IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the attached Prospectus following this page and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the terms and conditions below.

Restrictions: The attached Prospectus relates to a public offering of shares and trading of their corresponding shares in Bulgaria. No action has been or will be taken by Chimimport AD, Bulgaria (the "**Company**"), UniCredit Bulbank, Bulgaria and Central Cooperative Bank, Bulgaria (jointly, the "**Managers**") or any other person to permit a public offering of the shares, or to permit the possession or distribution of this document (or any other offering or publicity materials or application form(s) relating to the shares) in any jurisdiction other than Bulgaria where action for that purpose may be required.

UNDER NO CIRCUMSTANCES SHALL THIS PROSPECTUS CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

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If you have been sent the attached Prospectus (by e-mail or otherwise) or you have accessed the attached Prospectus from the webpages of the Company or the Managers, this is based on the reasonable belief of Company and/or Managers that (i) you are a proper addressee of this Prospectus and (ii) the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands. By accepting the e-mail and/or accessing this document, investors shall be deemed to have represented to the Company and/or to the Managers that they are outside the United States and that they have given your consent for that delivery by electronic transmission and/or hard copy.

If this Prospectus has been sent to you in an electronic form you are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Company or the Managers, or any person who controls it or any director, officer, employee or agent of Managers or any person who controls it or any affiliate of any of the foregoing accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Company or the Managers.

PROSPECTUS DATED 27 April 2009

Chimimport AD

(incorporated as a joint stock company with limited liability under the laws of the Republic of Bulgaria)

Offering of 9% 90,000,000 mandatory convertible preferred shares with guaranteed dividend, guaranteed liquidation share and no voting rights

Issue Price per New Share BGN 2.22

Chimimport AD ("**Chimimport**", the "**Company**" or the "**Issuer**") increases its capital up to BGN 239,999,984 (the "**Capital Increase**") through an initial public offering of 90,000,000 preferred shares without voting rights, with 9% guaranteed dividend and guaranteed liquidation share, mandatory convertible into ordinary shares of the Company, each one with a nominal value of BGN 1 (the "**New Shares**" or the "**Preferred Shares**"). The public offering in relation with the Capital Increase (the "**Offering**") shall comprise the New Shares offered for subscription and the rights for subscription of the New Shares (the "**Rights**"), which Rights will be registered for trading on the Bulgarian Stock Exchange – Sofia AD (the "**Bulgarian Stock Exchange**" or "**BSE**"). This Prospectus is issued in compliance with Bulgarian law and the listing rules of Bulgarian Stock Exchange – Sofia AD and is approved by the Bulgarian Financial Supervision Commission ("**FSC**"). Immediately following the registration of the New Shares with the Bulgarian Commercial Register, the Bulgarian Central Depository and the FSC an application shall be made for the listing of the New Shares, which will be traded on the Unofficial Market (or on the Official Market further to Article 5 of Part III "Rules for admission to trading" of the Rules of the BSE) under a Xetra-defined code. It is expected that trading in the New Shares of Chimimport will commence on or about 22 June 2009.

The New Shares are offered only in the Republic of Bulgaria. The New Shares have not and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or with any securities regulatory authority of any jurisdiction outside Bulgaria and may not be offered or sold within the United States of America either to, or for the benefit of, U.S. persons (as defined in Regulation S on the application of the US Securities Act) except pursuant to an exemption from registration.

Investment in shares is subject to certain risks. It is in the interest of investors to read this Prospectus in its entirety, and, in particular, the section entitled "Risk Factors" before deciding whether to invest in the New Shares.

This Prospectus contains all the information on Chimimport and the companies, part of its economical group (the "**Group**") necessary for taking a decision on whether to invest in the New Shares. In accordance with Bulgarian law the members of the Management Board of Chimimport shall be jointly and severally liable for any and all damages caused by false, misleading or incomplete data in the Prospectus. The persons, responsible for preparation of the financial statements of Chimimport shall be jointly and severally liable with the Issuer's Management Board members for any and all damages caused by false, misleading or incomplete data in the financial statements of Chimimport, and the auditor of Chimimport - for damages caused by the audited financial statements of the Issuer. In this regard the above persons have declared the relevant circumstances as required by the law.

THE FINANCIAL SUPERVISION COMMISSION HAS APPROVED THIS PROSPECTUS WITH DECISION No. 374 - E OF 22 APRIL 2009, WHICH IS NOT A RECOMMENDATION TO INVEST IN THE OFFERED SHARES. THE FINANCIAL SUPERVISION COMMISSION SHALL NOT BE LIABLE FOR THE ACCURACY AND THE COMPLETENESS OF THE DATA CONTAINED IN THIS PROSPECTUS.

Lead Manager of the Offering

UniCredit Bulbank

Co-Manager

Central Cooperative Bank

Potential investors can receive this Prospectus free of charge at the following addresses:

- From the office of Chimimport in Sofia, 2 Stefan Karadja Str.; website: www.chimimport.bg, tel.: +359 (2) 981 86 00; contact person: Dimitar Zhilev, from 9.30 a.m. till 17.30. p.m.;
- From the office of UniCredit Bulbank in Sofia, 6 Vitosha Blvd., tel.: +359 (2) 9320 150, website: www.unicreditbulbank.bg; contact person: Yolanda Hristova, from 9:00 a.m. till 17:00 p.m.;
- From the office of Central Cooperative Bank in Sofia, 8 Vrabcha Str., tel.: +359 (2) 932 71 29, website: www.ccbank.bg; contact person: Petar Angelov, from 9:30 a.m. till 17:00 p.m.

This Prospectus and additional public information about Chimimport may also be obtained from the public register of the Financial Supervision Commission (www.fsc.bg) and from the Bulgarian Stock Exchange` specialized financial media X3News (www.X3news.com).

This document is a translation in English of the Chimimport's original Prospecus, approved in Bulgarian language by the Financial Supervision Commission of Bulgaria. The translation is made under the sole responsibility of the Issuer.

This document contains certain explanatory footnotes in italics, which do not exist in the original Bulgarian Prospectus.

The New Shares are mandatory convertible preferred shares, without voting rights, and give their holders special rights, described in detail in the section *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares"* of this prospectus. The rights which the New Shares give their holders shall become effective as of the registration of the Capital Increase with the Commercial Register.

UniCredit Bulbank AD acting as a lead manager of the Offering (the "**Lead Manager**" or "**UniCredit Bulbank**"), as well as the co-manager Central Cooperative Bank AD (the "**Co-Manager**", "**Central Cooperative Bank**" or "**CCB**") (the Lead Manager and the Co-Manager are hereinafter jointly referred to as the "**Managers**") are acting for Chimimport and no one else in connection with the Offering, and will not be responsible to anyone other than Chimimport for providing the protections afforded to its clients, or for providing advice in relation to the Offering or any transaction or arrangement referred to in this document.

The distribution of this document and the offer of the Shares in certain jurisdictions may be restricted by law.

Accordingly, neither this document nor any advertisement nor any other Offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. For information on restrictions relating to the Offering and the distribution of this document, refer to *"Subscription and Sale"*.

Prospective investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by Chimimport or the Managers. Without prejudice to any obligation of Chimimport to publish a supplementary prospectus pursuant to the Bulgarian Public Offer of Securities Act 1999, neither the delivery of this document nor any subscription or purchase of New Shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of Chimimport since, or that the information contained herein is correct at any time subsequent to the date of this document.

The contents of this document are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. If you are in any doubt about the contents of this document you should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

In connection with the Offering, the Managers acting as investors for their own account may acquire Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own account in such securities, any other securities of Chimimport or other related investments in connection with the Offering or otherwise. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

FORWARD LOOKING STATEMENTS

This document contains forward-looking statements which reflect the current view of Chimimport or, as appropriate, of the members of the supervisory board of Chimimport (the "**Supervisory Board**") and the members of the management board of Chimimport (the "**Management Board**") (together, the "**Directors**") with respect to financial performance, business strategy, plans and the objectives of Management for future operations (including development plans relating to Chimimport and its subsidiaries (the "**Group**").

These forward-looking statements relate to Chimimport and the sectors and industries in which Chimimport operates. Statements which include the words *"expects"*, *"intends"*, *"plans"*, *"believes"*, *"projects"*, *"anticipates"*, *"assumes"*, *"will"*, *"targets"*, *"aims"*, *"may"*, *"would"*, *"could"*, *"continue"* and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the Bulgarian securities laws or otherwise.

All forward-looking statements included in this document address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause Chimimport's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in the part of this document entitled *"Risk Factors"*, which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect Chimimport's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of Chimimport and the Group.

Any forward-looking statements speak only at the date of this document. Subject to any obligations under Bulgarian law and the Rules of the Bulgarian Stock Exchange, Chimimport undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to Chimimport or individuals acting on behalf of Chimimport are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information in this document has been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Anyone considering acquiring Shares must rely on their own examination of Chimimport, the terms of the Offering and the financial information in this document.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables, or percentage calculations contained in this document, may not conform exactly to the total figure given for that column or row.

PRESENTATION OF MARKET AND INDUSTRY INFORMATION

Market, economic and industry data used throughout this document have been derived from various industry and other independent sources. The accuracy and completeness of such information is not guaranteed.

Information contained in this document relating to the industries in which Chimimport, the companies of the Group and their competitors operate (which may include estimates and approximations) was derived from publicly available information, including press releases and filings under various securities laws and other regulations. Chimimport confirms that such information has been accurately reproduced from its sources and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. However, Chimimport has relied on the accuracy of this information without carrying out an independent verification. Certain of the information in this document in relation to Bulgaria has been extracted from documents and other publications released by, and is presented on the authority of, various officials and other public and private sources, including participants in the capital markets and financial sector in Bulgaria. There is not necessarily any uniformity of views among such sources as to the information provided therein. Accordingly, Chimimport only accepts responsibility for accurately reproducing such extracts from the relevant informational sources. It accepts no further or other responsibility in respect of such information.

In this prospectus, including in the financial statements, to which the Prospectus refer (see *"Incorporation by reference"*), the numbers are presented in the following manner: the number "one thousand and five hundredths" is "1 000,05", the number "one thousand and five tenths" is "1 000,50" or "1 000,5; the number "one million" is

“1 000 000” or “1 000 000,00”, and any other numbers shall be expressed and written in the same way, except explicitly indicated otherwise.[1]

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to “Euro”, “EUR” or “€” are to the lawful currency of the European Union, all references to “US Dollars”, “USD”, “US$” or “$” are to the lawful currency of the United States of America and all references to “Lev”, “Leva” or “BGN” are to the lawful currency of the Republic of Bulgaria.

EXCHANGE RATES

From 1997 the Lev was pegged to the Deutsche Mark and subsequently to the Euro. Currently, the exchange rate is fixed by the Bulgarian National Bank at € 1 = BGN 1.95583 (BGN 1.00 = € 0.51).

The following table sets forth, for the periods indicated, the average, high, low and period-end daily reference exchange rate in Bulgarian Leva as published by the Bulgarian National Bank ("**BNB**") expressed in Leva per $1.00:

	as of 31 March	**Year ended 31 December**		
	2009	**2008**	**2007**	**2006**
		(Leva per $1,00)		
Period End	1.46966	1.38731	1.33122	1.48506
Average (1)	1.50113	1.33687	1.42937	1.55944
High	1.55781	1.56969	1.51697	1.65021
Low	1.42928	1.22316	1.31493	1.46713

(1) The average of the daily reference exchange rates during the relevant period.

Except as otherwise stated in this document, all translations from Leva to Euro and vice versa contained in this document are based on the exchange rate fixed by BNB of €1 = BGN 1.95583.

NOTICE TO NON-BULGARIAN INVESTORS

Chimimport is a joint-stock company established in Bulgaria and substantially all of its assets are located in Bulgaria. In addition, the members of the Supervisory and Management Board of Chimimport are residents of Bulgaria and substantially all of their personal assets are located in Bulgaria. As a result, it may be difficult for investors in jurisdictions outside Bulgaria to effect service of process on Chimimport or members of its Supervisory and Management Board in connection with any lawsuits against such persons related to the Offer Shares. Furthermore, foreign investors may encounter difficulties in recognition and admission for enforcement in Bulgaria of judgements of foreign courts and other authorities against Chimimport or members of its Supervisory and Management Boards.

