CHIMIMPORT AD
Financial Statements
31 December 2007

Grant Thornton

CHIMIMPORT
PUBLIC LISTED COMPANY

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Chimimport AD

Report on the financial statements

We have audited the accompanying financial statements of **Chimimport AD,** which comprise the balance sheet as of 31 December 2007, and the income statement, statement of changes in equity and cash flow 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Chimimport AD** as of 31 December 2007, 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 2007.

We have reviewed the management's report for the year ended 31 December 2007 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 2007, 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.

Auditing Company:

Auditing Company GRANT THORNTON LTD Sofia

Grant Thornton Ltd.

Registered Auditor:

0488 Марий Апостолов Регистриран одитор

Mariy Apostolov

31 March 2008
Sofia

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Annual Activity Report
of Chimimport AD, Sofia for 2007

This managements' report presents comments and analysis of the financial reports and other substantial information regarding financial statements and results from the activity for the period 1 January - 31 December 2007.

It has been prepared in accordance with Article 33, Paragraph 1 from the Accountancy Act; Article 100n, Paragraph 7 from the Public Offering of Securities Act and Appendix No10 to Article 32, Paragraph 1, Section 2, Article 35, Paragraph 1, Section 2, Article 41, Paragraph 1, Section 2.

„Chimimport" AD is a public joint-stock company with a registered office at 2 Stefan Karadja Str., Sofia, Bulgaria.

The Company has the following managing bodies: General Meeting of the Shareholders, Supervisory Board and Managing Board.

The members of the Supervisory Board are:

1. „Chimimport Invest" AD, represented by Marin Velinov Mitev;
2. „CKB Group Assets Management" EAD, represented by Mirolub Panchev Ivanov;
3. Jivko Velikov Jekov;

The members of the Managing Board are:

1. Tzvetan Tzankov Botev
2. Alexander Dimitrov Kerezov
3. Nicola Peev Mishev
4. Mirolub Panchev Ivanov
5. Ivo Kamenov Georgiev
6. Marin Velikov Mitev

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

The stocks of the company are listed on the Bulgarian Stock Exchange – Sofia AD.

Share capital: The Company's share capital is at the amount of 149 999 984.00 BGN.

Number of shares issued: 149 999 984 registered stocks, with a par value of 1 BGN.

The Company is engaged in the following business activities:

- Acquisition, management and sale of Bulgarian and foreign companies;
- Import, export, re-export and other trade transactions with oil, chemicals, oil and petrochemical products;
- Commission, forwarding and warehousing services;
- Commercial agency and brokerage;
- Manufacturing and sale of own products;
- Financing of subsidiaries and associates;
- Tourist services.

1. Information regarding the value and the quantity of the general categories of goods, products and/or provided services including their contribution to the issuer's revenue from sales in general and the changes occurred in the current year

Due to the specific character of the issuers's business activities - holding activities, the majority of the Company's revenue is financial and is formed by positive differences from transactions with financial instruments, interest income and dividends received. Financial assets, classified as financial instruments, available for sale are carried out at cost, since their fair value cannot be faithfully estimated considering the indexes on the Bulgarian Stock Exchange as at the time of delivering the report. The operating income consists of revenue from rent and services and do not influence the financial result significantly.

2. Information regarding the income, distributed in separate activity categories, internal and external markets, as well as information on the rendering of services, reflecting the degree of dependency for each customer. In case the percentage of any of the customers exceeds 10 percent of the sales revenue or expenses, information should be provided for each person individually, the client's contribution to sale or purchases and its relationship with the issuer.

2.1 Financial indicators

The Company closed the financial year with total revenue amounting to BGN 94 814 thousand. The total revenue for 2007 has grown with 143.59% compared to 2006.

Operating expanses for the year amount to BGN 12 428 thousand, which is an increase of BGN 4 344 thousand in comparison with the base period i.e. increase with 53.74%.

The financial result for the year ended 2007 considered as earnings before taxes amounts to BGN 82 386 thousand and earnings after taxes amount to BGN 82 483 thousand. There is a positive growth of 182.1 % in the financial result compared to the profit for 2006.

The Company's general financial indicators for 2007 are as follows:

Main financial indicators

BGN 000	2007 BGN 000	2006 BGN 000	Increase/ Decrease (%)
Total revenue	94 814	38 924	143.59
Total expenses (without amortization and depreciation)	9 827	5 889	66.87
Earnings before interest, taxes, depreciation and amortization (EBITDA)	81 696	32 488	151.47
EBITDA / Sales Revenue (%)	86.16	83.47	3 .22
Earnings before interest and tax (EBIT)	79 095	30 293	161.1
EBIT / Sales Revenue (%)	83.42	77.83	7.18
Profit before taxes	82 386	30 840	167.14
Net profit	82 483	29 236	182.13
Cash flow (profit + depreciation)	85 084	31 431	170.7
Current assets	280 425	68 984	306.51
Current liabilities	56 886	59 136	(3.80)
Working capital	223 539	9 848	2169.9
Non current capital	721 091	254 519	183.32
Current liquidity ratio	1.63	0.44	270.45

2.2. Revenue and expenses structure

The revenue structure for 2007 amounting to BGN 94 814 thousand includes: gains from transactions with financial instruments – 82.59%, interest income, foreign exchange gains and other gains – 8.76% and revenue from rents and services – 8.65%.

	2007 BGN 000	2006 BGN 000	Increase/ Decrease (%)
Gains from transactions with financial instruments	78 303	18 375	326.14
	78 303	**18 375**	**326.14**

	2007 BGN 000	2006 BGN 000	Increase/ Decrease (%)
Interest income related to:			
- loans granted	7 045	3 662	92.38
- bank deposits	239	1	100.00
Interest income	**7 284**	**3 663**	98.85
Interest expense related to:			
- bank loans	941	1 347	(30.14)
- finance leases	418	321	30.22
- loans received	2 634	1 448	81.91
Interest expense	**3 993**	**3 116**	28.15

Operating revenue

	2007 BGN 000	2006 BGN 000	Increase/ Decrease (%)
Revenue from sale of products	179	180	(0.56)
Revenue from sale of services	1 711	8 245	(79.25)
Revenue from sale of non-current assets	-	2 600	(100.00)
Rent revenue	6 313	4 527	39.45
	8 203	**15 552**	47.25

The Company's operating expenses during 2007 amount to BGN 8 030 thousand, which is an increase of 68.7% compared to 2006. The operating expenses amount to 64.6% from the total expenses, and the remaining 35.4% are adjustments and financial expenses.

2.4. Post balance sheet events

The following events have occurred during the period 1 January 2008 – 31 March 2008:
- on 30 January 2008 the Company presented the quarterly financial statements for the fourth quarter of 2007 to the Bulgarian Stock Exchange and the Financial Supervision Commission. The operating financial result for 2007 presented in the financial statements amounts to BGN 83 344 thousand operating profit;
- Chimimport AD acquired 6,93% of the share capital of "Tatinvestbank" AO – Kazan, Republic of Tatarstan on 07.02.2008

- on 29 February 2008 the Company presented consolidated quarterly financial statements for the fourth quarter of 2007 to the Bulgarian Stock Exchange and the Financial Supervision Commission. The stated financial result amounts to BGN 137 785 thousand, including profit for the shareholders of Chimimport AD amounting to BGN 120 069 thousand.
- Chimimport AD acquired all voting shares from the share capital of "Molet" AD on 07.03.2008 with the authorization of the Commission for Protection of Competition
- For the period 26 - 28 March 2008 a working group, led by the executive director Mr. Ivo Kamenov visited Tatarstan by the invitation of the President of Republic of Tatarstan – Mr. Mintimer Shaymiev and the Government of the Republic. During the visit the parties came to the agreement to establishing a mixed company on a parity basis. The Company will complete the reconstruction and expansion of the airport in Kazan and will take over the management of the national carrier of the republic.

2.5. Important Research and Development

The Company did not appoint or perform any important research and development activities during 2007.

3. Information regarding conclusion of major deals or such of a significant importance for the activity of the issuer

The Company has not made any significant deals throughout the accounting period, that may have any serious impact on the future activity of the issuer.

4. Information regarding the transactions between the issuer and its related parties in 2007, the proposals for concluding such deals, as well as deals not related to the main activity, including the amount of the transactions, the relationship between the parties and any other information, needed for valuation of the impact on the financial statement of the issuer

The related parties of the Company include: the parent company, its subsidiaries, the management personnel and others parties, described bellow.

Unless it is particularly stated, transactions with related parties were not performed under special conditions and no assurances were issued or received.

	2007 '000 BGN	2006 '000 BGN
Sales		
- sale of goods		
Chimimport Rabar OOD	48	37
Chimimport Oil Trade OOD	3	-
	51	**37**
-revenue from sale of non-current assets		
POK Saglasie AD	**-**	**2 600**
- sale of financial instruments		
Bulgarian Shipping Company EAД	4 850	-
ZPAD Armeec	3 602	-
POAD CCB Sila	-	4 641
CCB AD	-	2 100
	8 452	**6 741**
- sale of services and rent revenue		
Hemus Air AD	4 893	3 907
Brand New Ideas EOOD	1 683	-
CCB AD	505	159
Bulgarian Shipping Company EAD	135	-
POAD CCB Sila	97	-
SK Chimimport Consult OOD	32	-
Chimimport Rabar OOD	17	-
Chimimport Fertilizer OOD	16	-
PDNG AD	13	-
Chimimport Orgahim OOD	12	12
Chimimport Oil Trade OOD	10	10
Chimtrans OOD	10	10
Chimimport Lega Consult OOD	5	5
Parahodstvo BRP AD	4	4
Chimimport Chimceltex OOD	4	4
Chimimport Finances OOD	1	1
	7 437	**4 112**

	2007 '000 BGN	2006 '000 BGN
Purchase of services		
- purchases of services		
SK Chimimport Consult OOD	239	152
Trans Intercar EOOD	158	111
Brand New Ideas EOOD	84	15
Chimimport Lega Consult OOD	74	24
I T Creation OOD	19	-
Chimsnab AD	16	-
Chimimport Orgachim OOD	16	-
Chimimport Rabar OOD	6	-
Chimimport Pharma OOD	-	135
	612	**437**

During 2007 the compensations paid to the members of the Supervisory Board and the Managing Board, and the management personnel amount to BGN 144 thousand (2006 – BGN 38 thousand). In 2007 no other transactions with the Company's management were performed under special conditions.

5. Information regarding unusual events and indices for the issuer, that have a significant influence on its activity and realized income and expenses; valuation of this influence on the financial results for the current year.

No unusual events for the issuer that might have a significant impact on its activities occurred in 2007.

6. Information regarding off-balance transactions

As at 31 December 2007 the Company is a party to an active contract from 20.12.2004 for bank guarantees with DSK bank. The contract specifies the limit of the guarantee to be BGN 1 million with a second mortgage of an investment property serving as a collateral.

7. Information regarding shares of the issuer, its major investments both domestic and foreign (securities, financial instruments, intangible assets and real estate), as well as investments in securities other than its economic entity and the sources / methods of funding.

