basic earnings per share (BGN per share)	**0.6039**	**0.5734**

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 decreased by the dividend liabilities attributable to shareholders are as follows:

	31 December 2009 BGN
Net profit attributable to shareholders	90 428 000
Weighted average number of shares	238 989 702
Diluted earnings per share (BGN per share)	**0.3784**

39. Related party transactions

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

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

39.1. Transactions with owners

	2009 BGN'000	2008 BGN'000
- Sales of financial instruments		
Chimimport Invest AD – owner	7 915	26 000
	7 915	**26 000**

39.2. Transactions with subsidiaries and associates

	2009 BGN'000	2008 BGN'000
Sales		
- Sales of financial instruments		
Chimimport Group OOD	6 800	-
	6 800	**-**
- sales of goods		
Brand New Ideas EOOD	38	-
Bulchimtrade OOD	4	-
Rubber trade OOD	-	34
	42	**34**
- gains from sale of non-current assets		
Zarneni Hrani Bulgaria AD	650	-
Bulgarian River Shipping AD	19	-
Bulchimtrade OOD	5	-
Bulgarian Aviation Group EAD	-	15 568
	674	**15 568**
- sales of services, rent income and interest income		
Bulgarian Aviation Group EAD	6 351	2 545
CCB GROUP EAD	2 937	-
Bulgarian Shipping Company EAD	2 401	1 801
Trans interkar EOOD	1 048	-
Holding Nov Vek AD	588	274
Bulhimeks OOD	176	-
Energoproekt AD	166	-
Aviation Company Hemus Air EAD	119	4 085
Other, below BGN 100 thousand	187	3 502
	13 973	**12 207**

	2009 BGN‘000	2008 BGN‘000
Purchases		
- purchases of services, goods and interest (associates)		
Holding Varna AD	-	170
	-	**170**
- purchases of services, goods and interest (subsidiaries)		
Chimimport Holland B.V.	9 211	4 336
ZAD Armeec	231	569
CCB Life EAD	167	292
Other, below BGN 100 thousand	272	2 331
	9 881	**7 528**

39.3. Transactions with key management personnel

Key management personnel of the Company includes member of the Managing board and Supervisory board.
Expenses recognized for employee benefit include wages, salaries, as well as key management remuneration for achieved results including 2008, social security costs, unused leaves and provision for pension as follows:
Key management personnel remuneration consists of salaries and bonuses for achieved results including in 2008 as follows:

	2009 BGN‘000	2008 BGN‘000
Short-term employee benefits:		
Salaries including bonuses	1 308	154
Social security costs	12	16
Company car allowance	11	26
Total short-term employee benefits	1 331	196
Total remunerations	**1 331**	**196**

40. Related party balances at year-end

Long-term receivables from:	2009 BGN‘000	2008 BGN‘000
- subsidiaries		
Bulgarian Aviation Group EAD	96 237	90 304
Bulgarian Shipping Company EAD	31 662	28 699
Bulchimex GmbH	2 823	-
Bulgarian River Shipping AD	128	-
CCB Group EAD	-	38 631
Total long-term related party receivables	**130 850**	**157 634**

Short-term receivables from:	2009 BGN'000	2008 BGN'000
- owners		
Chimimport Invest AD	22 275	-
	22 275	**-**
- subsidiaries		
Chimimport Group EAD	115 025	108
CCB Group EAD	41 369	1 074
Bulgarian Aviation Group EAD	28 623	22 196
Trans Intercar EOOD	8 690	13 622
Bulgarian Shipping Company EAD	5 990	3 528
Energoproekt AD	5 243	550
Lufthansa Technik Sofia OOD	2 151	-
Aviation Company Hemus Air EAD	1 509	1 408
Brand New Ideas EOOD	1 241	652
Port of Balchik AD	1 227	-
ZAD Armeec	1 144	3 420
Bulchimex GmbH	827	1 469
Rubber Trade OOD	319	306
Chimcelteks OOD	261	255
Chimoil Trade OOD	116	116
Other, below BGN 100 thousand	397	283
	214 132	**48 987**
Including trade receivables	*18 587*	*16 920*
Including Interest receivables	*23 928*	*14 895*
- associates		
Holding Varna AD	-	1
Holding Nov Vek AD	9 605	7 365
Konor OOD	1 083	822
PIC Saglasie Co. Ltd.	739	739
	11 427	**8 927**
Including trade receivables	*1*	-
Including interest receivables	*1 991*	*1 139*
- other related parties under common control		
Asenova Krepost AD	14	-
	14	**-**
Total short-term related party receivables	**247 848**	**57 914**