Recognition and admission for enforcement in Bulgaria of foreign judgments and other acts is provided for under the Bulgarian Civil Procedure Code 2008 (which implements the European Union Council Regulation on Jurisdiction (EC) 44/2001 of 22 December 2000 on Jurisdiction and on the Recognition and Enforcement of Judgments in Civil and Commercial Matters) when such foreign acts fall under the scope of Regulation (EC) 44/2001. Recognition and admission for enforcement in Bulgaria of foreign judgments and other acts, for which the

[1] *In this English version Prospectus the numbers are presented in the following manner: the number “one thousand and five hundredths” is “1,000.05”, the number “one thousand and five tenths” is “1,000.50” or “1,000.5; the number “one million” is “1,000,000” or “1,000,000.00”.*

Bulgarian Civil Procedure Code, respectively, Regulation (EC) 44/2001 are not applicable, is effected in compliance with the Bulgarian Private International Law Code 2005.

REFERENCES TO DEFINED TERMS

Some of the terms used in this Prospectus are defined upon their first usage. The rest of the terms, used more often in this document, including certain capitalised terms, are defined in the "*Definitions*" section.

Chimimport is a joint-stock company operating under a two-tier management system, including (a) Management Board and (b) Supervisory Board.

The **Supervisory Board** of Chimimport consists of the following members:

- Chimimport Invest AD – member;
- CCB Group EAD – member;
- Mariana Bazhdarova – member.

The **Management Board** of Chimimport consists of the following members:

- Tsvetan Botev – chairman;
- Alexandar Kerezov – vice-chairman;
- Ivo Kamenov – executive director;
- Marin Mitev – executive director;
- Nikola Mishev – member;
- Miroliub Ivanov – member.

As at the date of this Prospectus, the Management Board has not authorized a procurator or other commercial representative.

The Company is represented jointly or severally by the executive directors Ivo Kamenov and Marin Mitev.

The Lead Manager of the Offering, advising Chimimport with respect to the Offering and authorised *inter alia* to market the Offering and organize the subscription of New Shares, is *UniCredit Bulbank AD*, with headquarters and address of administration: 7 Sveta Nedelya Square, Vuzrajdane region, Sofia, Republic of Bulgaria. **Co-Manager** of the Offering is *Central Cooperative Bank AD*, with headquarters and address of administration: 103 Georgi S. Rakovski Str., Oborishte region, Sofia, Republic of Bulgaria.

The Legal Advisor to the Issuer with respect to the Offering, including with respect to this Prospectus is *Dimitrov, Tchompalov & Todorova OOD*, with headquarters and address of administration: 17 San Stefano Str., 1504 Sofia, Republic of Bulgaria.

The Auditor of Chimimport for 2008, 2007 and 2006 is *Grand Tornton OOD*, with headquarters and address of administration: 26 Cherni Vrah Blvd., Sredetz region, 1000 Sofia, Republic of Bulgaria, through the registered auditor Marii Apolstolov, registration No 0488.

The Persons responsible for the information given in the Prospectus are: *Dimitar Zhilev,* Investor Relations Director of Capital Management ADSIC and *Petar Angelov*, Analyst of the Investment Banking Directorate of Central Cooperative Bank.

The persons, named above as responsible for the information given in the Prospectus, signing the last page of the Prospectus declare that:

1) they have taken all reasonable care to ensure that the information in this Prospectus meets the requirements of the law, and

2) to the best of their knowledge, the information included in this Prospectus is in accordance with the actual facts and circumstances, is not misleading and contains no omission likely to affect its import, and fairly presents in all material respects the business, financial and legal conditions with respect of Chimimport and the rights attached to its Shares.

CONTENTS

EXPECTED TIMETABLE FOR THE OFFERING

Each of the times and dates set out below is subject to change without further notice.

Dates after the announcement of the New Shares subscription closing are indicative only and Chimimport and the Managers will proceed to ensure as soon as possible Admission of the New Shares on the Bulgarian Stock Exchange. Exact dates will be published, in addition to any other publications with the BSE, FSC and other publications pursuant to Bulgarian law, on the websites of Chimimport, UniCredit Bulbank and CCB.

Date of publication of an Offering notice in the Bulgarian *State Gazette* and a daily newspaper (1)	on or about 28 April 2009
Commencement of Rights trading on the BSE and start of the New Shares subscription	on or about 7 May 2009
Closing date for Rights trading on the BSE	on or about 20 May 2009
Closing date for subscription of New Shares by the owners of Rights, including the owners having purchased Rights on the BSE	on or about 22 May 2009
Official auction of the unexercised rights on the BSE	on or about 29 May 2009
Commencement of the subscription of New Shares by the investors having bought Rights on the official auction	on or about 1 June 2009
Closing date for subscription of New Shares by the investors having bought Rights on the official auction	on or about 12 June 2009
Closing date for payment of the New Shares by any investor having subscribed for new Shares (2)	on or about 12 June 2009
Registration of the New Shares issue and of the Capital Increase of Chimimport in the commercial register	on or about 16 June 2009 (3)
Investors' accounts credited with New Shares at the Bulgarian Central Depository	on or about 17 June 2009 (3)
Commencement of trading of the New Shares on the BSE	on or about 22 June 2009 (3)

(1) At least 7 days before commencement of accepting orders for subscription of the New Shares and commencement of rights trading on the BSE;

(2) As per the terms and conditions of the subscription, any subscription of New Shares shall be invalid if the full share value has not been paid upon the closing date for subscription;

(3) The above dates are specified upon the presumption that (a) the terms in the schedule will be strictly observed; and (b) the procedures before the relevant institutions will be carried out in the shortest possible terms. The actual date may be more or less days after the date indicated.

SUMMARY

This section should be read as an introduction to the Prospectus and any decision for investing in the New Shares should be based on consideration of the Prospectus as a whole by the investors. Investors, in particular foreign investors, should take into consideration where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Business Overview

For the 62 years of its existence, Chimimport has grown from a successful foreign trade enterprise specialized in trading in chemical products to a large-scale holding company ("**the Group**") which unites more than 70 companies operating in several sectors of key importance for the Bulgarian economy.

The main area of activities of Chimimport is concentrated in areas which the management team believes to be reflecting the traditional advantages of Bulgaria. The Issuer performs its activities through the acquisition of shares, the setting up, restructuring, management and financing of subsidiary companies.

The priority investments of the Group are focused in the following sectors:

- Financial sector, including banking services, insurance, pension insurance, securitization of real estate;
- Extraction of oil and gas;
- Production of and trading in petroleum and chemical products and oil processing industry;
- Production of vegetable oils, purchase, processing and trading in grain foods; production of bio fuels;
- Air transport, ground activities related to the maintenance and repair of aircraft;
- River and maritime transport, port infrastructure.

The consolidated assets of the Group for 2008 amount to BGN 3,272 million, with BGN 2,747 million in 2007 and BGN 1,631 million in 2006. The net profit for the last three years amounts respectively to BGN 143 million in 2008, BGN 136 million in 2007, and BGN 61 million in 2006. As of 31 December 2008 the Group has more than 6,000 employees, including 56 pay-roll employees of Chimimport.

Strengths and Strategy

Key advantages

The Directors of Chimimport believe that the main advantages of the Group at present are:

- *Knowledge of the conditions in Bulgaria and positions won in the economy of the country*

  The knowledge of the economic and the political conditions and peculiarities in the country and of the needs and specific peculiarities of the customers lie at the heart of the growth of Chimimport and the good positions won in the strategic branches of the economy of Bulgaria.

- *Proven management team*

  Chimimport has a highly-motivated team of managers with a vision of the growth of the Group, with proven skills and experience in the management, acquisition and restructuring of companies, both in favourable and unfavourable market environment.

- *Significant value of the assets of the Group*

  As of 31 December 2008 the assets of the Group have an accounting value of BGN 3,272 million (BGN 2,747 million in the end of 2007 and BGN 1,632 million in the end of 2006). The Directors of Chimimport believe that the assets acquired are the necessary basis for the growth and the long-term development of the Group, as most of them are a strategic advantage – the creation of such type of assets at the moment is either impracticable, or would require huge investments.

Principal strategic goals

The main strategy and logic of the investments made by the Group is its positioning as an important counterparty, handling the commercial streams traditional for Bulgaria and the region. In particular, this motivated the entry by the Group into sectors, such as transport, agriculture, financial operations and tourism/real estate. In view of the above the business model of the Group is based on the maintenance and the expansion of its leading role in sectors, identified as important for the Bulgarian economy. Some of the more specific goals set by the management of Chimimport are:

- to maintain the high rates of growth of the assets and the profits of the holding, which is associated with the procurement of long-term investment return for the shareholders;
- the recognition of Chimimport as holding company with a stable presence in the economies of Bulgaria and Central and Eastern Europe;
- to maintain its leading position among the public companies in Bulgaria and to improve the international popularity of the Group in view of securing its financing from the world capital markets.

The development of Chimimport and its short-term and mid-term investment plans is channelled into two main directions – (i) Strengthening and optimisation of what has already been achieved (ii) Entering new markets (also see *"Business Review – Strategy"*).

Summary of Historical Financial and Operating Information

The financial information about Chimimport for the previous years has been prepared in accordance with the International Financial Reporting Standards (IFRS). The following information should be considered together with the information included in the *Operating and Financial Review* section, the related financial information and the accompanying notes included in this Prospectus.

The activities of Chimimport since 31 December 2008 have been developing according to expectations. On the whole, the Management retains the expectations they have had so far about the development of the activities in 2009.

Listed below are some of the core data from the consolidated financial statements of Chimimport. The data for 2006 and 2007 are extracted from the audited consolidated financial statements of Chimimport for the respective years. The data for 2008 are extracted from the unaudited interim consolidated financial statement of Chimimport as of 31 December 2008.

	As of 31 December		
	2008 (Unaudited)	**2007 (Audited)**	**2006 (Audited)**
		(BGN in thousands)	
Data from the consolidated income statements			
Income from non-financial activities	736,052	520,028	256,182
Expenses for non-financial activities	(685,519)	(482,350)	(227,165)
Net result from non-financial activities	50,533	37,678	29,017
Net income from interest	60,065	52,348	34,380
Net result from operations with financial instruments	76,386	129,383	37,450
Net profit for the period	143,185	136,290	60,770
- belonging to the minority shareholders	15,456	17,180	7,440
- belonging to the shareholders in Chimimport	127,729	119,110	53,330
Weighted average number of shares	150,000,000	133,890,408	105,434,430
Principle income per share (BGN)	0.8515	0.8896	0.5058
Data from the consolidated balance sheets			
Total assets	3,272,314	2,746,844	1,631,470
- including non-current tangible assets	1,807,301	1,217,101	736,448
- including current assets	1,465,013	1,529,743	895,022
Total liabilities	2,230,307	1,877,641	1,242,244
- including non-current liabilities	925,830	1,162,678	388,003
- including current liabilities	1,304,477	714,963	854,241
Equity	944,432	809,595	351,104
- belonging to the minority shareholders	194,102	179,877	61,033
- belonging to the shareholders in Chimimport	750,330	629,718	290,071
Data from the consolidated cash flow statements			
Net cash flow from operative activities	(150,858)	247,904	154,083
Net cash flow from investment activities	(262,216)	(98,169)	(114,815)
Net cash flow from financial activities	186,782	232,586	97,067
Cash and cash equivalents in the beginning of the period	748,869	366,548	230,213
Net (decrease)/increase of cash and cash equivalents for the period	(226,467)	382,321	136,335
Cash and cash equivalents in the end of the period	522,402	748,869	366,548

Source: Chimimport

Listed below are some of the core data from the audited individual financial statements of Chimimport for the last three years.