- **Investments in subsidiaries**

The Company has the following investments in subsidiaries:

Name of the subsidiary	2007 BGN'000	share %	2006 BGN'000	share %
CCB Group Assets Management EAD	160 270	100.00%	79 552	100.00%
Zarneni Hrani Bulgaria AD	96 058	57.78%	-	0.00%
Slanchevi Lachi Bulgaria AD	-	0.00%	7 222	70.97%
Bulgarian Aviation Group EAD	23 568	100.00%	23 568	100.00%
Sport Complex Varna AD	22 474	65.00%	22 474	100.00%
Pristanishte Lesport AD	14 880	99.00%	990	99.00%
Prouchvane i dobiv na neft i gaz AD	12 744	52.70%	11 891	52.00%
Bulchimeks OOD	2 500	100.00%	2 500	100.00%
Trans Intercar EOOD	2 095	100.00%	-	0.00%
Bulgarian Shipping Company EAD	2 000	100.00%	5	100.00%
Energoproekt AD	1 664	83.20%	1 664	8320.00%
Chimsnab AD	1 011	93.33%	1 011	93.33%
Chimimport Group EAD	998	100.00%	998	100.00%
SK Chimimport Consult OOD	111	59.00%	111	59.00%
Brand New Ideas EOOD	5	100.00%	5	100.00%
Anitas 2003 EOOD	5	100.00%	-	0.00%
Chimimport Lega Consult OOD	4	70.00%	4	70.00%
	340 387		**151 995**	

The subsidiaries are registered in the Republic of Bulgaria and are included in the financial statements of the Company at cost.

- **Investments in associates**

Investments in associates	2007 '000 BGN	Share %	2006 '000 BGN	share %
POK Saglasie AD	15 028	49.28%	15 028	49.28%
Kauchuk AD	1 967	28.07%	2 535	37.50%
Electroterm AD	715	38.07%	-	0.00%
ADSIC Capital Management	526	23.08%	-	0.00%
ADSIC Real Estate	526	23.08%	-	0.00%
Parahodstvo Bulgarsko rechno plavane AD	-	0.00%	10 367	16.58%
Conor OOD	5	20.00%	5	20.00%
	18 767		**27 935**	

As at 31 December 2007, the fair value of shares of Kauchuk AD, traded on the Bulgarian Stock Exchange – Sofia at the exchange price of BGN 60.00 per share, is BGN 15 864 thousand. The Company owns 264 399 of the shares.

- **Financial assets classified as financial assets at fair value through profit or loss are as follows:**

Name of the company	2007 '000 BGN	share %	2006 '000 BGN	share %
CCB AD	14 932	2.64%	30 042	8.73%

The shares of CCB AD are listed on the Bulgarian Stock Exchange – Sofia.. As at 31 December 2007 their value is based on the assumption of market prices of an active market.

As at 31 December 2007 the long term financial assets classified at fair value through profit or loss are pledged as collateral on a repo deal with Bulgarian Post Bank AD.

- **Financial assets classified as available-for-sale are:**

Name of the company	Country	2007 '000 BGN	share %	2006 '000 BGN	share %
Plovdiv Stock Exchange	Bulgaria	88	0.00%	-	-
BZOK Zakrila AD	Bulgaria	10	5.00%	10	5.00%
Gasinvest AD	Bulgaria	8	8.00%	8	8.00%
Oksimoron 2003 OOD	Bulgaria	5	47.00%	5	47.00%
Inofert OOD	Bulgaria	2	20.00%	2	20.00%
TB Biochim AD	Bulgaria	1	0.00%	1	0.00%
BKK AD	Bulgaria	-	0.00%	4	0.00%
		114		**30**	

The long-term financial assets are classified as available-for-sale and are carried out at cost, because their fair value cannot be measured reliably.

As at 31 December 2007 there are no long-term financial assets classified as available-for-sale that are pledged as collateral.

- **Short-term financial assets**

Name of the company	Country	2007	share %	2006	share %
PFK Cherno More AD	Bulgaria	4 700	91.67%	1 175	91.67%
Neohim AD	Bulgaria	3 607	2.38%	-	0.00%
Olovno Cinkov Komplex	Bulgaria	2 746	0.28%	-	0.00%
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%
Government securities	Bulgaria	3	-	3	-
		11 742		**1 864**	

Short-term financial assets are classified as financial instruments available for sale. They are mostly carried out at cost, because their fair value cannot be measured reliably. Government securities are carried out at fair value.

As at 31 December 2007 there are no short-term financial assets pledged as collateral.

8. Information regarding loan agreements and guarantees including the particular terms and conditions, termination dates and purpose of the loans granted to the issuer, related parties, the subsidiaries, and the mother company .

	2007	2006
	BGN 000	BGN 000
Related parties long term liabilities		
- owners		
Chimimport Invest AD	146 709	7 760
- subsidiaries		
Sport Complex Varna AD	12 928	-
Bulgaria Air AD	10 000	-
Pristanishte Lesport AD	8 279	-
Chimsnab AD	681	-
	178 597	**7 760**

The long-term debt to Chimimport Invest AD is a long-term investment agreement that defines the investor's profitability distribution.

	2007 BGN 000	2006 BGN 000
Related parties short-term liabilities		
- owners		
Chimimport Invest AD	582	582
Interest	582	582
- subsidiaries		
CCB Group Asset Management EAD	6 422	1 072
CCB AD	3 712	3 600
Sport Complex Varna	308	16 579
Bulgaria Air AD	259	-
Chimiport Consult AD	227	-
Pristanishte Lesport AD	192	-
Zurneni Hrani AD	-	2 708
PDNG AD	-	1 545
Chimsnab AD	-	608
Other, under BGN 100 thousand	703	1 282
Tradings	413	351
Interest	1 424	1 123
	12 405	**27 976**

9. Information regarding loan agreements and guarantees including the particular terms and conditions, termination dates and purpose of the loans granted by the issuer, related parties, the subsidiaries, and the mother company

	2007 BGN 000	2006 BGN 000
Related parties long-term receivables:		
- subsidiaries		
Bulgarian Aviation Group EAD	48 009	-
Bulgarian Shipping Company EAD	23 456	-
- associates		
PSC Saglasie AD	1 000	1 000
	72 465	**1 000**

	2007 BGN 000	2006 BGN 000
Related Parties short-term receivables:		
- subsidiaries		
Trans Intercar EOOD	9 005	2 977
Hemus Air EAD	1 292	1 281
Bulgarian Aviation Group EAD	2 696	4 416
ZPAD Armeec	1 872	668
Bulgarian Shipping Company EAD	1 739	4 371
Bulchimecs EOOD	1 095	-
Chimimport Group EAD	246	-
Chimimport Chimceltex OOD	245	223
Chimimport Rubber OOD	265	338
Chimimport Finances OOD	187	-
Energoproject AD	626	580
Chimimport Oil Trade OOD	105	19
PDNG AD	521	502
Brand New Ideas EOOD	350	12
Chimsnab AD	164	164
Zarneni Hrani Bulgaria AD	114	171
Chimimport Petrol OOD	-	-
Chimimport Pharma OOD	-	107
Pristanishte Lesport AD	-	490
Other, under BGN 100 thousand	264	2 068
tradings	2 167	2 156
interests	5 949	1 375
- associates		
Conor OOD	1 016	890
PSC Sagalsie	939	939
Trading	200	200
Interests	-	-
	22 741	**20 216**

10. Information regarding the use of funds from additional shares issued during the accounting period.

During the accounting period, the Company increased its share capital as follows:

-On 29 June 2007 the Board decided to increase the share capital from BGN 130 000 thousand to BGN 150 000 thousand On 07 November 2007. the newly issued shares were registered by the Financial Control Commission The capital increase amounting to BGN 19 999 984 resulted from the placement of newly issued shares under the requirements and procedures of Public Offering of Securities .Act

The amount generated from the issue of new shares is used and will be used for increasing the Company's investments in the financial sector via "CCB Group Assets' Management" EAD (CCB AD, CCB Life AD and CCB Health AD); in the transport sector via "Bulgarian Aviation Group" EAD (Bulgaria Air AD) and "Bulgarian Shipping Company" EAD (Parahodstvo BRP AD), in the concession of Pristanishte Lesport AD and others.

11. Analysis of the relationship between the financial result in the financial statements and the previously forecasted results

In 2007 the Company has not published any forecasts of the financial result for the year. All publicly announced targets and objectives were accomplished.

12. Analysis and valuation of the financial resources management policy, including the ability to cover debt payments, subsequent threats and precautions that have been taken or are to be taken by the issuer for their avoidance.

The Company successfully manages its financial resources and regularly pays its liabilities.

13. Valuation of the opportunity of realization of investment objectives, indicating the available amounts and possible changes in the financing structure of the activity.

The Company will realize its investing objectives through debt and equity.

14. Information regarding changes that occurred during the accounting period in the the basic management principles of the issuer and its economic group.

During the accounting period no changes took place in the issuer's basic management principles.

15. Information regarding changes in the Managing and the Supervisory boards during the accounting period.

During the accounting period the following changes in the number of managing personnel in the Managing and the Supervisory Boards of the Company took place:

- in April 2007, Jivko Velikov Jekov was elected as a member of the Supervisory Board, and Mr. Mirolub Panchev Damianov as a member of the Managing Board.
- in December 2007, Mr. Nikola Damianov ceased the chairman post of the Supervisory Board due to his demise; "Chimimport Invest" AD was elected as a chairman.

16. Information regarding the issuer's shares owned by the members of the Managing and Supervisory Boards.

According to a reference from the Central Depository issued as at 31 December 2007, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Supervisory Board

	Name	Number of shares	% of share capital
1.	Chimimport Invest AD	114 808 367	76.539 %
2.	CCB Group Assets Management EAD	-	-
3.	Jivko Velikov Jekov	-	-

Members of the Managing Board

	Name	Number of shares	% of share capital
1.	Tsvetan Tsankov Botev	-	-
2.	Aleksandar Dimitrov Kerezov	90 000	0.06
3.	Ivo Kamenov Georgiev	309 925	0.21
4.	Marin Velikov Mitev	309 924	0.21
5	Nikola Peev Mishev	38 464	0.028
6	Mirolub Panchev Ivanov	55 666	0.037

The issuer has not presented neither options for its shares, nor privileges to the Managing Board.

17. Information regarding the Company's agreements (including post balance sheet period), that may cause changes in the relative number of the shares and bonds, owned by the current shareholders and bondholders.

The Company is not aware of any agreements that may cause changes in the relative number of the shares and bonds, owned by the current shareholders and bondholders.

18. Information regarding pending suits, administrative or arbitration proceedings, relating to issuer's liabilities or receivables amounting to a minimum of 10% from the owner's equity. If the total amount of the liabilities or the receivables from all

pending suits and proceedings exceed 10% of the owner's equity, the information is presented individually for each case.

The Company has not registered any pending suits, administrative or arbitration proceedings, receivables or liabilities that together or apart, do not exceed 10% of the owner's equity.

Information regarding the Program for Applying the Internationally Recognized Corporative Governance Standards through the article 100n from Public Offering of Securities Act.

On 18 January 2008, Chimimport AD officially declared to the Bulgarian Stock Exchange to follow the National Code for Corporate Governance. In accordance with the followed message from the Financial Supervision Commission, the requirement of article 100n, paragraph 4, section 3 from Public offering of Securities Act for preparing of Program for applying internationally recognized Corporate Governance Standards as part of the annual financial report for the Company's activities will be considered as fulfilled, if the Company recognizes to follow the National Code for Corporate Governance. Therefore, the information regarding the Program for Applying Internationally Recognized Corporate Governance Standards are not applied

Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the share prices during 2007 are as follows:

Opening price	: 7.68 BGN on 03 January 2007
Closing price	: 15.41 BGN on 21 December 2007
Maximum price	: 19.00 BGN on 30 October 2007
Minimum price	: 7.60 BGN on 04 January 2007

Information on appendix N 11:

1. Capital structure

The share capital of the Company consists of 149 999 984 ordinary, registered, dematerialized voting shares with nominal value of 1 BGN per share.

As at 31 December 2007 the capital is owned by 372 corporate bodies and 3 940 individuals, both of foreign and Bulgarian origin.

The Company has not issued any shares, that are not permitted for trading on the regulated market in the Republic of Bulgaria and abroad.

According to its corporate articles, the Company cannot issue preferred shares, entitled with more than one vote, except under the terms of article 10, par. 6 from the final provisions of Public Offering of Securities Act, or with additional liquidation quota. Each ordinary share entitles its owner with one vote at the General Meeting of the Shareholders, dividend rights and liquidation quota in case of Company liquidation. The shares are non-split.