Long-term payables due to:	**2009 BGN '000**	**2008 BGN '000**
- owners		
Chimimport Invest AD	-	168 353
	-	**168 353**
- subsidiaries		
Chimimport Holland B.V.	-	124 086
Chimsnab AD	225	-
	225	**124 086**
Total long-term related party payables	**225**	**292 439**

Short-term payables to:	**2009 BGN '000**	**2008 BGN '000**
- owners		
Chimimport Invest AD	**-**	**582**
Including interest payables	-	*582*
- subsidiaries		
Chimimport Holland B.V.	130 742	3 278
Port Lesport AD	7 290	7 003
Oil and Gas Exploration and production Plc.	3 022	2 765
Sport Complex Varna AD	2 742	2 697
CCB Life EAD	2 392	2 226
Omega Finance OOD	2 035	480
CCB AD	695	1 581
ZOK CCB EAD	647	636
Anitas 2003 EOOD	499	-
Balgarska Petrolna Rafineria EOOD	390	-
Bulgaria Air AD	348	347
Sofgeoprouchvane EOOD	242	-
Hemus Air EAD	212	-
ZAD Armeec	131	725
Other, below BGN 100 thousand	3 789	3 979
	155 176	**25 717**
Including trade payables	*761*	*271*
Including interest payables	*5 482*	*5 743*
- associates		
Holding Varna AD	-	32 045
Holding Nov Vek AD	334	334
	334	**32 379**
Including interest payables	*334*	*337*
Total short-term related party payables	**155 510**	**58 678**

41. Contingent assets and contingent liabilities

Under article 240 of the Commercial Act, guarantees from Chimimport AD as a member of the managing and supervisory board of the Bulgarian River Shipping AD, Investicionna Kompania Galata AD, Oil and Gas Exploration and Production Plc, Bulgaria Air AD, Aviation Company Hemus Air EAD to the amount of BGN 27 thousand.

Co-debtor on line of credit 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 2011 and continuation option until 25 January 2013.

Guarantee contract between Chimimport AD and Landesbank Baden-Württemberg in addition to loan agreement 068/3124508 dated 29 August 2008, concluded with Zarneni Hrani Bulgaria AD, with maturity date 28 August 2017 and a contractual limit of EUR 2 231 thousand.

Bank guarantees issued according to the contract with DSK Bank EAD, dated 2 October 2006:
- Bank guarantees in favor of Imorent Bulgaria at the amount of EUR 109 thousand.
- Bank guarantees in favor of National Revenue Agency to the value of BGN 547 thousand.

42. 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 42.4. 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.

42.1. Market risk analysis

42.1.1. 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 BGN'000	Euro BGN'000	USD BGN'000	Euro BGN'000
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**
31 December 2008				
Financial assets	1 971	33 703	207	-
Financial liabilities	(2 148)	(4 530)	(1 646)	(291 187)
Total exposure	**(177)**	**29 173**	**(1 439)**	**(291 187)**

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.

It assumes a +/- 5.06% change of the BGN/USD exchange rate for the year ended at 31 December 2009 (2008: +/- 7.21%). Both of these percentages have been estimated based on the average market volatility in the exchange rates for the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of the reporting period.

If the BGN had strengthened/weakened against the USD by 5.06% (2008: +/- 7.21%) then this would have had the following impact:

	Net financial result after tax for the year	Net financial result after tax for the year
	Increase BGN'000	Decrease BGN'000
31 December 2009	(7)	+7
31 December 2008	(105)	+105

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.

42.1.2. 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 2009, 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 2008 – BIR and 3M EUR LIBOR). 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 2009	Impact on post-tax profit of the year					
	3M EUR LIBOR		BIR		Total	
	+	-	+ 55.2%	- 55.2%	+	-
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
	-	-	(127)	127	(127)	127

31 December 2008	Impact on post-tax profit of the year					
	3M EUR LIBOR		BIR		Total	
	+ 10.33%	- 10.33%	+ 6.75%	- 6.75%	+	-
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
	(3)	3	(19)	19	(22)	22

42.1.3. Other price risk

The Company is exposed to other price risk in respect of the following direct investments in subsidiaries and associates, 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 - associate.