	As of 31 December		
	2008 (Audited)	**2007 (Audited)**	**2006 (Audited)**
		(BGN in thousands)	
Data from the individual income statements			
Positive balance from operations with financial instruments	36,099	78,303	18,375
Negative balance from operations with financial instruments	(1,109)	-	(111)
Net result from operations with financial instruments	34,990	78,303	18,264
Net income from interest	9,527	3,291	547
Net result from currency exchange rates changes	(145)	796	1,218
Other net financial income	305	(177)	19
Net result from operative activities	47,803	173	10792
Result for the period before tax	92,480	82,386	30,840
Net tax expenses	(6,469)	97	(1,604)
Net profit for the period	86,011	82,483	29,236
Weighted average number of shares	150,000,000	133,890,408	105,434,430
Principle income per share (BGN)	0.5734	0.6160	0.2773
Data from the individual balance sheets			
Total assets	1,014,463	777,977	313,655
- including non-current tangible assets	639,029	497,522	244,671
- including current assets	375,434	280,425	68,984
Total liabilities	390,667	240,092	77,660
- including non-current liabilities	294,432	183,206	18,524
- including current liabilities	96,235	56,886	59,136
Equity	623,796	537,885	235,995
Total equity and liabilities	1,014,463	777,977	313,655
Data from the individual cash flow statements			
Net cash flow from operative activities	(70,881)	(84,002)	(10,771)
Net cash flow from investment activities	(94,716)	(237,930)	(25,044)
Net cash flow from financial activities	174,727	388,366	51,624
Profit from currency revaluation of moneys	(135)	19	-
Cash and cash equivalents in the beginning of the period	92,845	26,392	10,583

Source: Chimimport

Results of Operations and Prospects

After 31 December 2008, the activities and operations of the Group have continued their upward development in accordance with the expectations of the Management Board of Chimimport, who believe in the good prospects for the Group in the following years.

After Bulgaria's accession to the European Union, its economy has faced new challenges, including a growing competition in a number of sectors and changing regulatory requirements. After the extremely successful 2007 and the good performance of Chimimport in 2008, the Management Board of the Issuer believes that the Group is ready to meet challenges and make use of arising new opportunities.

The strategy of Chimimport envisages for the Group to maintain high levels of growth of its assets and its profit and promote itself as a holding company with a serious presence in the economy of Bulgaria and Central and Eastern Europe, to ensure a stable long-term return for the Issuer's shareholders, to maintain a leadership position among the public companies in Bulgaria, and to improve the international awareness about the Group in view of ensuring future fundings from the world capital markets. In a short-term perspective, Chimimport will focus on rationalisation of the assets it has already acquired and on improvement of their effectiveness. In a mid-term perspective, it will focus on entering new branches of the economy of Bulgaria and the region deemed to be of strategic importance to the Group. The Management Board of Chimimport realises that the rapid expansion of Chimimport, which has made the company a conglomerate of great importance for the Bulgarian dimensions, and with a varied business structure, should be followed by restructuring and optimisation of the activity of the already existing subsidiaries. Chimimport is among the first economic structures to start consolidating its business in the filed of finance. The Group is a pioneer in the one-stop-shop sale of bank insurance, health insurance and pension insurance products entirely in accordance with contemporary trends in the sphere of finance. There is a forthcoming consolidation of the pension insurance company Lukoil Garant and the pension insurance joint stock company CCB – Silia.

One of the major aspects of Chimimport's Group management policy is rendering maximum autonomy to the subsidiaries' management, thus providing the latter with a freedom to act, within the framework of the Group's strategy, according to the specific circumstances of the business sector, in which the subsidiaries operate and which they are well familiar with. In addition, Chimimport plans to increase the efficiency of its manufacturing enterprises through the introduction of new technologies and products, by means of improvement of the quality of the services provided, as well as through further development of the distribution network and by launching new products.

The Management Board of Chimimport believes that for ensuring the on-going increase of the value of the Issuer and the long-term stable investment return for its shareholders, in addition to optimising its assets, the Group should also carry out new acquisitions in the country and the region. While performing the Group's future expansion, Chimimport will carry out in-depth location analysis in the cases of "green-field" investments and will continue to rely on a management well-familiar with the local conditions and business.

So far, Chimimport has financed its business growth predominantly by reinvesting or the realised financial result, through its equity, and through issuing shares (during the initial public offering in September 2006, the capital increase in October 2007 and the current Capital Increase). In order to obtain significant further financing necessary for carrying out future acquisitions, as well as for optimising the cost of its accumulated financial resources, the Issuer diversifies its capital structure with debt and hybrid instruments, also tapping the international capital market (including the placement of the convertible bonds issue in August 2008, issued by Chimimport's Dutch subsidiary – Chimimport Holland B. V. (also see *Business Review – Recent Events*).

The Management Board of Chimimport are convinced that it is essential to maintain an effective model of corporate governance of the Issuer (as well as of the other public companies in the Group), guaranteeing equal treatment and protection of all shareholders' rights, transparency and proper disclosure of any and all information needed by the current shareholders and interested parties, as well as by potential future investors. In the next years Chimimport intends to list on regulated markets the shares of some of its other principal subsidiaries, including the shares of the insurance company Armeec.

The Offering in Brief

Chimimport has decided to increase its capital by issuing up to 90,000,000 Preferred Shares offered for a public subscription pursuant to the rules laid down in this Prospectus. The Capital Increase will be deemed successful if no less than 63,000,000 New Shares are subscribed for. The Managers are committed to deliver best efforts to promote the Offering and facilitate international and local investors to subscribe for New Shares. The Lead Manager will accept subscription orders from investors.

Chimimport intends to use the net proceeds from the Offering of the New Shares for the subscription of shares in the forthcoming capital increase of the Bulgarian River Shipping AD and CCB Group EAD, for financing the modernization and enlargement of the airports in Varna and Bourgas, for financing the investment programs of Lesport and Port Balchik, for intercompany payments toward related persons, for acquisition of debts, for acquisition of shares and interests in other subsidiaries and associated companies, as well as of acquiring stakes in companies with potential for restructuring and development.

The New Shares will be offered publicly only in the Republic of Bulgaria and Bulgarian and international investors may take part in the Offering on an equal footing. The New Shares offered may be acquired by investors outside the United States in accordance with the requirements under Regulation S for the application of the US Securities Act.

Risk Factors

An investment in the New Shares involves risks, including those related to the dependency of the financial position and the results of the operations of Chimimport on the financial position and the results of the operations of its subsidiaries, the growing competition in the Bulgarian economy, the impact of the financial crisis on the environment in which the Issuer operates, the dependency on the Management Board members and key personnel, as well as the fluctuations in the market price of the Shares. For more information about these and other risk factors which investors should take into account, refer to the "*Risk Factors*" section.

THE OFFERING

The Issuer	**Chimimport AD**
Lead Manager	**UniCredit Bulbank**
New Shares offered	**7 years mandatory convertible preferred shares** (“**New Shares**” or “**Preferred Shares**”), each of which with 9% guaranteed cumulative dividend and guaranteed liquidation share, without voting rights, and convertible into Ordinary Shares under the terms of this Prospectus (see for details *“Description of the Shares and Applicable Bulgarian Legislation”*).
Number of New Shares offered	**90,000,000 (ninety million)**
Minimum number of New Shares to be subscribed	**63,000,000 (sixty three million).** The Capital Increase shall be deemed to be successful if at least 63 000 000 New Shares are subscribed for.
Outstanding Shares immediately prior to the Offering	**149 999 984 Ordinary Shares**
Outstanding Shares after the Offering	**239,999,984 Shares** (if all New Shares are subscribed and paid for)
Dividend	**Guaranteed cumulative preferential annual dividend of 9%** of the Issue Price of a New Share. Dividends will accrue and cumulate from the date of registration in the Commercial Register and the Issuer will pay dividends if it is legally permitted to do so (see for details “*Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Dividends*”). The expected dividend payable for a full year is **BGN 0.1998** per one New share. The amount of dividends payable for any period shorter than one year will be computed on the basis of a 360-day year consisting of twelve 30-days months.
Liquidation Preference	**Guaranteed liquidation share** on each New Share equal to the Issue Price of a New Share, increased with all accrued, cumulated and unpaid declared dividends (see for details “*Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Guaranteed Liquidation Quote*”).
Voting Rights	The New Shares shall not give voting rights to their holders (see for details “*Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Voting Rights*”).
Issue Price	**BGN 2.22** per one New Share corresponding to a 22% Conversion Premium to the Reference Price, rounded up to the second decimal

	number.
Reference Price	**BGN 1.8137**. The reference price is determined as a volume weighted average price per Ordinary Share on the Bulgarian Stock Exchange for the last 10 trading days prior to the date of filing this Prospectus at the Financial Supervision Commission for approval (the day of filing inclusive).
Conversion Premium	**22% above the Reference Price**
Ranking	The New Shares will rank senior as to payment of dividends and in the distribution of assets in the event of liquidation, dissolution, winding-up or insolvency of the Issuer to the Ordinary Shares and junior to all existing and future debt obligations of the Issuer.
Issue Size	**BGN 199.8 mn** (see *"Subscription and Selling Restrictions - The Offering"*)
Conversion Ratio	The initial conversion ratio shall be **1 Preferred Share for 1 Ordinary Share.** The initial conversion ratio is subject to anti-dilution adjustments (see for details *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Adjustments to the Conversion Ratio*").
Conversion at the Option of the Preferred Shareholder	**At any time prior to maturity** , provided that Conversion at Issuer's Option has not occurred (see for details *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Conversion at the Issuer's Option"*).
Mandatory Conversion	**At the end of the seventh year** as from the registration of the Capital Increase with the Commercial Register, outstanding New Shares will automatically convert into Ordinary Shares based on the current Conversion Ratio (see for details *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Mandatory Conversion"*).
Mandatory Conversion Date	On or about **16 June 2016**
Conversion at Issuer's Option	**At the end of the third year** as from the registration of the Capital Increase with the commercial register (on or about 16 June 2012) The Issuer may resolve all outstanding New Shares to be converted into Ordinary Shares, if the officially published stock exchange closing price of the Ordinary Shares is at least 50% over of the Issue Price of the New Shares for at least 20 trading days within a period of 30 consecutive trading days prior the expiration of that 3-year period. Such Issuer's resolution shall become effective if approved by the general meeting of the Preferred Shareholders, convened by the Issuer. This meeting shall be valid, if at least 50% (fifty per cent) of the outstanding New Shares are represented. The required majority

	for the general meeting of the Preferred Shareholders to give approval is ¾ (three fourths) of presented at the General Meeting of the Preferred Shareholders (see for details *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares –Conversion at the Issuer's Option"*).
Issuer's Clean-up Conversion	**Convertible at any time** in whole but not in part, if less than 10% of the initially issued New Shares remain outstanding (see for details *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Issuer's Clean-up Conversion"*).
Conversion Agent	**UniCredit Bulbank**
Anti-dilution Adjustments	**Customary Euromarket provisions**, including, *inter alia*, protection against share consolidations, share splits, capital distributions, issue of options, rights or warrants, bonus issues, issues of shares, further convertible or exchangeable bonds and rights issues. Anti-dilution protection will be achieved through an adjustment to the Conversion Ratio (see for details *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares – Adjustments to the Conversion Ratio"*).
Dividend Protection	**Full dividend protection** for the New Shares through an adjustment to the Conversion Ratio for all dividend payments made to Ordinary Shares
Change of Control Protection	**Full Change of Control protection** through adjustment to the Conversion Ratio for change of control events.
Selling Restrictions	The New Shares and their corresponding Rights are subject to a public offering in Bulgaria only (outside the United States in accordance with Regulation S, see "*Subscription and Sale—Selling Restrictions*").
The Offering	The Offering is a public offering in Bulgaria of 90,000,000 New Shares issued by Chimimport, through the offering of Rights for subscription of the New Shares (see *"Subscription and Sale - Subscription of New Shares"*).
Pre-emptive rights	The existing shareholders of Chimimport possess by virtue of law pre-emptive rights to subscribe for New Shares proportionate to the number of the Shares held by them prior to the Capital Increase, against payment of the Issue Price. These pre-emption rights are incorporated in securities ("**Rights**"), which shall be allocated to the existion shareholders. The Rights may be exercised by subscription of New Shares or they can be sold.
Subscription Ratio	Within the Offering a New Share can be subscribed for against 1.6666665 Rights. Only full New Shares can be subscribed for.
Use of the Rights	If the existing shareholders do not wish to exercise its rights by

	subscription in whole or in part to the Rights received, they can sold on the BSE. The Rights which are not exercised until the end of the first stage of the subscription procedure (Rights trading period) shall be placed for sale on an open auction organized *ex officio* on BSE.
Subscription Period	
7 May 2009	Commences the period for subscription of New Shares and the period for transfer of the Rights
20 May 2009	Final date for deals with the Rights on BSE
22 May 2009	Final date for subscribing New Shares by the owners of Rights. The unexercised Rights are offered at the BSE auction
29 May 2009	Auction for sale of the unexercised Rights
12 June 2009	Final date for subscription of New Shares from the capital increase
Last Date for payment of the Issue Price	**12 June 2009**. The Issue Price for the New Shares subscribed for must be paid not later than the end of the subscription period.
Admission to Trading	Before the Offering there has been no public market for the Preferred Shares. It is expected the trading in New Shares on the Bulgarian Stock Exchange to commence on or about 22 June 2009.
Use of proceeds	Chimimport intends to use the net proceeds from the Offering of the New Shares for the subscription of shares in the forthcoming capital increase of the Bulgarian River Shipping AD and CCB Group EAD, for financing the modernization and enlargement of the airports in Varna and Bourgas, for financing the investment programs of Lesport and Port Balchik, for intercompany payments toward related persons, for acquisition of debts, for acquisition of shares and interests in other subsidiaries and associated companies, as well as of acquiring stakes in companies with potential for restructuring and development.
Risk factors	For a discussion of certain factors regarding the Chimimport and the New Shares, see *"Risk Factors"*.
Taxation	Regarding certain applicable provisions of Bulgarian tax law, see *"Taxation"*
Law/Jurisdiction	Bulgarian law / Bulgaria

Note: The determination of all exact dates is based on the assumption that (i) the schedule of the offering is being observed without delays, and (ii) the procedures of the relevant institutions are being followed in shorter terms as per their good practice. Thus, an exact date may be sooner or later than the date announced above.