2. Limitations on share transfer

Issuing and disposal of dematerialized shares requires mandatory registration in Central Depository.

3. Information regarding holding more than 5% from the voting right at the General Meeting of the Shareholders.

As at 31 December 2007 the shareholders holding 5% or more from the Company's capital are as follows:

	Name	Number of shares	% of the share capital
1.	**"Chimimport Invest AD"**	**114 808 367**	**76.539**
2.	**Julius Bear Investment Management LLC – USA**	**11 278 610**	**7.52**

The remaining shareholders (corporate and individual entities) possess less than 5% of the share capital.

4. Shareholders with special control rights

There are no shareholders with special control rights.

5. Control system and voting limitations at the General Meeting of the Shareholders

The share rights are exercised in accordance with the terms and conditions of the Public Offering of Securities Act. The members of the Supervisory and Managing boards cannot represent a stockholder at the General Meeting, in compliance with the Company's corporate articles. If the members of the boards are not shareholders, they participate in the General Meeting without a voting right.

There are no additional voting limitations in the corporate articles, except those grounded in the Public Offering of Securities Act.

6. Agreements between the shareholders

The Company is not familiar with any agreements between shareholders, that may reflect in limitations in share transfer or voting rights.

7. Election and dismissal of the Company managing bodies

The Company managing bodies are:

- General Meeting of the Shareholders
- Supervisory Board
- Managing Board

The General Meeting elects and dismisses the members of the Supervisory Board and determine their compensation and bonuses.

The members of the Managing Board are elected by the Supervisory Board, which has the right to replace them. One and the same person cannot be a member of the Managing and the Supervisory Board at the same time. The members of the Managing Board may be reelected without any limitations.

Members of the Managing Board of "Chimimport AD" should meet the requirements of the applicable law:

to be active individuals or corporate bodies;
as at the moment of the election, the candidate must have clean record, related to crimes against the ownership, the economy, the financial, tax, or social-security systems of the Republic of Bulgaria or abroad, unless he/she has been rehabilitated;
the candidate cannot be a former member of a managing or supervisory body of a discontinued company, that has declared bankruptcy in the last two years prior to the decision for insolvency announcement, if there are any unsatisfied creditors remaining.

Amendments and additions to the corporate articles of the Company are approved at the General Meeting of the Shareholders.

8. Authorities of the managing bodies of the Company, including decisions for issuing and redemption of shares

The Managing body of Chimimport AD manages the current activity of the Company and represents it in front of the physical and legal entities in the country and abroad. The Managing Board decides on all matters, which are not under the exclusive competence of the General Meeting of the Shareholders or the Supervisory Board, while abiding the decisions of the General Meeting of the Shareholders and the Supervisory Board, as well as the orders of the corporate articles and the applicable legislation. The Managing

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Board is accountable for its activity to the Supervisory Board and the General Meeting of the Shareholders.

The Managing Board adopts its Activities Regulation, which is approved by the Supervisory Board.

The Managing Board submits a report on its activity to the Supervisory Board at least once for every three months. The chairman of the Supervisory Board must be promptly notified for all circumstances of significant importance for the Company.

The Managing Board presents to the Supervisory Board the annual Financial Statements, the Management's Report, the Auditor's Report, as well as the proposal for profit distribution at the General Meeting of the Shareholders.

According to the resolution of the General Meeting of the Shareholders held on 17 September 2007 within a period of 5 (five) year period of entering the amendment in the corporate articles into the Companies Register, the Managing Board is authorized to issue bonds, including convertible ones, up to total amount of EUR 100 000 000 (hundred million) or their equivalent in foreign currency. The Managing Board determines the type and parameters of the bonds issued and the terms and conditions for bond issuing. The decisions are made by the Managing Board with the approval of the Supervisory Board

According to the resolution of the General Meeting of the Shareholders held on 17 September 2007 within a period of 5 (five) year period of entering the amendment in the corporate articles into the Companies Register, the Managing Board is authorized to make decisions on the increase of the capital of the Company up to a total nominal amount of BGN 175 000 000 /one hundred seventy five million/ through issuing of ordinary or preferred shares. These decisions are taken by the Managing Board with the approval of the Supervisory Board

9. Significant contracts of the Company

The Company has not entered into any agreements, that might cause any actions, change or be terminated as a result of a change in the Company's control.

10. Agreements between the Company and its managerial bodies

The Company has not entered into any agreements with its managerial bodies and employees, providing compensation in case of a dismissal or a lay off without legal basis or when the termination of the labor contract is relating to tender offerings.

Ivo Kamenov
/Executive Director/

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Balance

	Note	2007 BGN '000	2006 BGN '000
Assets			
Non-current assets			
Property, plant and equipment	5	21 838	20 074
Investment property	6	1 170	1 253
Investments in subsidiaries	8	340 387	151 995
Investment in associates	9	18 767	27 935
Intangible assets	10	247	495
Long-term financial assets	11	19 510	30 072
Long-term receivables due from related parties	35.3	72 465	1 000
Long-term receivables	12	23 168	11 847
		497 552	**244 671**
Current assets			
Inventories	13	155	302
Short-term financial assets	14	11 742	1 864
Advance payments for purchase of financial instruments	15	61 289	-
Loans granted	16	76 191	9 037
Trade receivables	17	4 179	3 899
Short-term receivables due from related parties	35.3	22 741	20 216
Other receivables	18	11 283	7 274
Cash and cash equivalents	19	92 845	26 392
		280 425	**68 984**
Total assets		**777 977**	**313 655**

Prepared by: ____________ **Executive Director:** ____________
Date: 31.03.2008

Audited by: ____________

Марин Апостолов
0488
Регистриран одитор

Auditing Company
GRANT THORNTON LTD
Sofia

Grant Thornton Ltd

The accompanying notes form an integral part of the financial statements.

Chimimport AD
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Balance

	Notes	2007 BGN '000	2006 BGN '000
Equity			
Share capital	20.1	150 000	130 000
Share premium	**Error! Reference source not found.**	232 343	32 925
Other reserve	20.3	6 834	7 125
Retained earnings		66 225	36 709
Net profit for the period		82 483	29 236
Total equity		**537 885**	**235 995**
Liabilities			
Non-current liabilities			
Long-term trade payables	21	864	2 597
Long-term bank loans	23.1	-	1 723
Long-term payables due to related parties	35.3	178 597	7 760
Finance lease liabilities	7.1	3 745	5 905
Deferred tax liabilities	22	-	539
		183 206	**18 524**
Current liabilities			
Short-term bank and other loans	23.2	24 680	10 339
Trade payables	24	8 367	5 935
Finance lease liabilities	7.1	1 620	1 838
Short-term payables due to related parties	35.3	12 405	27 976
Tax liabilities	25	567	1 895
Payables to employees and social security institutions	26.2	58	524
Other liabilities	27	9 189	10 629
		56 886	**59 136**
Total liabilities		**240 092**	**77 660**
Total equity and liabilities		**777 977**	**313 655**

Prepared by: ____________ **Executive Director:** ____________
Date: 31.03.2008
Audited by: ____________

The accompanying notes form an integral part of the financial statements.

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Chimimport AD
Financial Statements
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Income statement

	Notes	2007 BGN'000s	2006 BGN'000s
Gains from transactions with financial instruments	28	78 303	18 375
Losses from transactions with financial instruments	29	-	(111)
Net profit from transactions with financial instruments		**78 303**	**18 264**
Interest income	30	7 284	3 663
Interest expense	30	(3 993)	(3 116)
Net profit from interest		**3 291**	**547**
Gains from foreign exchange differences		1 024	1 315
Losses from foreign exchange differences		(228)	(97)
Net profit from foreign exchange differences		**796**	**1 218**
Other financial income		(177)	19
Operating income	31	8 203	15 552
Operating expenses	32	(8 030)	(4 760)
Operating profit		**173**	**10 792**
Profit for the period before tax		**82 386**	**30 840**
Tax income/(expense), net	33	97	(1 604)
Net profit for the period		**82 483**	**29 236**

		2007 BGN	2006 BGN
Earnings per share	34	0.62	0.28

Prepared by: ______________ **Executive director:** ______________

Date: 31.03.2008

Audited by: ______________

Auditing Company GRANT THORNTON

Grant Thornton Ltd

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Chimimport AD
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Cash flow statement

	Notes	2007 BGN '000s	2006 BGN'000s
Cash flow from operating activities			
Proceeds form short-term loans		109 746	128 958
Payments for short-term loans		(130 007)	(146 166)
Proceeds from sale of short-term financial assets		780	1 740
Purchase of short-term financial assets		(64 033)	(3 779)
Receipts from customers		8 122	6 102
Payments to suppliers		(5 577)	(1 897)
Gains from foreign exchange differences		19	1 339
Interest receipts		92	1 885
Payments to employees and social security institutions		(1 154)	(227)
Taxes paid		(1 971)	(197)
Other payments for operating activities		-	(123)
Other proceeds from operating activities		-	1 594
Net cash flows from operating activities		**(83 983)**	**(10 771)**
Investing activities			
Purchase of non-current financial assets		(24 890)	(3 909)
Proceeds from sale of non-current financial assets		39 965	2 626
Purchase of investments in subsidiaries and associates		(162 898)	(23 761)
Long-term loans granted		(90 107)	-
Net cash flows from investing activities		**(237 930)**	**(25 044)**
Financing activities			
Proceeds from share issue		219 418	46 418
Proceeds from bank loans received		184 564	23 821
Repayments of bank loans received		(10 939)	(8 678)
Discharge of finance lease liabilities		(3 001)	(1 475)
Interest paid		(1 676)	(8 796)
Other payments for financing activities		-	(204)
Other proceeds from financing activities		-	538
Net cash flows from financing activities		**388 366**	**51 624**
Cash and cash equivalents, beginning of period		**26 392**	**10 583**
Net increase in cash and cash equivalents		66 453	15 809
Cash and cash equivalents, end of period	19	**92 845**	**26 392**

Prepared by :
Date: 31.03.2008
Audited by:

Executive Director:

0488 Мария Апостолов Регистриран одитор

Auditing Company GRANT THORNTON Sofia

Grant Thornton Ltd

The accompanying notes form an integral part of the financial statements.

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Statements of changes in equity

All amounts presented in BGN'000	Share capital	Unpaid capital	Additional paid-in capital	Share premium	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2006	**60 000**	**(2 082)**	**58 916**	**-**	**7 596**	**36 708**	**161 138**
Donations granted	-	-	-	-	(470)	-	**(470)**
Other changes	-	-	-	-	(1)	1	**-**
Net income/(expense) recognized directly in equity	-	-	-	-	(471)	1	(470)
Net profit for 2006	-	-	-	-	-	29 236	**29 236**
Total recognized income and expense for 2006	**-**	**-**	**-**	**-**	**(471)**	**29 237**	**28 766**
Installments for increase in share capital	58 916	2 082	(58 916)	-	-	-	**2 082**
Initial public offering	11 084	-	-	32 925	-	-	**44 009**
Balance as at 31 December 2006	**130 000**	**-**	**-**	**32 925**	**7 125**	**65 945**	**235 995**

Prepared by: ____________
Date: 31.03.2008
Audited by: ____________

Executive director: ____________

0488 Марий Апостолов Регистриран одитор

Auditing Company GRANT THORNTON LTD Sofia

Grant Thornton Ltd

The accompanying notes form an integral part of the financial statements.