The investments in listed subsidiaries and associates 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.

42.2. 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:

	2009 BGN'000	2008 BGN'000
Classes of financial assets – carrying amounts:		
Shares / financial assets /	46 250	6 721
Loans granted	95 462	114 230
Related party receivables	378 698	215 548
Trade and other receivables	164 522	102 435
Cash and cash equivalents	122 775	101 840
Carrying amount	**807 707**	**540 774**

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.

42.3. 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 2009, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2009	Current		Non-current	
	Within 6 months BGN'000	6 to 12 months BGN'000	1 to 5 years BGN'000	Later than 5 years BGN'000
Dividend liabilities	4 216	4 216	49 679	24 422
Bank and other long-term borrowings	-	2 920	5 051	-
Related party payables	12 320	143 190	225	-
Finance lease liabilities	825	825	491	-
Trade and other payables	29 225	36 729	27	-
Total	**46 586**	**187 880**	**55 473**	**24 422**

In regards to the issued secured exchangeable bonds by a company from the group of Chimimport AD there is an option in accordance with Condition 8 (c) from Terms and Conditions of the bonds issued on 22 August 2008 by Chimimport Holland B.V. (with sole owner of the share capital being Chimimport AD) at the amount of EUR 65 000 000 with 7% interest rate and exchangeable for ordinary shares of Chimimport AD (called "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 2010.

This compares to the maturity of the Company's liabilities in the previous reporting periods as follows:

31 December 2008	Current		Non-current	
	Within 6 months BGN'000	6 to 12 months BGN'000	2 to 5 years BGN'000	Later than 5 years BGN'000
Dividend liabilities	-	-	-	-
Other bank borrowings	-	2 920	-	-
Related party payables	-	58 678	168 353	124 086
Financial lease liabilities	900	900	1 993	-
Trade and other payables	8 245	18 013	-	-
Total	**9 145**	**80 511**	**170 346**	**124 086**

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 6 915 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.

42.4. 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**	**2009 BGN'000**	**2008 BGN'000**
Financial assets available-for-sale:			
Shares and bonds	11.1, 15.2	**26 279**	**6 721**
Financial assets available-for-sale designated at fair value through profit or loss:			
Current financial assets	15	**19 971**	**-**
Credits and receivables:			
Loans granted		95 462	114 230
Related party receivables		378 698	215 548
Trade and other receivables	17, 19	164 522	102 435
Cash and cash equivalents	20	122 775	101 840
		761 457	**534 053**

Financial liabilities	Note	2009 BGN '000	2008 BGN '000
Financial liabilities designated at fair value through profit or loss:			
Non-current payables:			
Loans	40	-	168 353
		-	**168 353**
Financial liabilities measured at amortized cost:			
Non-current liabilities:			
- dividend liabilities	22	74 101	-
- loans	24.1, 40	5 276	124 086
- finance lease liabilities	9.1	491	1 993
- other		27	-
Current liabilities			
- dividend liabilities	22	8 432	-
- loans	24.1,24.3 , 40	158 430	70 747
- finance lease liabilities	9.1	1 650	1 800
- trade and other payables	25, 27	65 954	17 109
		314 361	**215 735**

See note 4.16 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 43.

43. Capital management policies and procedures

The Company's capital management objectives are:

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

The Company monitors capital on the basis of the correlation between adjusted capital and 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 is summarized as follows:

	2009 BGN'000	2008 BGN'000
Shareholders' equity	831 803	623 796
Equity	**831 803**	**623 796**
+Subordinated debt	319 477	390 667
- Cash and cash equivalents	(122 775)	(101 840)
Net debt	**196 702**	**288 827**
Capital to net debt	**1:0.24**	**1:0.46**

The ratio-reduction during 2009 is primarily a result of the increase in the Company's equity by issuing of preferred shares.

The Company has honored its covenant obligations, including maintaining capital ratios.

44. Post-reporting date events

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

45. Authorization of the financial statements

The financial statements for the year ended 31 December 2009 (including comparatives) were approved by the board of directors on 31 March 2010.