RISK FACTORS

Before investing in Shares of Chimimport, potential investors should carefully consider the following risk factors in addition to the other information contained in this Prospectus. If any of the risks described below were to occur, it could have a material adverse effect on the Chimimport's business, results of operations or financial condition. If this were to lead to a decline in the trading price of the Shares, investors may lose all or part of their investment. The risks and uncertainties described below are not the only ones Chimimport faces. In addition to the risks described below, Chimimport is also subject to additional risks and uncertainties not currently known or currently deemed immaterial. These risks may also have a material adverse effect on Chimimport's business, results of operations and financial condition. Potential investors should read this document as a whole and not rely solely on the information set out in this section.

Risks Related to the Operations and Structure of the Group

Chimimport is a holding company and any decline in the operating results, financial position or prospects for the operations of its subsidiary companies may have a significant adverse effect on the results of the operations and financial position of the Issuer, including its ability to pay dividends

Since Chimimport conducts business through its subsidiary companies exclusively, its financial position, operating results and prospects are in a direct relation to the position, results and prospects for its subsidiary companies, especially the Principal Subsidiaries. The stock exchange price of the Issuer's Shares reflects the business potential and assets of the Group as a whole. The ability of Chimimport to continue investing its own funds in the growth of the Group and to pay dividends to the preferred shareholders and to the holders of ordinary shares, should a decision to this effect be made by the Issuer's general meeting of shareholders, will depend on a number of factors related to its subsidiary companies, including the amount of profit and cash flows from the subsidiary companies and the growth in the stock exchange price of the shares in its subsidiary companies which are public companies and traded on the Bulgarian Stock Exchange (BSE).

The Group operates in various branches of the economy and is subject to many risks that are specific to these branches

Even though the activities of the Group have been significantly diversified by branches (banking, insurance, air, river and maritime transport, production of chemical products, vegetable oils, processing of and trading in grain foods, real estates etc.), the unfavourable development of one or more of the key economic sectors where the companies of the Group operate could have a material adverse effect on the activities of the Group, its operating results and financial position. The business of the Group as a whole and its individual areas are subject to various risks, including change for the worse of the financial-economic conditions in the country, in the region and in the world (for example, decrease in the number of passengers and loads carried by the transport companies of the Group, drop in the prices of main raw materials, such as oil, grain, etc., unfavourable changes in the credit politic of the banks, decrease in the solvent demand, problems in the tourist sector), transport and production accidents and failures, unfavourable changes in the legislation and regulatory framework, ecological problems, disasters such as droughts, floods, earthquakes, unexpected geological conditions, labour disputes.

If the Group fails to carry out or integrate successfully future acquisitions or implement reorganizations, the results of the operations of the Group and its financial position may be damaged

Until now, the Group has developed its operations in Bulgaria primarily through acquisitions of companies and assets and Chimimport expects that these acquisitions will continue in the future as well. The Group intends to pursue a strategy of identifying and acquiring businesses, companies and assets with a view to expanding its activities. There is no certainty, however, whether the Group will succeed in the future to identify appropriate objects for acquisition and investment opportunities or whether the companies and assets acquired in the future will be as profitable as the operations so far. In addition, the acquisitions and investments are subject to a number of risks, including possible adverse effects on the results of the operations of the Group, unexpected events as well as obligations and problems related to the integration of the operations.

Chimimport is making, as well as it will have to make a number of reorganizations, including restructuring of the aviation business, pension sector. The Issuer expects that these reorganizations will result in economies of funds and a more effective management of the businesses. There is no certainty, however, that Chimimport will manage to implement the planned reorganisations timely and completely nor that they will generate the expected benefits, including economies of expenses.

The quick growth of Chimimport and the restructuring in the Group may be a challenge to its systems of operational, administrative and financial control

It is expected that the level of growth and expansion of the activities of Chimimport and the restructuring in the Group will continue and there will be a respective increase in the need to ensure greater management and operational resources. Chimimport is trying to optimize its operational structure, its control and financial systems and to recruit and train qualified staff. The management of Chimimport believes that it has the necessary resources for the continuing expansion of its operations. There is no certainty, however, that the systems of operational and financial control of Chimimport are appropriate to support and manage its future growth effectively.

Chimimport may choose an inappropriate market strategy

The future profits and economic value of Chimimport depend on the strategy chosen by the management team of the Issuer and its subsidiary companies. Opting for an inappropriate market strategy may lead to losses or earnings foregone. Chimimport strives to manage the strategic risk by constantly monitoring the implementation of its strategy and results in order to be able to react as quickly as possible if changes in the strategy are needed. Any inappropriate or delayed changes in the strategy of the Group might have a material adverse effect on its activities, operating results and financial position.

Most of the activities of the Group are carried out in a highly competitive environment

With its accession to the EU on 1 January 2007, Bulgaria has become significantly more attractive to foreign investment and the operation of foreign and mostly European companies has been greatly facilitated. This holds true especially for the sector of financial services which is strategic for the Group due to the possibility for loan, insurance and other financial institutions licensed in other EU Member States to transact business directly in Bulgaria in the conditions of free offering of services.

Fierce competition is especially typical of the financial services market where some of the Principal Subsidiaries operate. There have been significant restructurings in these sectors after the privatization of the state shares in the Bulgarian banks and insurance companies. Foreign strategic investors have acquired shares in most large Bulgarian banks and insurance companies pursuing aggressive growth strategies and introducing modern systems, technologies and practices. Some Bulgarian banks have found themselves in wider international processes of consolidation and this has greatly strengthened their position on the internal market. Certain banks owned by foreign financial conglomerates may continue to have priority access to fresh financial resources at a competitive cost, even during the ongoing financial crisis. The intense competition in the financial sector may lead to an outflow of clients of CCB and Armeec and a decrease in their market share. These and other factors may affect unfavourably the financial position and the results of the financial institutions in the Group.

The mass entry of the so called low-cost air carriers in the Bulgarian aviation market may lead to a decrease in the revenue of the air companies of the Group Hemus Air and Bulgaria Air. The entry into force of the open skies agreement pursuant to which all air companies complying with the European flight security norms have an equal access to the Bulgarian aviation market may lead to a decrease in the revenue of the aviation carriers in the Group.

The growing competition may have an adverse effect on other businesses of the Group, too: production of and trading in fertilizers and chemicals.

In brief, the overall business of the Group faces a strong competition from both large multinational companies and larger and smaller local companies. Many of the international competitors of the Group are larger and have financial, technical and marketing resources that are significantly greater than those of the Group. The factors which determine whether consumers choose the products and services of the Group include price, quality of products and service, reputation and customer relations. Chimimport expects a growth in competition in the sectors and markets where its subsidiary companies operate and there is no guarantee that the Group will maintain its strong competitive position in the future.

Force majeure events such as unfavourable climate changes, accidents and terrorist attacks may have a significant impact on the business of the Group

Abrupt climate changes and natural disasters may have a negative impact on the yield of grains which will have an adverse effect on the grain business of the Group and make it difficult to obtain payments on the loans to agricultural producers given by CCB. A decline in the yield of agricultural activities related to unfavourable climate conditions, pests or other reasons may lead to overdue receivables related to the sale of fertilizers with deferred payments and, as a result, to a decrease in the revenue of the Group from the production of and trading in chemical products. The coming into being of large-scale insurance events may lead to difficulties for Armeec with the compensation payments. Terrorist attacks on sites of the air, river and maritime transport in the region may bring about a reduction in the flow of travellers and traffic and to losses for the companies of the transport branch of the Group: air companies Hemus Air and Bulgaria Air, and Bulgaria River Shipping. The activities of the latter may suffer the negative impact of changes in the navigability of the Danube. Both extremes – a critically low and a critically high level of the river - are exceedingly problematic for shipping, because the impeded or completely interrupted navigation results in an increase in expenses and a drop in income for the company.

The rights of the Group to certain sites of national importance may be terminated in the event of non-fulfilment of the obligations under the respective concession agreements

The Bulgarian state has granted the company Oil and Gas Exploration and Production AD, a subsidiary company of Chimimport, concessions to extract crude oil from over 10 fields. The Group is also a party to a concession agreement concerning Lesport Port Terminal which is part of Varna Port, a public transport port of national importance. As well the Group owns a share of 40% in the concessioner of the airports Varna and Bourgas: Fraport Twin Star Airport Management consortium. The concessions held by the Group have different periods (between 7 and 35 years) but, in the event of failure of the Group to fulfil its obligations under the respective agreements (for example, if the use of the objects is suspended for a period, or if there is a significant failure to realize the investment program of the concession-holder, failure to reach certain agreed parameters, on the basis of a judicial decision, etc.), the Bulgarian state may terminate the concessions in advance. There could also be further challenging of the concession agreements in the court by third parties on the grounds of their being unlawful. The loss of concession rights of the Group may have a significant negative impact on its activities.

Compliance with the legislation concerning the protection of the environment requires constant expenses and commitments on the part of the Group and any non-compliance with the regulatory obligations may lead to significant sanctions and termination of activities

The ecological legislation in the Republic of Bulgaria requires of the companies to take a number of measures concerning the prevention, control and reduction of the various types of environmental pollution. The policy of the Group is to comply strictly with all regulatory obligations and restrictions related to the protection of the environment which is related to constant expenses, including expenses for planning, monitoring and reporting, ensuring and maintaining compliance of the equipment with the required standards and norms, re-cultivation of locations, etc. Regardless of the action taken, if the Group is found guilty of causing ecological damages, it will have to pay compensations and fines in a significant amount, some of its activities may be terminated which could affect greatly its financial position and operating results.

The Group may fail to fund its planned capital expenses and investments

The businesses of the Group require significant capital expenses, including such for production, exploitation, marketing, environment protection, etc. Chimimport expects a great part of these expenses to be funded from the Group's own funds. In the event of unfavourable economic situation or the coming into being of other unfavourable events, it may be necessary to fund these expenses primarily from external sources. There is no certainty whether external funding will be found under acceptable conditions. It may be necessary for Chimimport to reduce its planned capital expenses and investment which would have an adverse effect on the operating results and the financial position of the Group.

The financial results of the Group depend on the prices of crude oil, petroleum products and grain

The financial position and operating results of the Group are under the influence of the market prices of crude oil, process mixtures and petroleum products which are subject to international demand and supply and various other factors outside the control of Chimimport. In the past years, especially in the present year, these prices have varied widely. A prolonged decline in prices of petroleum products may lead to a reduction in the revenue of Oil and Gas Exploration and Production, a subsidiary company of the Issuer. In addition, a move in consumer demand for other energy sources as a result of a global crisis on the market of petroleum products could have a material adverse effect on the income of Oil and Gas Exploration and Production and, respectively, of the Group.