Chimimport AD
Financial Statements
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Statement of changes in equity

All amounts presented in BGN'000	Share capital	Unpaid capital	Additional paid-in capital	Share premium	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2007	**130 000**	-	-	32 925	7 125	65 945	235 995
Donations granted	-	-	-	-	(11)	-	**(11)**
Decrease in other reserves	-	-	-	-	(280)	280	-
Net income/(expense) recognized directly in equity	-	-	-	-	(291)	280	**(11)**
Net profit for 2007	-	-	-	-	-	82 483	**82 483**
Total recognized income and expense for 2007	-	-	-	-	**(291)**	82 763	82 472
Public offering of shares	20 000	-	-	199 418	-	-	**219 418**
Balance as at 31 December 2007	**150 000**	-	-	232 343	6 834	148 708	537 885

Prepared by: ____________

Date: 31.03.2008

Audited by: ____________

Марий Апостолов 0488 Регистриран одитор

Auditing Company GRANT THORNTON LTD Sofia

Grant Thornton Ltd

Executive director: ____________

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

1 General information

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 since 30 October 2006.

The Company is engaged in the following business activities:
- Import, export, re-export and other trade transactions with oil, chemicals, oil and petrochemical products;
- Commission, forwarding and warehousing transactions;
- Commercial agency and brokerage;
- Manufacturing and sale of own products;
- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies in which interest is held;
- Tourist services.

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

The Supervisory Board has the following members:
Chimimport Invest AD
CCB Group Assets Management EAD
Zhivko Velikov Zhekov

The Managing Board has the following members:
Alexander Dimitrov Kerezov
Ivo Kamenov Georgiev
Marin Velikov Mitev
Nicola Peev Mishev
Miroliub Panchev Ivanov
Tzvetan Tzankov Botev

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

The financial statements for the year ended 31 December 2007 (including the comparative information for the year ended 31 December 2006) were approved by the Managing Board on 31 March 2008.

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 developed and published by the International Accounting Standards Board (IASB) and approved by EU.

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 Change in accounting policy

3.1 Overall considerations

The Company has adopted for the first time IFRS 7 Financial Instruments: Disclosures in 2007. The Standard has been applied retrospectively, i.e. with amendments to the 2006 accounts and their presentation. The 2006 comparatives contained in these financial statements therefore differ from those published in the financial statements for the year ended 31 December 2006.

Other Standards or Interpretations relevant for IFRS financial statements did not become effective during the current financial year.

Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect of presentation, recognition and measurement of accounts are described in the following notes. An overview of Standards and Interpretations that will become mandatory for the Company in future periods is given in note 3.4.

3.2 Amendment of IAS 1 Presentation of Financial Statements

In accordance with the amendment of IAS 1 the Company now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change in IAS 1 can be found in note 38.

3.3 Adoption of IFRS 7 Financial Instruments: Disclosures

IFRS 7 Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new Standard replaces and amends disclosure requirements previously set out in IAS 32 Financial Instruments: Presentation and Disclosures and has been adopted retrospectively by the Company in its financial statements. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, financial statements of the Company now feature:

- a sensitivity analysis, to explain the Company's market risk exposure in regard to its financial instruments, and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of IFRS 7, however, has not resulted in any prior-period adjustments of cash-flows, net income or balance sheet line items.

3.4 Standards and Interpretations not yet applied by the Company

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Company's 2007 financial statements.

Standard or Interpretation	Effective for in reporting periods starting on or after
IFRS 8 Operating Segments	1 January 2009
IAS 23 Borrowing Costs (revised 2007)	1 January 2009
IFRIC 11 IFRS 2 Group and Treasury Share Transactions	1 March 2007
IFRIC 12 Service Concession Arrangements	1 January 2008
IFRIC 13 Customer Loyalty Programmes	1 July 2008
IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

Based on the Company's accounting policy, the management does not expect material impacts on the Company's financial statements when the Interpretations become effective.

The Company does not intend to apply any of these pronouncements early.

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 summarised 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. Financial Statements are prepared under the going concern principle.

It should be noted that accounting estimates and assumptions are used in 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 Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company. Control is the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities. In the separate financial statements of the Company the investments in subsidiaries are accounted for by using the Cost method.

4.3 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 at cost and subsequently accounted for using the cost method.

Investment is recorded at cost. The income statement reflects income from investment only to the extent that the investor receives distribution from accumulated net profits of the investor, arising subsequent to the date of acquisition. Distribution received in excess of these profits is considered a recovery of the investment and is recorded as a reduction of the cost of the investment.

4.4 Foreign currency translation

The separate elements of the financial statements of the Company are in the currency of the main economic environment in which it carries out its activities ("functional currency"). Company's financial statements are presented in Bulgarian Leva (BGN), which is also the functional currency of the Company.

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 translation of remaining balances at year-end exchange rates are recognized in the income statement.

The Currency Board was introduced in Bulgaria on 01 July 1997 following the recommendations by the International Monetary Fund (IMF) and fixed the value of the BGN against the DEM in ration 1:1. Following the introduction of the EURO, the BGN was fixed to the EURO at rate 1 EURO = 1.95583 BGN.

4.5 Income and expense recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates, allowed by the Company. In case of similar assets with similar values are exchanged, the transaction is not recognized as generating income.

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the value of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is recognized, when the outcome of the transaction can be measured reliably.

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

Interest income and expenses are reported on an accrual basis. Dividends received, other than those from investments in associates, are recognized at the time of their distribution.

All borrowing costs are expensed as incurred.

4.6 Intangible assets

Intangible fixed assets are measured initially at cost. If an intangible asset is acquired separately, 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

After initial recognition, according to the benchmark treatment, an intangible asset is carried at its cost less any accumulated amortizations and any accumulated impairment losses. Impairment losses are recognized in the current period income statement.

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.

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

- software 6.6 years
- ownership rights ... 5 years

Careful judgment by Company's management is applied when deciding whether the recognition requirements for development costs have been met. Judgments are based on the best information available at each balance sheet date.

The recognition threshold, adopted by the Company for intangible assets amounts to BGN 500.

4.7 Property, plant and equipment

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

Subsequent to initial recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Impairment losses are recognized in the current period income statement.

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 future economic benefits, in excess of the originally assessed standard of performance of the existing asset. All other subsequent expenditures are recognized as an expense in the period in which it is incurred.

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 5 years
- Planes 10 years
- Vehicles 5 years
- Others 6.7 years

The recognition threshold, adopted by the Company for property, plant and equipment amounts to BGN 500.

4.8 Leases

In accordance with IAS 17 (rev 2006), 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 lower of the fair value of the leased property and the present value of the minimum lease payments. 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 corresponding finance lease liability is reduced by lease payments, which consist of repayment of principal and finance costs.

Assets acquired under the terms of finance lease are depreciated in accordance with IAS 16 Property, plant and equipment or IAS 38 Intangible assets.

All other leases are treated as operating lease agreements. Operating lease payments are recognized as expense on a straight-line basis. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

The Company has concluded contracts for leasing assets under the terms of operating lease. Assets acquired under the terms of operating lease are depreciated in accordance with IAS 16 Property, plant and equipment or IAS 38 Intangible assets. The income generated from the operating lease contracts is recognized directly as revenue in the income statement for the corresponding period.

4.9 Impairment testing of the Company's assets

For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows - cash-generating units. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment at whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist or be reduced. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.10 Investment property

Investment property represents a building held to earn rental income or for capital appreciation or both, rather than held for:

- Production or supply of goods or services or for administrative purposes;
- Sale in the ordinary course of the business.

Investment property is recognized in the financial statements of the Company as an asset only to the extend that the following conditions are present:

- It is probable that future economic benefits, associated with the investment property, will flow to the Company;
- The cost of the investment property can be measured reliably.

The investment property is initially measured at cost, which comprises 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 stated at cost according to the benchmark treatment of IAS 16, Property, plant and equipment. The investment property is reported at its cost less accumulated depreciation and any impairment losses.

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

- Buildings 25 years

Subsequent expenditure relating to investment property is added to the carrying amount of the investment property when it is probable that future economic benefits, in excess of the originally assessed standards of performance of the existing investment property, will flow to the Company. All other subsequent expenditures are recognized as an expense in the period they are incurred.

Investment property is recognized on disposal or when it is permanently withdrawn from use in case no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal are recognized in the income statement and represent the difference between the net disposal proceeds and the carrying amount of the Investment property.

4.11 Financial assets

Financial assets other than hedging instruments are divided into the following categories financial instruments:

- 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. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses is recognized in the income statement or directly in the equity of the Company.

All financial assets are recognized on their settlement date.

Financial assets are initially recognized by the Company at fair value. Transaction costs which are directly attributable to the acquisition or issue of the financial asset pertain to the value of the financial asset or liability, with the exceptions of financial assets or liabilities at fair value through profit or loss.

Derecognition of financial instruments occurs when the Company loses control of the contractual rights which constitute the financial asset – that is to say, when the rights to receive cash flows from the investments expire or a substantial part of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at each balance sheet date to determine whether or not there is objective evidence that the specific financial asset or group of financial assets is impaired.

Interest payments and other cash flows resulting from holding financial assets are recognized in the income statement when received, regardless of how the related carrying amount of financial assets is measured.

Loans and receivables, which have initially occurred in the Company, are non-derivative financial instruments with fixed payments that are not quoted in an active market. After initial recognition loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in the income statement for the current period. Most of the Company's trade and other receivables fall into this category of financial instruments. Discounting, however, is omitted where the effect of discounting is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet date or when there is objective evidence that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other credit risks, if any. In this case, the percentage of the write down is based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated to be carried at fair value through profit or loss upon initial recognition. By definition, all derivative financial instruments that are not hedging instruments, fall into this category. The Company does not hold other financial instruments that fall into this category.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by active market transactions or using a valuation technique where no active market exists.

Available-for-sale financial assets include those financial assets, which are not loans and receivables that have occurred in the Company, held-to-maturity investments, or financial assets at fair value through profit or loss. 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 don't have fixed date of payment. Changes in value are recognized in equity, net of any effects arising from income taxes. Accumulated gains and losses arising from financial instruments classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

4.12 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. 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 each impairment of inventories up 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 recovery amount can only be up to the balance value prior impairment. The inventory recovery amount is accounted for as decrease in inventory expenses for the period in which the recovery 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 recognized as an expense in the period in which the related revenue is recognized

4.13 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the budget relating to the current reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal period to which they relate, based on the taxable profit for the period. All changes in tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on all temporary differences. This includes the comparison of the carrying amounts of assets and liabilities with their respective tax bases. Existing tax losses are assessed in accordance with available criteria for recognition before the deferred tax asset is carried forward. Deferred tax asset is recognized to the extent that the realization of the related tax benefits through the future taxable profits is probable.

Deferred tax liabilities arising from temporary differences are always provided for in full. Deferred tax assets arising from temporary differences are recognized to the extent that it is probable that they will be able to be offset against future taxable income.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the income statement. Changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged directly to equity are charged or credited directly to equity.

4.14 Cash and cash equivalents

The Company recognizes as cash and cash equivalents all cash in hand, current bank accounts, deposits and short term or highly liquid investments, which can easily be turned into money and contain insignificant risk of change in value.

4.15 Equity 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 share premium.

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

Retained earnings comprise of the net result for the period shown in the income statement and accumulated profit and uncovered loss from prior periods.

4.16 Pension and other employee obligations

The Company has not developed and does not apply plans for employee benefits after leaving, nor other long term remuneration and plans for remuneration after leave or ones in the form of compensations with stocks or shares of the share capital.

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.

4.17 Financial liabilities

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

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 are recognized as an expense in the income statement.

Bank loans are raised for support the Company's operations. They are recognized in the balance sheet 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.

4.18 Other provisions, contingent liabilities and contingent assets

Provisions, representing current obligations of the Company arising from past events, the settlement of which is expected to result in the need of an outflow of resources, are recognized as liabilities for the Company. A provision is recognized only when the following conditions are present:

- The Company has a present obligation as a result of a past event
- It is probable that an outflow of resources will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the outflow of resources needed for the current obligation at the balance sheet date. In reaching the best estimate of the provision, the Company takes into account the risks and uncertainties that surround many events and circumstances as well as the effect of the time value of the money, when it is material.

Any reimbursement 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 balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. The Company does not recognize contingent assets in the financial statements as possible obligations arise, whose existence is not yet confirmed or this may result in the recognition of income that may never be realized.

5 Property, plant and equipment

	Land	Buildings	Machinery	Aircraft	Vehicles	Other	Assets in process of acquisition	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
At 1 January 2006								
Gross carrying amount	200	654	1 030	13 255	193	606	100	16 038
Accumulated depreciation		(100)	(962)	(1 326)	(192)	(433)		(3 013)
Carrying amount at 1 January 2006	**200**	**554**	**68**	**11 929**	**1**	**173**	**100**	**13 025**
At 31 December 2006								
Gross carrying amount	401	654	1 047	22 042	179	607	-	24 930
Accumulated depreciation	-	(126)	(1 002)	(3 091)	(179)	(458)	-	(4 856)
Carrying amount at 31 December 2006	**401**	**528**	**45**	**18 951**	**-**	**149**	**-**	**20 074**
At 31 December 2007								
Gross carrying amount	401	654	1 057	22 042	179	607	4 023	28 963
Accumulated depreciation	-	(148)	(1 021)	(5 295)	(179)	(482)	-	(7 125)
Carrying amount at 31 December 2007	**401**	**506**	**36**	**16 747**	**-**	**125**	**4 023**	**21 838**

The carrying amounts of the property, plant, and equipment presented in the financial statements at 31 December 2007 are calculated as follows:

	Land BGN'000	Buildings BGN'000	Machinery BGN'000	Aircraft BGN'000	Vehicles BGN'000	Other BGN'000	Assets in process of acquisition BGN'000	Total BGN'000
2006								
Carrying amount at 1 January 2006	**200**	**554**	**68**	**11 929**	**1**	**173**	**100**	**13 025**
Additions	401	-	28	8 787	-	1	11 392	20 609
Disposals – gross carrying amount	(200)	-	(11)	-	(14)	-	(11 492)	(11 717)
Disposals – depreciation	-	-	11	-	15	-	-	26
Depreciation charge	-	(26)	(51)	(1 765)	(2)	(25)	-	(1 869)
Carrying amount at 31 December 2006	**401**	**528**	**45**	**18 951**	**-**	**149**	**-**	**20 074**
2007								
Carrying amount at 1 January 2007	401	528	45	18 951	-	149	-	20 074
Additions	-	-	10	-	-	-	4 023	4 033
Depreciation charge	-	(22)	(19)	(2 204)	-	(24)	-	(2 269)
Carrying amount at 31 December 2006	**401**	**506**	**36**	**16 747**	**-**	**125**	**4 023**	**21 838**

Assets in a process of acquisition amounting to BGN 4 023 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. As at 31 December 2007, the Company has no other obligations for purchase of property, plant and equipment.

As at 31 December 2007 three of the Company's aircrafts (British Aerospace BAE/Model 146-300) acquired under the terms of a financial lease contract are pledged as collateral and registered in the Special Pledges Register. Their carrying amount as at 12 December 2007 is BGN 6 916 thousand (31 December 2006 - BGN 8 347 thousand) (See note 7.1).

As at 31 December 2007 the book value of the fully depreciated assets in use amounts to BGN 1 546 thousand. (as of 31 December 2006 - BGN 841 thousand).

6 Investment property

Investment property at the Company includes a building located on 1 Battenberg Street, Sofia, which is rented.

	Investment property BGN'000
At 1 January 2006	
Gross carrying amount	1 964
Accumulated depreciation	(633)
Net carrying amount	**1 331**
At 31 December 2006	
Gross carrying amount	1 964
Accumulated depreciation	(711)
Net carrying amount	**1 253**
At 31 December 2007	
Gross carrying amount	1 964
Accumulated depreciation	(794)
Net carrying amount	**1 170**

The carrying amount of the investment property presented in the financial statements as at 31 December 2007 is calculated as follows:

	Investment property BGN'000
2006	
Opening net carrying amount	1 331
Depreciation charge	(78)
Closing net carrying amount	**1 253**
2007	
Opening net carrying amount	1 253
Depreciation charge	(83)
Closing net carrying amount	**1 170**

Operating income is recognized for the financial periods under review. Real estate tax amounting to BGN 3 thousand was recognized as an expense in the income statement in 2007 (BGN 3 thousand for 2006).

As at 31 December 2007 the fair value of the investment property amounts to BGN 28 674 thousand (as at 31 December 2006 – BGN 24 300 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 2007 the investment property of the Company is mortgaged under the terms of a bank loan in favor of DSK Bank (See note 23.2.1).

As at 31 December 2007 the Company has not entered into any agreements for purchase of investment property.

The investment property has been recognized in the financial statements of the Company at cost.

The following amounts, relating to the investment property have been recognized in the income statement:

	2007 BGN'000	2006 BGN'000
Rental income	1 421	1 125
Real estate tax	(3)	(3)

The Company has entered into the following long-term rent contracts in the capacity of a landlord:

- A 10-year long-term contract with CCB AD, signed on 23 October 2004, for office premises with a monthly rent of 26 599 BGN (13 600 Euro), effective from 01 January 2007 (13 299 BGN (6 800 Euro) until 31 December 2006)

- Long-term contracts for office premises with monthly rent of 8 Euro/sq. m

7 Leases

7.1 Financial leases - lessee

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

The carrying amount of the assets acquired under the terms of a lease contract amounts to BGN 7 468 thousand (2006 – BGN 8 346 thousand). The assets are disclosed in note " Property, plant and equipment " – (see note 5).

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

31 December 2007	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000
Lease payments	2 061	4 855	6 916
Discounts	(441)	(1 110)	(1 551)
Net present value	**1 620**	**3 745**	**5 365**

31 December 2006	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000
Lease payments	2 304	7 613	9 917
Discounts	(466)	(1 708)	(2 174)
Net present value	**1 838**	**5 905**	**7 743**

The acquired aircrafts under the lease contract are rented to Hemus Air EAD under a irrevocable contract for operating subleasing (see note 7.2).

The lease contract includes fixed lease payments and a purchase option in the end of the sixth year of the lease period. The lease agreement is irrevocable but does not contain any further restrictions.

7.2 Operating leases - lessor

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

	Within 1 year BGN'000	1 to 5 years BGN'000	More than 5 years BGN'000	Total BGN'000
As at 31 December 2007	4 608	24 131	-	**28 739**
As at 31 December 2006	4 527	24 131	2 429	**31 087**

The operating lease contracts do not contain any contingent payment clauses.

The terms of the main operating lease contracts are as follows:

- A 10-year long-term contract with CCB AD, signed on 23 October 2004, for office premises with a monthly rent of 13 600 Euro, effective from 01 January 2007 (6 800 Euro until 31 December 2006).
- A 5-year contract with Hemus Air EAD signed on 31 December 2006 for operating lease of 2 aircrafts BAE 146-200 with a monthly payment of 154 828 USD.
- A 5-year contract with Hemus Air EAD signed on 30 April 2006 for operating lease of 3 aircrafts BAE 146-300 with a monthly payment of 128 856 USD
- Long-term contracts for office premises with monthly rent of 8 Euro/m^2

8 Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of the subsidiary	2007 BGN'000	share %	2006 BGN'000	share %
CCB Group Assets Management EAD	160 270	100.00%	79 552	100.00%
Zurneni Hrani Bulgaria AD	96 058	57.78%	-	0.00%
Slunchevi Luchi Bulgaria AD	-	0.00%	7 222	70.97%
Bulgarian Aviation Group EAD	23 568	100.00%	23 568	100.00%
Sport Complex Varna AD	22 474	65.00%	22 474	100.00%
Pristanishte Lesport AD	14 880	99.00%	990	99.00%
Prouchvane I Dobiv na Neft I Gaz AD	12 744	52.70%	11 891	52.00%
Bulchimex EOOD	2 500	100.00%	2 500	100.00%
Trans Intercar EOOD	2 095	100.00%	-	0.00%
Bulgarian Shipping Company EAD	2 000	100.00%	5	100.00%
Energoproekt AD	1 664	83.20%	1 664	8320.00%
Chimsnab AD	1 011	93.33%	1 011	93.33%
Chimimport Group EAD	998	100.00%	998	100.00%
SK Chimimport Consult OOD	111	59.00%	111	59.00%
Brand New Ideas EOOD	5	100.00%	5	100.00%
Anitas 2003 EOOD	5	100.00%	-	0.00%
Chimimport Lega Consult OOD	4	70.00%	4	70.00%
	340 387		**151 995**	

The investments in subsidiaries are recognized in the income statement using the cost method.

The share capital of CCB Group Assets Management EAD was increased following Resolution 12, dated October 2006 and the respective installments were paid before the next increase of the share capital in December 2007. As a result, as at 01 January 2007 Chimimport AD is obliged to pay additional installment amounting to BGN 30 718 thousand under the terms of article 192a, paragraph (1), section 2 of the Commercial Act. Following Resolution 14 of Sofia City Court Chimimport AD, in the capacity of a sole owner of the joint-stock company CCB Group Assets Management EAD, has decided to increase the share capital of the Company with the amount of BGN 50 000 that has been fully paid by 31 December 2007.

Following Sofia City Court decision 7, dated July 2007, the share capital of Bulgarian Shipping Company EAD is increased up to BGN 2 000 thousand. Chimimport AD disbursed the full amount of the increase amounting to BGN 1 995 thousand.

In 2007 BM Port AD has been renamed to Pristanishte Lesport AD and its share capital was increased to BGN 15 000 thousand. Chimimport AD disbursed the installment amounting to BGN 13 890 thousand.

In June 2007 Chimimport AD bought 86 000 shares of PDNG AD, acquiring a new share of 0.70% of the Company.

In 2007 Chimimport AD acquired the two companies Trans Intercar EOOD and Anitas 2003 EOOD.

Zarneni Hrani Bulgaria AD has been established as a result of a reorganization through merger under the terms of Sofia City Court decision 1, dated 26 November 2007 and the contract signed on 21 September 2007 between the following parties: Slanchevi Lachi Bulgaria AD, Zarneni Hrani Trade AD, Bek International AD, Zarneni Hrani – Valchi Dol AD, Zarneni Hrani Balchik EAD, Zora AD, Prima Agrochim EOOD and Chimimport Agrochimicali EOOD. All assets and liabilities of the reorganized parties were transferred to the newly established company Zarneni Hrani Bulgaria AD.

As at 31 December 2007 the pledged investments in subsidiaries amount to BGN 5 686 thousand and are used as a collateral to the investment loan granted from Bulgarian Post Bank AD (see note 23.2.1)

9 Investments in associates

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

Name of the associate	2007 BGN '000	share %	2006 BGN'000	share %
POK Saglasie AD	15 028	49.28%	15 028	49.28%
Kauchuk AD	1 967	28.07%	2 535	37.50%
Elecrtoterm AD	715	38.07%	-	0.00%
ADSIC Capital Management	526	23.08%	-	0.00%
ADSIC Real Estate	526	23.08%	-	0.00%
Parahodstvo Bulgarsko Rechno Plavane AD	-	0.00%	10 367	16.58%
Conor OOD	5	20.00%	5	20.00%
	18 767		**27 935**	

As at 31 December 2007 the fair value of the shares of Kauchuk AD, traded on the Bulgarian Stock Exchange – Sofia at a stock price BGN 60 per share, is BGN 15 864. Chimimport AD owes 264 399 of the shares.