The Group's operations are subject to risks related to the conditions in Bulgaria and the region

The Group carries out activities exclusively in Bulgaria which is now an EU Member State but has so far been classified as a newly-emerging market by the international investors. The newly-emerging markets are associated with higher risks in comparison to the more developed markets, including, in some cases, material legal, economic and political risks (refer to *"Risks Related to Bulgaria"* below). A delay in the growth of Bulgaria's economy as a result of political or economic factors will lead to a decrease in the demand for products and services of the Group. In particular, the development of negative macroeconomic processes and the heightening of competition in the economic life of the country may lead to a decline in the solvency of some of the clients of Central Cooperative Bank and to an increase in the share of problem loans in its portfolio. In addition, a significant decline in the prices of real estate may be a reason to devalue some of the collateral accepted by CCB. A number of factors, including regulatory changes, may force the Bank to allocate more funds for provisions which would lead to a drop in its profit.

In addition, the unfavourable political or economic events in other Central or East European countries may have a great negative impact on, along with other things, Bulgaria's gross domestic product, foreign trade and the economy as a whole. Investors also need to take into account that the newly-emerging markets change quickly and the information contained in this document may be outdated soon.

The success of the Group depends on the key personnel. If the Group fails to attract and keep experienced and qualified people, its business may suffer.

The business of the Group depends a lot on the contribution of a number of people taking part in the management and supervisory bodies and the top management of Chimimport and the Principal Subsidiaries and, to the greatest extent, on the Executive Directors of Chimimport. There is no certainty that the services of these "key" staff will also be available to the Group in the future. The competition for quality staff among the employers in the financial and other sectors in Bulgaria is very strong. The success of the Group will depend partly on its ability to retain and motivate these people. The inability of the Group to maintain sufficiently experienced and qualified staff in managerial, operational and technical positions could have a significant adverse effect on the activities of Chimimport, its operating results and financial position. At present, the Group does not have a "key staff" insurance.

The insurance coverage of the activities and assets of the Group may prove to be insufficient.

Chimimport strives to maintain an adequate and economically effective protection of the assets and activities of the Group. There is no certainty, however, that the insurance coverage will be enough to cover any possible losses to a satisfactory degree if insurance events come into being, for example production accidents, suspension of activities, natural disasters and ecological damages.

Chimimport operates in a highly regulated environment and any changes in the applicable legislation, the interpretation or practice of the application of the legislation, or the failure of Chimimport to comply with this legislation, may have a significant adverse effect on it.

The introduction of any regulatory restrictions on the part of the Bulgarian National Bank may limit the growth possibilities of Central Cooperative Bank. The unfavourable changes in the legislation (for example, reduction or elimination of tax reliefs for people paying insurance and social insurance) could lead to an outflow of funds from the pension and social insurance system which will have a negative impact on the pension companies in the Group.

A change in government policy concerning the awarded concessions on oil and gas extraction could have a negative impact on the activities of the company Oil and Gas Exploration and Production.

The legislation application system of Chimimport could prove not sufficiently effective.

The ability of Chimimport to comply with the requirements of all applicable laws and rules depends, to a large extent, on the creation and maintenance of systems and procedures for compliance with the laws, such as accounting, control, audit and reporting systems (provision of information), as well as of the Issuer`s ability to retain qualified staff with respect to the application of the regulatory requirements and risk management. The management of Chimimport cannot guarantee to the potential investors that these systems and procedures are completely effective. Chimimport is subject to intense supervision on the part of the regulatory bodies, including regular inspections. In the event of a real or suspected incompliance with the rules, Chimimport may be subject to investigation under administrative and judicial proceedings which may result in the imposition of significant sanctions or the filing of judicial cases with a significant interest, including by clients of Chimimport, for compensation. Any of these circumstances could have a significant adverse impact on the activities of Chimimport, the company image, its operating results and financial position.

General Risks

Emerging Markets

Investors in emerging markets such as Bulgaria should be aware that these markets are subject to greater risks than those inherent to more developed markets, including in some cases significant legal, economic and political risks. In addition, adverse political or economic developments in other countries could have a significant negative impact on, among other things, Bulgaria's GDP, foreign trade and economy in general. Investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, an investment in the Shares is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved. Investors should also note that a feature of emerging markets is that they are subject to rapid change and the information contained in this document may become outdated relatively quickly.

Risks relating to the Shares

The market price of the Preferred Shares will be influenced by the price of the Ordinary Shares, which could be highly volatile

Chimimport believes that the market price of the Preferred Shares will be highly influenced by the market price of the Ordinary Shares, as the Preferred Shares are convertible into Ordinary Shares. Chimimport cannot foresee the market price of the Ordinary Shares, but their price may be highly volatile as a result of many factors, including changes in the forecasts and the expectations of investors with regard to the financial and economical condition of Chimimport and its operational performance, acquisitions and reorganisation, legislative changes, etc.

Until now, no Preferred Shares or any similar financial instruments issued by Chimimport have ever been publicly traded

It is no certainty of whether an active stock exchange market in Preferred Shares exists. Chimimport is unaware of whether there will be investment intermediaries, which will be willing to maintain liquidity of the Preferred Shares.

Until Preferred Shares' conversion into Ordinary Shares, the holders of Preferred Shares will not have rights, such as those which the holders of Ordinary Shares do have

Except where dividends due are not paid out or the rights on the Preferred Shares are restricted (further to Article 182, para 4 and 5 of the Commercial Act), until the Preferred Shares' conversion into Ordinary Shares pursuant to the Prospectus, the holders of Preferred Shares shall not have the same voting right, right to dividend and liquidation share right, which the holders of Ordinary Shares do have.

Risks relating to the Bulgarian securities market

There may be less information available in the Bulgarian securities market than is available on companies in other securities markets.

There is a difference in the regulation and monitoring of the Bulgarian securities markets, and the activities of investors, brokers and other participants, compared with markets in Western Europe and the United States. The Financial Supervision Commission monitors for the disclosure and the compliance with the other regulatory standards for the Bulgarian securities markets, for the compliance with laws, and issues regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Bulgarian companies than is regularly made available to the investors by public companies in other securities markets, which could affect the price of the Shares.

The Bulgarian Stock Exchange is substantially smaller and less liquid than securities markets in certain other countries

The Bulgarian Stock Exchange is substantially smaller and less liquid than securities markets in certain other countries, such as those in the United States and Western Europe.

As of 31 December 2008, equity securities representing 404 companies were registered for trading at the Bulgarian Stock Exchange. 22 of these are listed on the Official Market, 315 on the Unofficial Market, and 67 on the Special Investment Purpose Companies Market.

As at 31 December 2008 the market capitalisation of the companies traded on the BSE amounted to BGN 3,459.3 million for those traded on the Official Market, BGN 7,402.6 million for those traded on the Unofficial Market and BGN 1,598.82 million for ones traded on the Special Investment Purpose Companies Market. As at 31 December 2007 the market capitalisation of the BSE-traded companies amounted to BGN 8,537.5 million of companies traded on the Official Market and BGN 20,449.2 million of companies traded on the Unofficial Market.

At the same time, a very small number of companies represent a large portion of the market capitalisation and a significant part of the trading volumes of the Bulgarian Stock Exchange. This low liquidity also leads to other complications, such as excessive volatility, with the market arguably also vulnerable to speculative activity because liquidity is occasionally so low that prices can be manipulated by relatively small trades. Consequently, there is no guarantee that the Shares will be actively traded, and if they are not, this is likely to increase price volatility.

Any additional financing through Shares, including Preferred Shares, as well as through convertible or exchangeable bonds and other similar instruments may be dilutive to Chimimport's shareholders

The present shareholders of the Issuer may choose not to subscribe Preferred Shares (convertible into Ordinary Shares under the terms of this Prospectus) to their pro rata pre-emption right, in which case their current holdings in Chimimport will be “diluted”.

Future Chimimport`s capital increases with new Ordinary or Preferred Shares may also “dilute” the percentage participation in the company`s capital of the holders of Ordinary and Preferred Shares, in case the shareholders do not exercise their proportional pre-emptive right to subscribe new shares or the shareholders are not from the class of shareholders, which has the pre-emptive right to subscribe new shares. For example, Chimimport may issue additional Ordinary Shares in subsequent capital increases in the future. Chimimport is required under Bulgarian law and Bulgarian Stock Exchange regulations to offer any such Ordinary Shares to existing holders of Ordinary Shares further to their pre-emptive right to acquire new shares proportionally to their holding in the share capital before the capital increase; Ordinary Shares remain unsubscribed, they shall be offered for subscription to the holders of Preferred Shares.

A “dilution” of the existing shareholders’ holdings in Chimimport may also be arrived at where the shareholders, for some reason or other, did not exercise their right to subscribe proportionally convertible bonds, warrants and other similar instruments, which might be converted in (exchanged for) Chimimport`s Shares and the remaining holders of the said instruments exercise their conversion (exchange) right, and, as a result of which, acquire new shares in the share capital of the Issuer.

Substantial future sales of Shares could affect their market price

If a substantial number of the Shares are offered for sale, the trading price of the Shares may be depressed. Sales of additional Shares on the stock exchange market following the Offering could adversely affect the market price of the Shares. Sales of substantial amounts of Shares, or the perception that these sales could occur, could adversely affect the prevailing market price of the Shares. These sales may also make it difficult for Chimimport to issue equity securities in the future at a time and at a price that Chimimport deems appropriate.

There is no guarantee that cash dividends will be distributed to the holders of ordinary shares, issued by the Issuer

Chimimport has not declared, recommended, paid or made any dividends or other distribution in respect of its share capital, but has chosen to use retained profits, generated during the years, to finance its growth. Any future payment of dividends on the ordinary shares issued by Chimimport will depend on the level of Chimimport’s earnings and cash flow, as well as Chimimport’s expenditure and investment plans, and the intentions of the principal shareholders.

Chimimport is controlled by the Majority Shareholder and in case he undertakes certain actions, which are not in the best interest of the remaining shareholders, the value of the Shares may decrease

After the Capital Increase the Majority Shareholder may continue to has the possibility to exercise decisive influence upon most of the questions, resolved by the General meeting of shareholders, including appointment and dismissal of members of the Supervisory board, payment of dividends, conclusion of significant transactions (in which the Majority Shareholder is not an interested party). The control upon the Issuer, exercised by the Majority

Shareholder, may delay or prevent change of control upon Chimimport, prevent merger or other business combination with the participation of the Issuer.

Risks relating to Bulgaria

Political Risks

Since 1989, Bulgaria has pursued a programme of political and economic structural reform designed to establish a free market economy through the privatisation of state enterprises and deregulation of the economy.

The current Bulgarian government was inaugurated in Parliament on 16 August 2005. The governing coalition is one of the most fragmented in recent Bulgarian history and was not finalised until almost two months after the election. The prime minister is Sergey Stanishev, leader of the Bulgarian Socialist Party (the "**BSP**"), who had failed to form a government under the mandate of the BSP several weeks before the formation of the current Bulgarian government. The BSP is the main partner in the governing coalition and holds eight of the seventeen ministries; the other partners are the former ruling party National Movement Stability and Upsurge and the Movement for Rights and Freedoms.

Bulgaria was invited to join the North Atlantic Treaty Organisation (NATO) at the NATO summit in Prague on 22 November 2002. On 18 March 2004 the Bulgarian Parliament ratified the North Atlantic Treaty and Bulgaria was officially recognised as a member of the alliance on 29 March 2004.

Bulgaria joined the European Union (EU) in 2007. The final Monitoring Report of the European Commission on Bulgaria was released on 26 September 2006 with a membership recommendation and on 17 October 2006 the Council of the European Union officially approved Bulgarian membership of the EU on 1 January 2007. However, the European Commission continues to keep a watchful eye on how Bulgaria carries out its commitments with regard to implementing reforms, notably putting into practice an enhanced monitoring system to oversee whether Bulgaria complies with the terms of its accession treaty. If supervision shows that Bulgaria does not meet the requirements of the EU concerning the transparency of the spending of public resources, fighting corruption, the efficiency and independence of the judicial system, as well as food safety, there is a significant risk that protective clauses in the sphere of the internal market, internal affairs and the judicial system might be activated later on, and some of the subsidies and transfers from the Eurofunds may be reduced or stopped. For more information, refer to the *"The Republic of Bulgaria - NATO and European Union Accession"* section.

Bulgaria's accession to the EU legitimates the economic reforms that have been undertaken in the name of the country's integration to the Union. In the future the economic growth will depend on the political will to carry on with the economic reforms and to apply the best market practices of the EU, as well as on the impact on the Bulgarian economy of the 2008 financial crisis. The government's ability to implement economic growth encouragement policies is conditional both on the extent to which the members of the government can continue to co-operate in promoting the reforms undertaken, and the effectiveness and the fast application of anti-crisis measures, adopted by the government. No assurance can be given that a change of administration will not result in a significant and rapid change in the political and economic conditions in the country which may have a materially adverse effect on Chimimport's business, results of operations and financial condition. For more information, refer to the *"The Republic of Bulgaria – Political Overview"* section.

The current Bulgarian political system is vulnerable to economic hardship, widespread dissatisfaction with reform and EU membership due to unrealistic expectations, as well as social instability and changes in government policies, organized crime and corruption, any of which could have a materially adverse effect on Chimimport's business, results of operations and financial condition.

The next scheduled parliamentary elections are due on 5 July 2009. A month earlier, on 7 June 2009 are scheduled the first for Bulgaria elections for deputies in the European Parliament.

Economic Risks

Until 1989, the Bulgarian economy had been administered by the central authorities. Since the end of Communist rule in 1989 successive governments have implemented policies of economic reforms and stabilisation. These policies have involved liberalising prices, reducing defence expenditure and subsidies to state-owned enterprises, privatising state-owned enterprises, reforming the tax and bankruptcy systems, introducing legal structures designed to facilitate private, market-based activities, stabilising the currency and encouraging foreign trade and investment. The scope, speed and nature of any future economic reforms remain uncertain. Certain measures intended to improve the country's economic condition have been and are expected to remain unpopular. Accordingly, levels of popular and political support for the government have tended to vary. For more information, refer to the *"The Republic of Bulgaria – The Bulgarian Economy"* section.

Continued economic reform will also depend in part on presidential support for the reform programme. The current president, re-elected at the last presidential elections, held in October 2006, is a former leader of the BSP and a fallout with the government dominated by BSP representatives seems unlikely. For more information, refer to the *"The Republic of Bulgaria – Political Overview"* section.

Like other transitional countries, Bulgaria runs a huge trade and current account deficits. Bulgaria has an open-type of economy and its development is directly influenced by international market conditions, which were favourable in the last years. In this sense, the global financial crisis, which has been raging since the middle of last year, has a detrimental effect on the business conjuncture in the country, mostly because of the decrease of export and the drop in the flow of foreign capitals, which will reflect on the investment activity, unemployment level, internal consumption and is likely to end with a recession in 2009.

The business of the Issuer, the results of its operations and its financial condition largely depend on the condition of the Bulgarian economy, which in turn affects loan growth, interest costs and customers' ability to meet their obligations on time. Any negative change in one or more macroeconomic factors, such as interest rates, which are influenced by Eurozone interest rates by virtue of the Currency Board arrangements, inflation, wage levels, unemployment, foreign investment and international trade, could have a materially adverse effect on the business of the Issuer, results of operations and financial condition.

Businesses in Bulgaria have a limited operating history in free market conditions. Accordingly, when compared to the companies, functioning in the countries with a developed market economy, such businesses are characterised by a lack of management experienced in responding to the market, limited capital resources with which to develop their operations, and low labour efficiency. In addition, Bulgaria has a limited capacity to support stable the market system.

Legal Risks and Enforcement of Judgments

Bulgaria's legal system is in the process of transformation, matching that of the developing market economy of Bulgaria. The practice of the judiciary and administration remains problematic and parties seeking to rely on the Bulgarian courts for effective redress in respect of a breach of law or contracts, or in an ownership dispute, may find that it is difficult to obtain. The majority of Bulgarian law has been brought in line with that of the EU, although Bulgarian law does continue to evolve, occasionally in ways that do not always coincide with the development and application of the EU's legislation, as well as with the market developments. As a result, ambiguities and inconsistencies are existing and also an investment risk that would not be a consideration when investing in a company located in a jurisdiction with a more developed legal system. However, trade legislation has become relatively modern and complete in the last five years. The continuing introduction of new legislation in areas such as corporate and securities laws, as well as the amendments in current legislation aimed at achieving full compliance of Bulgarian laws with EU regulations following Bulgaria's accession to the EU as of 1 January 2007, are prerequisites for the attainment of more consistent development of civil and commercial legislation in the country.

There are, as a result, two major legal threats to the development of the legal system in Bulgaria: (a) the possible failure of the development of the Bulgarian legal system to keep pace with the EU's legal system and the rapidly developing commercial practices may intensify the legal uncertainty; and (b) flaws in the legal infrastructure may result in doubt arising in relation to corporate actions, compliance and other matters, performance of which may be taken for granted in other jurisdictions.

Exchange Rates and the Currency Board

Since 1997, a Currency Board arrangement has been in place under which the Bulgarian currency, the Lev, has been pegged, initially to the Deutsche mark and subsequently, on creation of the Eurozone, to the Euro. Maintenance of the Currency Board arrangement is considered to be a critical element of economic reform in Bulgaria and requires continuous political support. The rigidity of the Currency Board which rules out both devaluation (depreciation) of the course and independent monetary policy may not be responsive in the best possible way to the future needs of the Bulgarian economy, but guarantee the stability of the national currency. It is widely expected that the Currency Board arrangement will be kept until Bulgaria joins the Eurozone.

Any significant devaluation of the Lev could have a materially adverse effect on suppliers and customers of the Issuer, on the Issuer's business, results of operations and financial condition. For more information on the Currency Board arrangement, refer to the *"The Republic of Bulgaria – The Bulgarian Economy – Currency Board Arrangement"* section.

Taxation

Taxes payable by Bulgarian companies include with Issuer taxes, local (municipal) taxes and fees, corporate profit tax, value-added tax, excise duties, export and import duties and property taxes. The taxation system in Bulgaria is still developing, which may result in inconsistent tax practice at both state and municipal levels.

Investors should also be aware that the value of an investment in the Shares may be adversely affected by changes in the current tax legislation.

Bulgaria's accession to the European Union may result in increased competition and additional and more onerous regulations

Accession to the European Union could result in increased competition for the Issuer as new competitors from other member states may enter the market in Bulgaria, benefiting from the single EU passport and merely having to notify FSC. It could also result in decrease in the incomes and profit of the Issuer. On other side, compliance with European Union competition laws is required, as any changes in the law could require the Issuer to comply with additional and more onerous regulations and could have a materially adverse effect on the Issuer's business, results of operations and financial condition.

USE OF PROCEEDS

The net proceeds for Chimimport from the Capital Increase are expected to be in an amount of about BGN 199.8 million, after deduction of the expected expenses for the Offering, including the remunerations of the Managers.

Chimimport intends to use the net proceeds from the Offering of the New Shares for the subscription of shares in the forthcoming capital increase of the Bulgarian River Shipping AD and CCB Group EAD, for financing the modernization and enlargement of the airports in Varna and Bourgas, for financing the investment programs of Lesport and Port Balchik, for intercompany payments toward related persons, for acquisition of debts, for acquisition of shares and interests in other subsidiaries and associated companies, as well as of acquiring stakes in companies with potential for restructuring and development.

CAPITALISATION AND INDEBTEDNESS

Consolidated data

The following information sets forth the capitalisation of the Group as of 31 December 2008 as derived from the consolidated unaudited interim financial statements of Chimimport as of 31 December 2008. The following information should be reviewed in conjunction with the audited financial information of the Group and the related notes thereto included elsewhere in this document.

	31 December 2008 *(BGN in thousands)*
Total short-term indebtedness [(1)]	**1,304,477**
Short-term financial liabilities	1,107,269
Liabilities to related persons not belonging to the Group	16,995
Commercial and other liabilities	180,213
Total long-term indebtedness [(2)]	**925,830**
Long-term financial liabilities	657,609
Liabilities to insured persons	82,563
Long-term liabilities to related persons not belonging to the Group	168,470
Other long-term liabilities	5,147
Deferred tax liabilities	12,041
Specialised reserves	97,575
Total liabilities	**2,230,307**
including	
- guaranteed and/or secured obligations	79,717
- unguaranteed and unsecured obligations	2,150,590
Shareholders' equity	**750,330**
Share capital	150,000
Share premium reserves	232,343
Other reserves	(3,494)
Result from former periods	243,752
Current financial result	127,729
Minority interests	194,102
Total	**3,272,314**
Short-term indebtedness/Total indebtedness	58.49%
Indirect indebtedness	296,206

[(1)] With maturity less than one year.
[(2)] Excluding the part of long-term liabilities with maturity within one year.

Source: Chimimport

There has been no significant change in capitalisation and long-term indebtedness of the Group since 31 December 2008.

Individual data

The table below shows the capitalisation of Chimimport as extracted from the audited individual financial statement of the Issuer as at 31 December 2008. This information should be reviewed in conjunction with any other related information, included in this document.

	31 December 2008 *(BGN in thousands)*
Total short-term indebtedness [(1)]	**96,235**
Short-term liabilities to related parties	58,678
Short-term bank loans	2,920
Commercial liabilities	8,245
Tax liabilities	6,486
Liabilities to employees and insurance institutions	93
Other liabilities	19,813
Total long-term indebtedness [(2)]	**294,432**
Long-term bank loans	-
Long-term commercial liabilities	-
Financial leasing liabilities	1,993
Long-term liabilities to related parties	292,439
Deferred tax liabilities	-
Total liabilities	**390,667**
including	
- guaranteed and/or secured liabilities	2,920
- unguaranteed and unsecured obligations	387,747
Shareholders' equity	**623,796**
Share capital	150,000
Share premium reserves	232,343
Other reserves	6,734
Result from former periods	148,708
Current financial result	86,011
Total	**1,014,463**
Short-term indebtedness/Total indebtedness	24.63%
Indirect indebtedness	79,717,

[(1)] With maturity less than one year.
[(2)] Excluding the part of long-term liabilities with maturity within one year.

Source: Chimimport

There has been no significant change in capitalisation and long-term indebtedness of the Issuer since 31 December 2008.

DIVIDENDS AND DIVIDEND POLICY

Since its listing on the Bulgarian Stock Exchange, Chimimport has adopted a policy of retaining earnings rather than paying dividends or making distributions to shareholders in order to sustain the long-term growth of the Group.

In relation to the Capital Increase Chimimport will change this policy with regard to the holders of New Shares, by distributing in their favour the cumulative guaranteed dividend pertaining to the New Shares. For further information, see *"Description of the Shares and Applicable Bulgarian Legislation – Rights on the New Shares"*.

Given the positive future prospects and the continuous development of the Group, Chimimport considers a change in the current dividend policy towards holders of Existing shares to be unlikely in the near and middle-term future. If Chimimport does not manage to finance effectively its future growth and acquisitions by its capital, the Issuer will consider the distribution of dividends also to the holders of Existing Shares, in order to maximize the shares profitability for its shareholders. Any decision for future distribution of profits to the shareholders of Chimimport should be taken by the General Meeting of the shareholders. For more information, see *"Description of the Shares and Applicable Bulgarian Legislation"*.

BUSINESS REVIEW

Introduction

For the 62 years of its existence, Chimimport has grown from a successful foreign trade enterprise specialized in trading in chemical products to a large-scale holding company (the **"Group**"), which unites more than 70 companies operating in several key sectors of the Bulgarian economy.

The main area of activities of Chimimport is concentrated in areas which the management team believes to be reflecting the traditional advantages of Bulgaria. The Issuer performs its activities through the acquisition of shares, the setting up, restructuring, management and financing of subsidiary companies.

The priority investments of the Group are focused in the following sectors:

- Financial sector, including banking services, insurance, pension insurance, securitization of real estate;
- Extraction of oil and gas;
- Production of and trading in petroleum and chemical products and oil processing industry;
- Production of vegetable oils, purchase, processing and trading in grain foods; production of bio fuels;
- Air transport, ground activities related to the maintenance and repair of aircraft;
- River and maritime transport, port infrastructure.