Financial information about the associates can be summarized as follows: (Conor OOD is excluded as the investment is considered immaterial):

2007	POK Saglasie BGN'000	Kauchuk AD BGN'000	Electroterm AD BGN'000	Capital Management ADSIC BGN'000	CCB Real Estate Fund ADSIC BGN'000	Total BGN'000
Assets	11 656	39 172	1 624	49 422	939	**102 813**
Liabilities	1 817	16 242	162	45 307	45	**63 573**
Revenues	6 276	25 316	1 087	4 991	1	**37 671**
Profit/(Loss)	422	544	111	2 957	(34)	**4 000**
Profit attributable to the Company	**208**	**153**	**42**	**682**	**(8)**	**1 077**

2006	POK Saglasie BGN'000	Parahodstvo BRP AD BGN'000	Kauchuk Pazardjik BGN'000	Total BGN'000
Assets	9 156	43 949	40 804	**93 909**
Liabilities	1 365	9 270	18 149	**28 784**
Revenues	3 935	33 976	30 680	**68 591**
Profit	241	2 506	923	**3 670**
Profit attributable to the Company	**119**	**415**	**346**	**880**

During 2007 the Company has not received any dividends from its associates.

The investments in the associates are recorded in the financial statements of the Company using the cost method.

10 Intangible assets

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

	Property rights '000 BGN	Trade marks '000 BGN	Software Licenses '000 BNG	Total '000 BGN
As at 1 January 2006				
Gross carrying amount	978	1	43	1 022
Accumulated amortization	(244)	-	(41)	(285)
Carrying amount	**734**	**1**	**2**	**737**
As at 31 December 2006				
Gross carrying amount	978	1	49	1 028
Accumulated amortization	(488)	-	(45)	(533)
Carrying amount	**490**	**1**	**4**	**495**
As at 31 December 2007				
Gross carrying amount	978	1	51	1 030
Accumulated amortization	(733)	(1)	(49)	(783)
Carrying amount	**245**	**-**	**2**	**247**
2006				
Opening carrying amount	734	1	2	737
Additions	-	-	6	6
Amortization charge	(244)	-	(4)	(248)
Closing carrying amount	**490**	**1**	**4**	**495**
2007				
Opening carrying amount	490	1	4	495
Additions	-	-	2	2
Amortization charge	(245)	(1)	(4)	(250)
Closing carrying amount	**245**	**-**	**2**	**247**

As at 31 December 2007 the Company has no intangible assets pledged as collateral, neither any obligations to purchase intangible assets. The book value of the fully amortized assets, that are in use as at 31 December 2007 amounts to BGN 41 thousand (2006 – BGN 39 thousand).

Property rights consists of capitalized expenditures related to marketing researches conducted in 2005 with a carrying amount as at 31 December 2007 BGN 245 thousand (2006-BGN 490 thousand). As at 31 December 2006, the remaining useful life of these intangible assets is 2 years.

11 Long-term financial assets

The amounts recognised in the balance sheet relate to the following investment types:

	2007 BGN'000	2006 BGN'000
Financial assets classified as financial assets at fair value through profit or loss	14 932	30 042
Advance payments for acquisition of shares of CCB AD	4 464	-
Long-term available-for-sale financial assets	114	30
	19 510	**30 072**

11.1 Financial assets classified as financial assets at fair value through profit or loss:

	Country	2007 BGN'000	Share %	2006 BGN'000	Share %
CCB AD	Bulgaria	14 932	2.64%	30 042	8.73%

Shares of CCB AD are listed at the Bulgarian Stock Exchange. As at 31 December 2007 their value is based on the assumption of market prices of an active market

As at 31 December 2007 long-term financial assets classified as financial assets at fair value through profit or loss, are pledged as collateral to a repo agreement with Bulgarian Post Bank AD. (See note 23.2)

11.2 Long-term available-for-sale financial assets

	Country	2007 BGN'000	Shares %	2006 BGN'000	Shares %
Plovdiv stock exchange	Bulgaria	88	0.00%	-	-
BZOK Zakrila AD	Bulgaria	10	5.00%	10	5.00%
Gasinvest AD	Bulgaria	8	8.00%	8	8.00%
Oksimoron 2003 OOD	Bulgaria	5	47.00%	5	47.00%
Inofert OOD	Bulgaria	2	20.00%	2	20.00%
TB Biochim AD	Bulgaria	1	0.00%	1	0.00%
BKK AD	Bulgaria	-	0.00%	4	0.00%
		114		**30**	

Long-term financial assets are classified as available-for-sale and are stated at cost, because their fair value cannot be reliably measured.

As at 31 December 2007 there are no pledged long-term financial assets, classified as available-for-sale.

12 Long-term receivables

	2007 BGN'000	2006 BGN'000
Holding Nov Vek AD	9 004	-
Franchise development OOD - long-term loan	5 682	5 682
SK Itil - Kazan	5 205	-
Piero 97 MA AD - cession receivable, long-term portion	2 000	4 000
Tim Consult AD	722	895
Slanchevi Lachi Provadia AD	397	397
Interlease AD	88	88
Inter Rabar Chemi EOOD	70	70
Mlechen Put AD – long-term loan	-	294
Neftena Targovska Compania EOOD	-	421
	23 168	**11 847**

The long-term loan granted to Holding Nov Vek AD for a period of 2 years is with a maturity date at 31 December 2009 and annual interest rate equal to 9%.

The long-term loan granted to Franchise development OOD for a period of 5 years is with a maturity date at 20 October 2013 and annual interest rate equal to 2%. The purpose of the investment is establishment and development of stores for fast sale of home and office consumables. There are no collaterals to the loan.

The receivable from Piero 97 MA AD is related to a cession contract dated 6 July 2006 concerning a receivable of Chimimport AD from Technostil EOOD under the terms of an agreement for development of trade marks. Following the contract the assignee is obliged to assure Chimimport AD advertising time on the national television bTV or other medias agreed between both parties. The maturities of the long-term portions of the cession are BGN 2 000 thousand in 2008 and BGN 2 000 thousand in 2009. The short-term portion is presented in note 17.

13 Inventories

	2007 BGN'000	2006 BGN'000
Materials and consumables	32	32
Goods	123	270
	155	**302**

No reversal of previous write-downs was recognized as a reduction of expense in 2007. None of the inventories are pledged as securities for liabilities.

14 Short-term financial assets

	Country	2007 BGN'000	Share %	2006 BGN'000	Share %
PFK Cherno More AD	Bulgaria	4 700	91.67%	1 175	91.67%
Neochim AD	Bulgaria	3 607	2.38%	-	0.00%
Olovno-tzinkov Complex AD	Bulgaria	2 746	0.28%	-	0.00%
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%
Government securities	Bulgaria	3	-	3	-
		11 742		**1 864**	

Short-term financial assets are classified as available-for-sale. Most of them are accounted at cost, since their fair value cannot be reliably measured. Government securities are accounted at fair value.

As at 31 December 2007 there are no pledged short-term financial assets.

15 Advance payments for purchase of financial instruments

	2007 BGN'000	2006 BGN'000
Advance payments for secondary public offering of shares that are currently not traded at the Bulgarian Stock Exchange	61 289	-

Company	Number of shares	Book value BGN '000
Holding Nov Vek AD	439 107	9 695
Holding Varna A AD	446 612	20 228
Industrial Holding Bulgaria AD	4 011 337	31 366
		61 289

Chimimport AD has purchased non-exercised rights of Industrial Holding Bulgaria and Holding Nov Vek. from the centralized trade of non-exercised rights. Chimimport is authorized to subscribe 4 011 337 shares of Industrial Holding Bulgaria and 439 107 shares of Holding Nov Vek.

On 28 January 2008, an application for registration of a subsequent emission of stocks segment "B" on the Unofficial Stock Market was filed to the Bulgarian Stock Exchange:
- Issuer: Holding Nov Vek AD /HNVEK/;
- ISIN code of the emission: BG1100058988;
- Amount of the emission before the increase: BGN 649 620;
- Amount of the increase: BGN 907 589;
- Amount of the emission after the increase: 1 557 209 shares;
- Nominal value per share: 1 /one/ BGN.

On a meeting with protocol number 03/28.01.2008, The Board of the Directors of BSE-Sofia AD took the following decision:

In connection with a Resolution of the Commission for Financial Supervision number FS N122-E/23.01.2008 regarding the subscription of subsequent emission of securities, issued by "Industrial Holding Bulgaria" AD /IHLBL/, in the registry of public companies and other issuers, according to article 30, par. 1, section 3 from the Commission for Financial Supervision Act, we inform of the following:

The Board of the Directors of BSE-Sofia AD, on the grounds of article 58, in relation with article 51, paragraphs 5 and 6 from the Bulgarian Stock Exchange Regulations, registers segment "A" subsequent emission of securities on the Official Stock Market, as follows:

- Issuer: Industrial Holding Bulgaria AD /IHLBL/;
- ISIN code of the emission: BG1100019980;
- Amount of the emission before the increase: BGN 26 254 040;
- Amount of the increase: BGN 17 502 078;

- Amount of the emission after the increase: 43 756 118 shares;
- Nominal value per share: BGN 1 /one/;
- Type of shares: ordinary registered dematerialized voting shares;
- Date of initial trading: 30 January 2008 /Wednesday/

16 Loans granted

	2007 BGN'000	2006 BGN'000
ABAS EOOD	22 646	-
Damex	8 450	-
AKIN EOOD	6 158	-
Bliasak EOOD	5 143	257
Finance Consulting EAD	4 809	-
Business Center Izgrev EOOD	4 485	569
AKS 77 EOOD	3 645	-
Lorian EOOD	3 596	1 640
Velgraf Assets Management EAD	2 056	-
Holding Varna A AD	1 692	423
Nomokanon OOD	1 665	1 269
INO EOOD	1 513	-
FINTRANS AD	1 118	-
Office 1 Superstore Ukraine	1 001	1 001
Vitela Net AD	1 000	-
Others	7 214	3 878
	76 191	**9 037**

Short-term loans are granted with annual interest rates from 9 to 14% depends on the maturity date. None of the loans has a collateral pledged. The fair value of the granted loans has not been determined separately, as the management considers the carrying amounts recognized at the balance sheet to be a reasonable approximation of their fair value. As at 31 December 2007 there are no pledged receivables.

17 Trade receivables

Trade receivables as at 31 December 2007 are as follows:

	2007 BGN'000	2006 BGN'000
Piero 97 MA AD – short-term portion	2 256	2 000
Other	1 923	1 899
	4 179	**3 899**

The fair value of the trade receivables is not determined separately, as the management considers the carrying amounts recognized at the balance sheet to be a reasonable approximation of their fair value.

All trade receivables have been reviewed for indicators of impairment.

As at balance sheet date there are no impaired trade receivables past due as at reporting date.

Trade receivables are due within 30 to 120 days and do not bear any effective interest rate. All trade receivables are subject to credit risk. The management of the Company does not identify a specific credit risk as the trade receivables comprise of a large number of separate clients.

18 Other receivables

	2007 BGN'000	2006 BGN'000
Interest receivables on long-term and short-term loans	4 339	2 814
Court receivables	135	145
Tax receivables	39	28
Short-term deposits	3 987	-
Other short-term receivables	2 783	4 287
	11 283	**7 274**

18.1 The interest receivables on long-term and short-term loans

	2007 BGN'000	2006 BGN'000
Holding Nov Vek AD	578	554
Finance Consulting EAD	391	369
Nomokanon 2000 EOOD	289	151
Business Centre Izgrev	280	-
Noviko Nord OOD	237	163
Franchise Development OOD	237	124
Bliasak EOOD	219	181
Nordius EOOD	202	147
PFK Cherno more AD	190	-
Energomat AD	183	183
Lorian EOOD	160	-
Zarneni hrani Plovdiv OOD	141	104
Damex EOOD	139	-
AKS 77 EOOD	138	134
Niko Commerce EOOD	134	90
Abas EOOD	94	-
Office 1 Superstore – Ukraine	51	39
Andezit OOD	49	201
Noviko Chirpan OOD	-	138
Other	627	236
	4 339	**2 814**

18.2 Court receivables

	2007 BGN'000	2006 BGN'000
Hidrotechnika AD	40	40
ET Skad – Mehti Kasamov	24	34
Other	71	71
	135	**145**

19 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2007 BGN'000	2006 BGN'000
Cash at bank and in hand	92 845	26 329
Cash blocked	-	63
	92 845	**26 392**

As at 31 December 2006 blocked cash consists of amounts in VAT accounts of the Company.