The consolidated assets of the Group for 2008 amount to BGN 3,272 million, with BGN 2,747 million in 2007 and BGN 1,631 million in 2006. The net profit for these three years amounts respectively to BGN 143 million (2008), BGN 136 million and BGN 61 million. As of 31 December 2008 the Group has more than 6,000 employees, including 56 pay-roll employees of Chimimport.

The address of the Issuer is 2 Stefan Karadzha Str., Sofia 1080, Republic of Bulgaria; telephone: +359 980 1611.

Strengths

The Directors of Chimimport believe that the main advantages of the Group at present are:

- *Knowledge of the conditions in Bulgaria and positions won in the economy of the country*

  The knowledge of the economic and the political conditions and peculiarities in the country and of the needs and specific peculiarities of the customers lie at the heart of the growth of Chimimport and the good positions won in the strategic branches of the economy of Bulgaria.

- *Proven management team*

  Chimimport has a highly-motivated team of managers with a vision of the growth of the Group, with proven skills and experience in the management, acquisition and restructuring of companies, both in favourable and unfavourable market environment.

- *Significant value of the assets of the Group*

  As of 31 December 2008 the assets of the Group have an accounting value of BGN 3,272 million (BGN 2,747 million in the end of 2007 and BGN 1,632 million in the end of 2006). The Directors of Chimimport believe that the assets acquired are the necessary basis for the growth and the long-term development of the Group, as most of them are a strategic advantage – the creation of such type of assets at the moment is either impracticable, or would require huge investments.

Strategy and business model

The main strategy and logic of the investments made by the Group is its positioning as an important counterparty, handling the commercial streams traditional for Bulgaria and the region. In particular, this motivated the entry by the Group into sectors, such as transport, agriculture, financial operations and tourism/real estate.

Transport is an important sector for the Group – Bulgaria is geographically situated on a crossroad between Europe and Asia/the Middle East, with five of the ten trans-European transport corridors passing through the country. Chimimport develops air transport, river transport and maritime transport, and in all three cases it strives for covering the entire spectrum of activities, and not the purely transport one (i.e. including airport and port management, repair and maintenance of vehicles, cargo handling, agency, etc.).

Agriculture is another important industry sector for the Group – Chimimport aims at positioning its business in a way, which will ensure complete utilisation, on the one hand, of the traditional advantages of the country as an agricultural products grower, and on the other hand, of the key geographic location, which enables Bulgaria to play the role of an intermediary between Europe and the countries such as Russia, Ukraine, Kazakhstan, etc. that are traditional growers of agricultural products.

As with the transport sector, in the agriculture sector Chimimport attempts to spread its activities over the full spectrum of the business – particularly focusing, on the one hand, on the purchase, trade, logistics, storage of grain and oleaginous seeds by actively seeking and utilising the close relations with other businesses (transport, finance, etc.). On the other hand Chimimport actively invests in agriculture-related productions – companies from the Group are key players in the vegetable oil production sector, including covering all activities from the purchase of seeds to their processing into end products (vegetable oils, including for consumption, and biodiesel, where the Group is a leading producer in the country).

Financial services are another sector, where the Group strives for offering the full spectrum of services to its clients. The financial group within Chimimport currently includes a universal commercial bank (which has traditionally good positions in the agricultural crediting), general, a life and health insurance companies, pension insurance companies, a management company (common funds), as well as two special investment purpose companies (respectively for securitisation of real estate properties).

The business model of the Group is built to achieve the development strategy defined above, and is based on the maintenance and the expansion of the leading role of the holding in the sectors, identified as important for the Bulgarian economy. Some of the more specific goals set by the management of Chimimport are:

- to maintain the high rates of growth of the assets and the profits of the holding, which is associated with the procurement of long-term investment return for the shareholders;
- the recognition of Chimimport as holding company with a stable presence in the economies of Bulgaria and Central and Eastern Europe;
- to maintain its leading position among the public companies in Bulgaria and to improve the international popularity of the Group in view of securing its financing from the world capital markets.

The development of the Company and its short-term and mid-term investment plans is channelled into two main directions – strengthening and optimisation of what has already been achieved and entering new markets.

History

Chimimport was established on 4 April 1947 with Decree No 7 of the Council of Ministers of the Republic of Bulgaria as a state commercial enterprise, named SCE Chimimport, for import of chemical products. During the following years the activity of Chimimport encompassed as well export operations and re-export of a large variety of goods, including basic chemicals, fertilizers, drugs for vegetal protection, medicines, medical drugs and instruments, herbs, ethereal oils, cultivated vegetal resources and rose oil. In 1977 a new foreign trade organization

(VTO), named VTO Chimimport, was established from the SCE Chimimport, the foreign trade company Neftohim and foreign trade company Lesoimpex. The company carried out import, export and re-export of chemicals, chemical resources, natural gas, petroleum, petroleum chemical products, cellulose and paper. In 1985 the company reached its greatest exchange of goods in its history – USD 8.5 billion.

On 21 June 1989, few months before the end of the Bulgarian socialist government, a founding agreement was signed and on 19 October a General Meeting of the Joint-Stock Firm Chimimport was held. In compliance with Decree No 56 with Decision No 1 from 24 January 1990 under company file No 2655/1989 Joint-Stock Firm Chimimport was registered, having an equity capital of BGN 10 million. In September 1992 the General Meeting of the shareholders of Chimimport took a decision for a capital increase up to BGN 51,118 million via a non-monetary contribution made by the Bulgarian state.

On 5 October 1994 an agreement was signed between the Privatization Agency and the management team of the Issuer, united in Chimimport Invest AD, for the sale of 58.7% of the capital of Chimimport AD. In 1997 Chimimport was registered as a holding company under Art. 277 of the Commercial Act. In 2000 the first stage of Chimimport's restructuring was completed - registration of the subsidiary companies on the basis of the former existing commercial divisions of Chimimport.

In 2002 Chimimport acquired the state participation in the capital of the Central Cooperative Bank AD from the Bank Consolidation Company AD, as well as the share of DZI AD in the capital of the insurance company Armeec AD via the Privatization Agency and gained the control over CCB Sila Pension Fund AD. from the Czech financial group Newton. In 2003 Chimimport participated successfully in the privatization of both Hemus Air AD and Research and Production of Oil and Gas AD.

In 2004 Chimimport established a financial group, via uniting its participation in banking, insurance and pension funds security services in the capital of CCB Group EAD (until 25 September 2008 CCB Croup EAD performed its activities under the firm CCB Group Assets Management EAD). In 2005 the second stage of Chimimport AD restructuring was completed by the establishment of the following Issuer sub-structures – Bulgarian Aviation Group EAD for air transport and Chimimport Group EAD for commercial business.

In 2005 Chimimport acquired 49.28% of the pension insurance company Saglasie AD, the third biggest pension insurance company in the country in terms of assets and market share.

In 2006 an initial public offering of the new shares of the capital increase of Chimimport was carried out and Chimimport became a public company. The shares of Chimimport were registered for trading on the official market, segment "B", of the Bulgarian Stock Exchange on 30 October 2006. In 2006 one of the major acquisitions of Chimimport was realized – Chimimport acquired 99.13% of the capital of Bulgarian River Shipping AD. Since February 2007, based on a resolution of the board of directors of the Bulgarian Stock Exchange, Chimimport was included in the base of the main stock exchange index SOFIX and in the base of the stock exchange index BG40.

In 2007 the growth and the expansion of the activities of Chimimport continued: the Issuer won the privatisation tender for the national air carrier Bulgaria Air AD, acquiring 99.99% of its share capital (the Bulgarian state kept one "golden share"); the management company CCB Assets Management EAD obtained an authorisation from the Financial Supervision Commission and currently manages three common funds – CCB Leader, CCB Active and CCB Garant; the life insurance company CCB Zhivot EAD and the health insurance company Health Insurance Company CCB EAD (solely owned by the Issuer through CCB Group EAD) were established and licensed by the Financial Supervision Commission; the majority holder of the Issuer – Chimimport Invest – acquired 84.60% of the capital of the pension insurance company Lukoil Garant – Bulgaria AD with a view of a future transfer of this interest to Chimimport or a subsidiary thereof. In 2007 Bulgarian Aviation Group EAD concluded an agreement with Lufthansa Technik AG for initiating a joint venture. The company functions as a limited liability company and its main activity is aircraft repair and painting. In the end of 2007 the consolidation of the grain business of the Group was completed: through the merger of eight companies, including Slanchevi Lachi Bulgaria AD, Sofia (a public company within the meaning of the Public Offering of Securities Act), the company Zarneni Hrani Bulgaria AD was established.

In February 2008 the transaction for the acquisition of 718,236 shares at the nominal value of RUB 10 which represent 6.93% of the capital of TatInvestBank AO, Kazan, Republic of Tatarstan, was completed successfully.

In the first quarter of 2008, Central Cooperative Bank AD completed the operation of acquiring 56.90% of the share capital of the Macedonian Sileks Banka AD Skopje. After a completed tender offer to the shareholders in Sileks Banka AD Skopje, Central Cooperative Bank AD increased its interest to 78.60% of the voting shares in the Macedonian bank. As of the end of 2008 Central Cooperative Bank AD already holds 82.57% of the share capital of Sileks Banka AD Skopje, while the latter was renamed to Central Cooperative Bank AD Skopje.

In March 2008, having obtained the permission of the Competition Protection Commission, Chimimport acquired all voting shares in the capital of Molet AD. Through the purchase of Molet AD Chimimport acquired 100% of the capital of BM Star EOOD which holds 40% of the capital of the concession-holder of the civil airports in Varna and Burges – Fraport Twin Star Airport Management AD.

In March 2008 Chimimport reached an agreement with the government of the Republic of Tatarstan for the setting up of a joint company with the Republic of Tatarstan on a parity basis which will complete the reconstruction and expansion of the airport in Kazan and which will take over the management of the republic's national air carrier.