20 Equity

20.1 Share capital

As at 31 December 2007 the shareholders of Chimimport AD are 3 940 private individuals and legal entities. The nominal value of one share is 1 BGN. The shares of the Company are ordinary, registered and subject to unrestricted transfers.

	2007 BGN'000	2006 BGN'000
Share capital:		
- beginning of the year	130 000	60 000
- issued during the year	20 000	70 000
Shares issued and fully paid as at 31 December	**150 000**	**130 000**

The list of the principal shareholders of the Company is as follows:

	2007 Number of shares	2007 %	2006 Number of shares	2006 %
Chimimport Invest AD	114 808 367	76.54%	112 586 647	86.61%
Julias Ber AD	11 278 610	7.52%	-	0.00%
EFG Eurobank Clients ACC	2 890 615	1.93%	937 453	0.72%
Scandinavian Enskilda Banken	1 541 966	1.03%	128 640	0.10%
Bank Austria Credit Anstalt	897 106	0.60%	446 424	0.34%
Danske Fund Eastern Europe – Luxembourg	860 354	0.57%	398 624	0.31%
Consolid Comers AD	704 276	0.47%	704 276	0.54%
DSK – funds(OTP Group)	658 800	0.44%	608 061	0.47%
Investbank AD	517 800	0.35%	468 180	0.36%
MEI – Romanian and Bulgarian Funds	510 161	0.34%	266 400	0.20%
ABN AMRO BANK- London	497 276	0.33%	-	0.00%
Raiffeisen –funds	366 100	0.24%	142 000	0.11%
Raiffeisen Central Bank - Austria	267 898	0.18%	721 111	0.55%
COPER Bank Slovenia	228 934	0.15%	353 126	0.27%
Standard Investment –funds	132 647	0.09%	245 882	0.19%
Other legal entities	8 009 387	5.34%	5 296 620	4.07%
Other individuals	5 829 687	3.89%	6 696 556	5.15%
	149 999 984	**100.00%**	**130 000 000**	**100.00%**

Withholding tax for dividends due from individuals and foreign legal entities for 2007 and 2008 amounts to 7% and 5% respectively and the tax is deducted from the gross amount of dividends.

20.2 Share premium

In 2007 the share premium amounting to BGN 199 418 thousand is accumulated from the Secondary Public Offering (SPO) of the shares of the Company in the period from 10 September 2007 to 02 October 2007. The expenses related to the share issue, amounting to BGN 581 thousand, are deducted from the share premium.

In 2007 the share premium amounting to BGN 32 925 thousand is accumulated from the Initial Public Offering (IPO) of shares of the Company in the period from 7 September 2006 to 20 September 2006. The number of the submitted purchase requisition forms, and the number of investors respectively, exceeds 2 100. The proceeds to Chimimport AD exceed the listed emission more than 2.5 times. The expenses related to the share issue, amounting to BGN 327 thousand are deducted from the share premium.

20.3 Other reserves

Other reserves, amounting to BGN 6 834 thousand as at 31 December 2007 (BGN 7 125 thousand as at 31 December 2006), are accumulated in accordance with the requirements of the Commercial Act for accumulation of statutory reserves.

21 Long-term trade payables

	2007 BGN'000	2006 BGN'000
Trade payables to ANZ Bank, Australia – long-term portion	864	2 597

The debt to ANZ Bank Australia is related to a lease contract for purchase of 3 airplanes BAe/146-200 for the amount of USD 9 289 680. The amount is due in 60 equal monthly installments of USD 154 828 each, until 30 April 2009. The collateral for the loan is a bank guarantee, issued by Bulbank AD, amounting to USD 1 000 000, secured with a mortgage of hangar number 3, owned by Hemus Air EAD. There are no specific obligatory conditions to the loan.

22 Deferred tax liabilities

Deferred taxes arising from temporary differences under the liability method, using a principal tax rate for 2008 - 10% (2007 - 10%), can be summarized as follows:

	2007 Deferred taxes liabilities BGN'000	2006 Deferred taxes liabilities BGN'000
Long-term financial assets		
Financial assets at fair value through profit or loss	-	539

See note **Error! Reference source not found.** for further information on the Company's tax income and expense.

23 Loans

23.1 Long-term bank loans

	2007 BGN'000	2006 BGN'000
Bulgarian Post Bank AD – investment credit – long-term portion	-	1 428
Hebros Bank AD– long-term portion	-	295
	-	**1 723**

See note 23.2.1 for further information on the Company's bank loans.

23.2 Short-term bank and other loans

	2007 BGN'000	2006 BGN'000
Bank loans – short-term portion	4 642	10 339
Repo deals with Bulgarian Post Bank AD	20 038	-
	24 680	**10 339**

23.2.1 Short-term bank loans

	2007 BGN'000	2006 BGN'000
Bulgarian Post Bank AD – investment credit – short-term portion	1 428	1 946
DSK Bank AD	2 920	8 000
Hebros bank AD – short-term portion	294	393
	4 642	**10 339**

Investment credit from Bulgarian Post Bank AD
The investment credit from Bulgarian Post Bank AD is defined by contract 535-1464, signed on 30 September 2003, with a maturity on 30 September 2008. The annual interest rate equals to the 3-months EURIBOR plus 6%.

The loan is granted in Euro, the monthly installments amount to EUR 83 thousand of principal plus interest on the remaining part of the loan. The collateral for the loan is shares of PDNG-Pleven with nominal value of BGN 542 thousand as at 31 December 2007. The loan has no specific obligatory conditions.

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 2008. The debt is secured with a third mortgage on the administrative building of Niko Commerce located at 2 Stefan Karadja Str., as well mortgages on parts of the two administrative buildings, located at 1 Alexander Battenberg Str. and 2 Stefan Karadja Str., owned by Chimimport AD. The negotiated interest rate is the base interest rate plus 3,5%.The amount of the credit is BGN 3 million.

Credit agreement with Hebrosbank AD
According to an agreement from 19 September 2005, Chimimport AD steps into the debt of Mlechen put AD. The debt is from Hebros bank AD, defined by a loan contract in BGN, and is payable in 35 equal monthly installments by 20 July 2008.

23.2.2 Repo agreement with Bulgarian Post Bank AD

	2007 BGN'000	2006 BGN'000
Bulgarian Post Bank AD– repo agreement	12 182	-
Bulgarian Post Bank AD– repo agreement	7 376	-
Interest payables from repo agreements	480	-
	20 038	**-**

Interest payables from repo agreements are specified in two contracts for reverse repo of securities with Bulgarian Post Bank.

- Contract on 29 June 2007 with maturity date 26 December 2007 and interest rate amounting to BGN 274 thousand.
- Contract on 12 October 2007 with maturity date 12 April 2008 and interest rate amounting to BGN 206 thousand.

24 Trade payables

	2007 BGN'000	2006 BGN'000
ANZ Bank, Australia – short-term portion	2 473	3 839
Samokov municipality	3 661	-
Other	2 233	2 096
	8 367	**5 935**

The fair values for trade and other receivables are not presented, since those receivables are current, and the management considers the carrying amounts recognized at the balance sheet to be a reasonable approximation of their fair value.

25 Tax liabilities

	2007 BGN'000	2006 BGN'000
Corporate income tax	443	1 889
Income tax	117	1
Tax on expenses	7	-
VAT payable	-	5
	567	**1 895**

26 Employee remuneration

26.1 Employee benefits expenses

Expense recognized for employee benefits include:

	2007 BGN'000	2006 BGN'000
Wages and salaries	541	709
Social security costs	90	49
	631	**758**

26.2 Payables to employees and social security institutions

Payables to employees, in the balance sheet consist of the following amounts:

	2007 BGN'000	2006 BGN'000
Wages and salaries	44	515
Social security payable	14	9
	58	**524**

27 Other liabilities

	2007 BGN'000	2006 BGN'000
Payables related to cession contracts	-	654
Interest payables on short-term loans	873	293
Short-term payables on loans received	4 962	4 057
Other short-term payables	3 354	5 625
	9 189	**10 629**

27.1 Payables related to cession contracts

	2007 BGN'000	2006 BGN'000
Expressbank AD (Kambana-Bourgas)	-	566
Finance Consulting EAD	-	88
	-	**654**

27.2 Short- term payables on loans received

	2007 BGN'000	2006 BGN'000
Deniz 2001 OOD	4 096	-
Ital Commerce EOOD	866	-
Velgraf Assets Management AD	-	2 513
Prima Him EOOD	-	620
Holding Nov Vek AD	-	598
AKS 77 EOOD	-	203
Conopus Star EOOD	-	123
	4 962	**4 057**

27.3 Interest payables on short-term loans

	2007 BGN'000	2006 BGN'000
Holding Nov Vek AD	336	-
Neftena Targovska Kompania EOOD	249	153
Velgraf Assets Management AD	170	91
Ital Commerce AD	64	-
St. st. Konstantin and Elena AD	17	9
Prima Chim EOOD	14	14
Deniz 2001 OOD	13	
Rentapark OOD	5	-
Conopus Star OOD	5	
Zarneni hrani Valchi Dol EAD	-	10
Other	-	16
	873	**293**

28 Gains from transactions with financial instruments

	2007 BGN'000	2006 BGN'000
Gains from transactions with financial instrument	78 303	18 375

29 Losses from transactions with financial instruments

	2007 BGN'000	2006 BGN'000
Losses from transactions with financial instruments	-	111

30 Interest income and interest expense

The following amounts have been included in the income statement line for the reporting periods presented:

	2 007 BGN'000	2 006 BGN'000
Interest income resulting from:		
- granted loans	7 045	3 662
- bank deposits	239	1
	7 284	**3 663**
Interest expense resulting from:		
- bank loans	941	1 347
- finance lease liabilities	418	321
- received loans	2 634	1 448
	3 993	**3 116**

31 Operating income

	2007 BGN'000	2006 BGN'000
Revenue from sale of goods	179	180
Revenue from services	1 711	8 245
Revenue from sales of non-current assets	-	2 600
Rent revenue	6 313	4 527
	8 203	**15 552**

32 Operating expenses

	2007 BGN'000	2006 BGN'000
Cost of goods sold	152	144
Cost of materials	39	33
Hired services expenses	4 087	1 345
Amortization and depreciation	2 602	2 195
Employee benefits expenses	631	758
Other operating expenses	519	285
	8 030	**4 760**

33 Tax income/(expense), net

The relationship between the expected tax expense based on the current tax rate at 10% (2006:15%) and the tax expense actually recognized in the income statement can be reconciled as follows:

	2007 BGN'000	2006 BGN'000
Profit for the year before tax	82 386	30 840
Tax rate	10%	15%
Expected tax expense	**(8 239)**	**(4 626)**
Increases in financial result for tax purposes	(834)	(349)
Decreases in financial result for tax purposes	8 631	3 086
Current tax expense	**(442)**	**(1 889)**
Tax rate applied	**10%**	**10%**
Deferred tax income/(expense),resulting from :		
- reversal of temporary differences	539	15
- tax rate adjustment to 10%	-	270
Tax income/(expense), net	**97**	**(1 604)**

Please refer to note 22 for information on the entity's deferred tax assets and liabilities

34 Earnings per share

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

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

	2007 BGN'000	2006 BGN'000
Profit, attributable to equity holders of the Company	82 483 000	29 236 000
Weighted average number of ordinary shares in issue	133 890 408	105 434 430
Basic earnings per share (BGN per share)	0.6160	0.2773

During 2007, the Company has not paid any dividends to its equity shareholders.

35 Related parties transactions

35.1 Transactions with associates and subsidiaries

	2007 BGN'000	2006 BGN'000
-Revenues from sales of goods		
Chimimport Rubber OOD	48	37
Chimimport Oil Trade OOD	3	-
	51	**37**
-Revenues from sales of non-current assets		
POK Saglasie AD	**-**	**2 600**
-Revenues from transactions with financial instruments		
Bulgarian Shipping Company EOOD	4 850	-
ZPAD Armeec	3 602	-
POAD CKB Sila	-	4 641
CCB AD	-	2 100
	8 452	**6 741**
- Revenues from services and rent		
Hemus Air AD	4 893	3 907
Brand New Ideas EOOD	1 683	-
CCB AD	505	159
Bulgarian Shipping Company AD	135	-
POAD CKB Sila	97	-

	2007 BGN'000	2006 BGN'000
SK Chimimport Consult OD	32	-
Chimimport Rubber OOD	17	-
Chimimport Fertileiser OOD	16	-
PDNG AD	13	-
Chimimport Orgachim AD	12	12
Chimimport Oil Trade OOD	10	10
Chimtrans OOD	10	10
Chimimport Lega Consult OOD	5	5
Parahodstvo BRP AD	4	4
Chimimport Chimtseltex OOD	4	4
Chimimport Finance AD	1	1
	7 437	**4 112**
- Expenses for services		
SK Chimimport Consult AD	239	152
Trans Interkar OOD	158	111
Brand New Ideas EOOD	84	15
Chimimport Lega Consult OOD	74	24
I T Creation EOOD	19	-
Chimsnab AD	16	-
Chimiport Orgachim OOD	16	-
Chimimport Rubber AD	6	-
Chimimport Pharma OOD	-	135
	612	**437**

35.2 Transactions with key management personnel

In 2007 the compensations paid to the members of the Managing Board of the Company amount to BGN 144 thousand (2006 –BGN 38 thousand).

35.3 Balances at the end of the year

	2007 BGN'000	2006 BGN'000
Long-term receivables due from related parties:		
- subsidiaries		
Bulgarian Aviation Group EAD	48 009	-
Bulgarian Shipping Company EAD	23 456	-
- associates		
POK Saglasie AD	1 000	1 000
	72 465	**1 000**

	2007 BGN'000	2006 BGN'000
Short-term receivables due from related parties:		
- subsidiaries		
Trans Interkar EOOD	9 005	2 977
Hemus Air EAD	1 292	1 281
Bulgarian Aviation Group EAD	2 696	4 416
ZPAD Armeec	1 872	668
Bulgarian Shipping Company EAD	1 739	4 371
Bulchimecs EOOD	1 095	-
Chimimport Group EAD	246	-
Chimimport Chimtseltex OOD	245	223
Chimimport Rubber AD	265	338
Chimimport Finance OOD	187	-
Energoproekt AD	626	580
Chimimport Oil Trade OOD	105	19
PDNG AD	521	502
Brand New Ideas EOOD	350	12
Chimsnab AD	164	164
Zarneni hrani Bulgaria AD	114	171
Chimimport Petrol OOD	-	-
Chimimport Pharma OOD	-	107
Pristanishte Lesport AD	-	490
Other, under BGN 100 thousand	264	2 068
including trade payables	2 167	2 156
including interests	5 949	1 375
- associates		
Conor OOD	1 016	890
POK Saglasie	939	939
including trade payables	200	200
including interests	-	-
	22 741	**20 216**

	2007 BGN'000	2006 BGN'000
Long-term payables due to related parties:		
- owners		
Chimimport Invest AD	146 709	7 760
- subsidiaries		
Sporten Complex Varna AD	12 928	-
Bulgaria Air AD	10 000	-
Pristanishte Lesport AD	8 279	-
Chimsnab AD	681	-
	178 597	**7 760**

The long-term payables to Chimimport Invest AD are related to a contract for long-term investments. Under this contract gains from investments are distributed to the investor.

	2007 BGN'000	2006 BGN'000
Short-term payables due to related parties:		
- owners		
Chimimport Invest AD	582	582
including interest	582	582
- subsidiaries		
CKB Group Assets Management AD	6 422	1 072
CKB AD	3 712	3 600
Sporten Complex Varna AD	308	16 579
Bulgaria Air AD	259	-
Chimimport Consult OOD	227	-
Pristanishte Lesport AD	192	-
Zarneni hrani Bulgaria AD	-	2 708
PDNG AD	-	1 545
Chimsnab AD	-	608
Others, under BGN 100 thousand	703	1 282
including trade payables	413	351
including interests	1 424	1 123
	12 405	**27 976**

36 Contingent assets and liabilities

As at 31 December 2007 the Company is a party to an active contract from 20 December 2004 for bank guarantees with DSK bank. The contract specifies the limit of the guarantee to be BGN 1 million with a second mortgage of an investment property serving as a collateral.

37 Risk management objectives and policies

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Company's risk management is coordinated at its headquarters, in close co-operation with the board of directors, 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 most significant financial risks to which the Company is exposed to are described below. See also note 37.5 for a summary of Company's financial assets and liabilities by category.

37.1 Foreign currency risk

Most of the Company's transactions are carried out in Bulgarian leva (BGN). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US-Dollars. The Company has long-term trade payables and long-term finance lease payables in US-Dollars, related to the purchase of aircrafts. Those payables are carried at amortized cost. The Company has short-term and long-term trade receivables in US-Dollars defined by loan contracts. Those receivables are classified as loans and receivables.

To mitigate the Company's exposure to foreign currency risk, non-BGN cash flows are monitored. Generally, Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-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. The Company does not enter into forward exchange contracts.

US dollars denominated financial assets and liabilities, translated into Bulgarian Leva at the closing rate, are as follows:

	2007 BGN'000	2006 BGN'000
Financial assets	1 928	-
Financial liabilities	4 117	4 108
Short-term exposure	**6 045**	**4 108**
Financial assets	5 682	7 610
Financial liabilities	4 481	8 605
Long-term exposure	**10 163**	**16 215**

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Company's financial assets and financial liabilities and the US Dollar - BGN exchange rate.

It assumes +5% change of the BGN/US-Dollar exchange rate for the year ended at 31 December 2007 (2006: 7%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

If the Bulgarian lev had strengthened against the US Dollar by 5% (2006: 7%) respectively then this would have had the following impact:

	2007 BGN'000	2006 BGN'000
Effect on the net result for the year	**(49)**	**(357)**

If the Bulgarian lev had weakened against the US Dollar by 5% (2006: 7%) respectively then this would have had the following impact:

	2007 BGN'000	2006 BGN'000
Effect on the net result for the year	**49**	**357**

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. The lower sensitivity of the Net result for the year from the currency exchange rate in 2007 compared to 2006 is due to the due to the change in the ratio between debt and receivables. This, on the other hand, is a result of decrease of financial leasing liabilities. This leads to mutual compensation of cash inflows and cash outflows in foreign currency.

37.2 Interest rate sensitivity

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 2007, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates. As in the previous year, all other financial assets and liabilities have fixed rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates – LIBOR in Euro and the base interest rate with **+/-8.30%** and **+/–8.32%** respectively (2006: +/-8.75% и +/- 10.66%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on Company's financial instruments held at each balance sheet date. All other variables are held constant.

	2007 BGN'000		2006 BGN'000	
LIBOR in Euro	**+8,30%**	**-8,30 %**	**+8,75%**	**-8,75%**
Base interest rate	**+8,32%**	**-8,32 %**	**+10,66%**	**-10,66%**
Effect on the net result for the year	(18)	18	(16)	16

The Company is exposed to price risk related to share prices, as it holds shares classified in the financial statements as financial instruments at fair value through profit or loss. The price risk, arising from investments in securities, is managed through diversification of the securities' portfolio within the limits set by the Company.

The table below summarizes the influence of the decrease/increase in the stock exchange prices of publicly traded shares over the net financial result for the year after taxes and other owners equity components. The analysis relies on the assumption that prices will increase/decrease with 1 %. It is also assumed that all other factors are kept constant and all financial instruments of the Company vary within their historical index correlation.

	2007 BGN'000	2006 BGN'000
Net financial result for the year after taxes	**173**	**300**

The net financial result for the year after taxes will increase/decrease depending on the profit/loss from investments in publicly traded shares, classified as financial assets at fair value through profit or loss.

37.3 Credit risk analysis

Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date, as summarized below:

	2007 BGN'000	2006 BGN'000
Long-term financial assets	19 510	30 072
Long-term receivables from related parties	72 465	1 000
Long-term receivables	23 168	11 847
Short-term financial assets	11 742	1 864
Advance payments for purchase of financial instruments	61 289	-
Loans granted	76 191	9 037
Trade receivables	4 179	3 899
Receivables from related parties	22 741	20 216
Other receivables	11 283	7 274
Cash and cash equivalents	92 845	26 392
	395 413	**111 601**

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Company's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

As at 31 December 2007 shares of CCB AD, classified as financial assets at fair value through profit or loss are pledged as collateral of repo agreement with Bulgarian Post Bank AD.

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. The credit risk for liquid funds and other short-term financial assets is considered as negligible, since the counterparties are reputable banks with high quality external credit ratings.

37.4 Liquidity risk analysis

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-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-days and a 360-days lookout period are identified monthly.

The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. 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 2007, Company's liabilities have contractual maturities which are summarized below:

31 December 2007	Current Within 1 year BGN'000	Non-current 1 to 5 years BGN'000
Short-term loans	24 680	-
Trade payables	8 367	864
Payables to related parties	12 405	178 597
Other payables	9 189	-
	54 641	**179 461**

As at 31 December 2006, Company's liabilities have contractual maturities which are summarized below:

31 December 2006	Current Within 1 year BGN'000	Non-current 1 to 5 years BGN'000
Short-term loans	10 339	-
Trade payables	5 935	4 320
Payables to related parties	27 976	7 760
Other payables	10 629	-
	54 879	**12 080**

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

37.5 Summary of financial assets and liabilities by category

The carrying amounts of Company's financial assets and liabilities may also be categorized as follows:

	2007 BGN'000	2006 BGN'000
Non-current assets		
Financial assets classified as fair value through profit or loss	14 932	30 042
Available-for-sale financial assets	114	30
Loans and receivables	95 633	12 847
	110 679	**42 919**
Current assets		
Available-for-sale financial assets	11 742	1 864
Loans and receivables	114 394	40 426
Cash and cash equivalents	92 845	26 392
	218 981	**68 682**
Non-current liabilities		
Financial liabilities measured at amortized cost	**179 461**	**12 080**
Current liabilities		
Financial liabilities measured at amortized cost	**54 641**	**54 879**

38 Capital management policies and procedures

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 shareholders

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

The Company determines the capital based on the carrying amount of equity.

Net debt is calculated as general debt less the carrying amount of 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:

	2007 BGN'000	2006 BGN'000
Equity	537 885	235 995
Capital	**537 885**	**235 995**
Debt	240 092	77 660
- cash and cash equivalents	(92 845)	(26 392)
Net debt	**147 247**	**51 268**
Capital to net debt	**1 : 0.27**	**1 : 0.22**

The decrease of the correlation between capital to net debt in 2007 compared to 2006 is a result of the increase of the long-term debt.

39 Post balance sheet events

The management of the Company declares that for the period after the balance sheet date until the date of the preparation of the financial statements, 31 March 2008, no significant or material non-adjusting events took place.