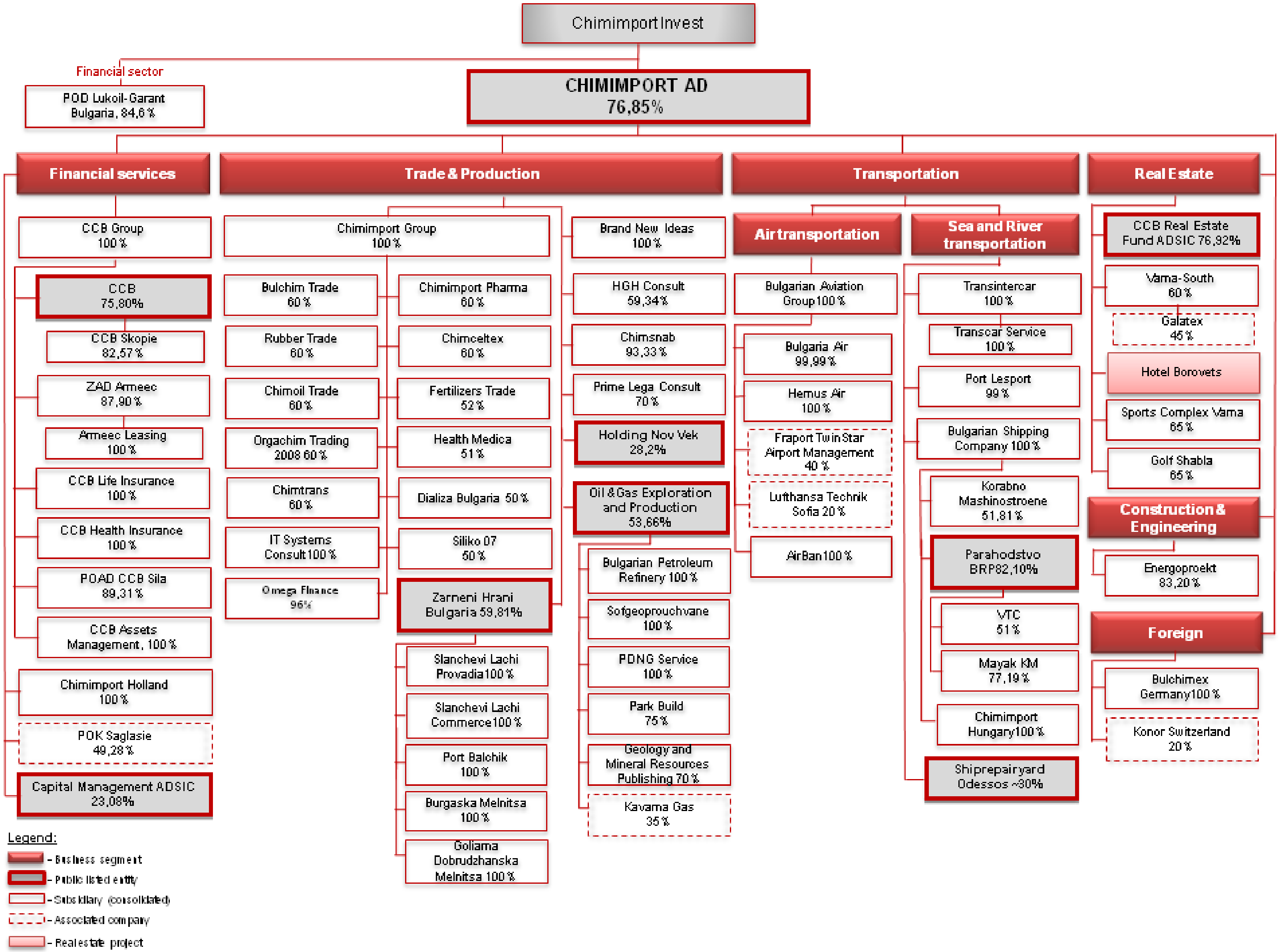
In August 2008, Chimimport successfully placed a EUR 65 million issue of secured exchangeable bonds with a seven-year term to maturity, which can be exchanged for ordinary shares of Chimimport owned by Chimimport Invest. The bonds have been issued by Chimimport Holland B.V. ("**Chimimport Holland**"), a wholly-owned Chimimport subsidiary set up and registered in the Netherlands. The net proceeds from the issue have been provided as a loan by Chimimport Holland to Chimimport which will use them to finance its expansion through strategic acquisitions and for general corporate purposes.

In December 2008 Bulgarian Aviation Group EAD, 100% owned by the Issuer, closed a transaction for the acquisition of the majority stake in Air Ban OOD. The scope of business of Air Ban OOD is related to the maintenance and the operation of a flight crew, specialized in the rendering of air medical and other assistance. Air Ban OOD holds a license for a medical emergency aerial transporter and is entitled to perform specialized aviation works and commercial aerial transportation.

Corporate Structure

Current Structure of the Group

As of 31 March 2009 Chimimport holds interests directly or indirectly in 62 subsidiary companies and 8 associated companies. The chart below shows the main holdings of Chimimport, grouped according to the sectors where the respective companies operate.



Chimimport Invest
Financial sector
POD Lukoil-Garant Bulgaria, 84,6 %
CHIMIMPORT AD 76,85%
Financial services
Trade & Production
Transportation
Real Estate
CCB Group 100 %
CCB 75,80%
CCB Skopie 82,57 %
ZAD Armeec 87,90 %
Armeec Leasing 100 %
CCB Life Insurance 100 %
CCB Health Insurance 100 %
POAD CCB Sila 89,31 %
CCB Assets Management, 100 %
Chimimport Holland 100 %
POK Saglasie 49,28 %
Capital Management ADSIC 23,08%
Chimimport Group 100 %
Bulchim Trade 60 %
Rubber Trade 60 %
Chimoil Trade 60 %
Orgachim Trading 2008 60 %
Chimtrans 60 %
IT Systems Consult 100 %
Omega Finance 96%
Chimimport Pharma 60 %
Chimceltex 60 %
Fertilizers Trade 52 %
Health Medica 51 %
Dializa Bulgaria 50 %
Siliko 07 50 %
Zarneni Hrani Bulgaria 59,81%
Slanchevi Lachi Provadia 100 %
Slanchevi Lachi Commerce 100 %
Port Balchik 100 %
Burgaska Melnitsa 100 %
Goliama Dobrudzhanska Melnitsa 100 %
Brand New Ideas 100 %
HGH Consult 59,34%
Chimsnab 93,33 %
Prime Lega Consult 70 %
Holding Nov Vek 28,2%
Oil & Gas Exploration and Production 53,66%
Bulgarian Petroleum Refinery 100 %
Sofgeoprouchvane 100 %
PDNG Service 100 %
Park Build 75 %
Geology and Mineral Resources Publishing 70 %
Kavarna Gas 35 %
Air transportation
Bulgarian Aviation Group 100 %
Bulgaria Air 99,99 %
Hemus Air 100 %
Fraport Twin Star Airport Management 40 %
Lufthansa Technik Sofia 20 %
AirBan 100 %
Sea and River transportation
Transintercar 100 %
Transcar Service 100 %
Port Lesport 99 %
Bulgarian Shipping Company 100 %
Korabno Mashinostroene 51,81 %
Parahodstvo BRP 82,10%
VTC 51 %
Mayak KM 77,19 %
Chimimport Hungary 100 %
Shiprepairyard Odessos ~30%
CCB Real Estate Fund ADSIC 76,92%
Varna-South 60 %
Galatex 45 %
Hotel Borovets
Sports Complex Varna 65 %
Golf Shabla 65 %
Construction & Engineering
Energoproekt 83,20 %
Foreign
Bulchimex Germany 100 %
Konor Switzerland 20 %
Legend:
- Business segment
- Public listed entity
- Subsidiary (consolidated)
- Associated company
- Real estate project

Overview of the investments and the activities of the Group

The Group, as it currently stands, is the result of a number of acquisitions made during the last several years. The most significant acquisitions include Bulgarian River Shipping AD (2006), Energoproekt (2006) and Bulgaria Air (2007).

The tables below give information about the net financial result and the assets of the Group by sectors in accordance with the differentiation adopted in the unaudited interim consolidated financial statements of Chimimport as of 31 December 2008.

Business segments:	**As of 31 December**	
Net financial result	**2008**	**2007**
	(BGN in thousands)	
Production	16,372	20,965
Financial sector	111,185	141,212
Transport sector	13,320	1,970
Real estate	107	4,348
Construction and engineering sector	77	10
Elimination	2,124	(32,215)
Group	143,185	136,290

Source: Chimimport

Business segments:	**As of 31 December**	
Assets	**2008**	**2007**
	(BGN in thousands)	
Production	560,089	557,848
Financial sector	3,350,166	2,804,145
Transport sector	623,854	339,421
Real estate	46,868	47,204
Construction and engineering sector	8,435	8,430
Elimination	(1,317,098)	(1,010,204)
Group	3,272,314	2,746,844

Source: Chimimport

The tables below give information about the net financial result and the assets of the Group by sectors in accordance with the differentiation adopted in the audited consolidated financial statements of Chimimport for 2006 and 2007.

Business segments: Net financial result	As of 31 December	
	2007	2006
	(BGN in thousands)	
Production	19,677	7,649
Commerce	5,630	577
Transport	1,970	2,204
Insurance	14,911	17,497
Banking	20,094	12,013
Finance	88,688	29,194
Pension funds	17,332	3,629
Consolidation	(32,012)	(11,993)
Group	136,290	60,770

Source: Chimimport

Business segments: Assets	As of 31 December	
	2007	2006
	(BGN in thousands)	
Production	496,191	135,740
Commerce	116,352	92,891
Transport	339,421	147,484
Insurance	126,259	80,127
Banking	1,556,880	1,131,987
Finance	1,012,859	439,570
Pension funds	99,086	49,856
Consolidation	(1,010,204)	(446,185)
Group	2,746,844	1,631,470

Source: Chimimport

Financial Services

Overview

The financial sector is a strategic investment area for Chimimport. The Issuer's objective is to offer all basic kinds of financial services via its subsidiaries and associated companies. Chimimport holds interests in the capital of the financial institutions from the Group via its subsidiary CCB Group EAD ("**CCB Group**"), 100% owned by the Issuer.

CCB Group (until 25 September 2008 the company performed its activities under the firm CCB Group Assets Management EAD) was established in 1998 and in 2002 the main objective of the company became the optimisation of the management of Chimimport's assets in the financial sphere. CCB Group Assets Management's function is to exercise strategic control over the companies it owns, assist in the process of their long-term financing, negotiate with foreign investors, as well as provide methodological assistance in the implementation of significant projects.

As of 31 March 2009 Chimimport holds, directly and through related parties, 75.80% of the capital of Central Cooperative Bank AD, 87.90% of insurance and reinsurance joint-stock company Armeec, 100% of management company CCB Assets Management EAD, 100% of special purpose investment company for real estate securitization CCB Real Estate Fund ADSIC, and 23.08 % of the special purpose investment company for securitization of receivables Capital Management ADSIC. In the end of 2007 established and licensed by the Financial Supervision Commission were the life-insurance company CCB Zhivot and the health-insurance company Health Insurance Company CCB EAD, both of them solely owned by CCB Group.

Apart from the above mentioned companies, through CCB Group the Issuer owns 89.26 % of the Pension Insurance Joint-Stock Company CCB Sila AD, and on its own it holds a further 49.28 % of the pension insurance company Saglasie AD - the third biggest pension insurance company in the country in terms of assets and market share. At the beginning of 2007, the Majority Shareholder in the Issuer – Chimimport Invest – acquired 84.60 % of the capital of the pension insurance company Lukoil Garant – Bulgaria AD with the aim of the subsequent transfer of the acquired shares to Chimimport or to a subsidiary thereof.

Banking Services

Central Cooperative Bank AD

General Overview

Joint-stock company Central Cooperative Bank AD ("**CCB**" or the "**Bank**") was registered by a decision of the Sofia City Court on 28 March 1991. It was established by the Central Cooperative Union, the regional cooperative unions, and more than 1,100 cooperative organizations. CCB's registered capital is BGN 83,155 thousand.

CCB is a universal commercial bank licensed to perform all bank operations at home and abroad. The bank operates also as an investment intermediary and has been approved by the Bulgarian National Bank (BNB) to be a primary dealer in government securities. The Bank holds leading positions in rendering services to the agricultural sector in Bulgaria and its aim will continue to be to uphold its leading positions by enlarging the scope and the volume of its operations with manufacturers of agricultural products all over the country. Along with that, CCB gives priority to the development of retail banking and card payments by offering competitive products and services to individuals, as well as to small, medium-sized, and large enterprises from the other sectors of the economy.

CCB reaches its clients through a well-developed network of 52 branches and 214 offices which covers the entire territory of the country. As of 31 December 2008, the total amount of employees at the Bank is 1,812. In December 2005 CCB received a permit from the Central Bank of Cypress to open its first foreign branch in Nicosia. It offers (in cooperation with the airlines form the Group – Bulgaria Air and Hemus Air) full bank services to clients, as well as all the products of Hemus Air and Bulgaria Air.

Central Cooperative Bank carries out its international activities through a vast network of correspondents of over 360 banks from around the world. The Bank maintains 22 nostro accounts in all major foreign currencies. CCB has been licensed by MasterCard Inc. to issue and accept international debit and credit cards – Eurocard/ MasterCard and Maestro, as well the Bank is a full member of VISA International and offers the full range of VISA cards. The Bank is also an agent of the Western Union international system for fast money transfers. Since July 1993 CCB is an associate member of the European Association of Co-operative Banks with a headquarters in Brussels, and since September 2004 – a member of the International Co-operative Banking Association, in which over 55 institutions from 40 countries hold a membership.

CCB has the status of a public company and since March 1999 its shares are admitted to trading on the Bulgarian Stock Exchange. Currently, the bank's shares are traded on the Official Market of shares, segment B, of the Bulgarian Stock Exchange and are included in two stock exchange indices – SOFIX and BG40. According to latest information, the interest of minority shareholders in CCB (free float) is 23.99%.

Shareholders

At the beginning of 2002 via a tender procedure Chimimport acquired the share of the state-owned Bank Consolidation Company AD in CCB, amounting to 32.77%, and became the main shareholder in the bank. In 2004, via CCB Group, Chimimport acquired the Central Cooperative Union's shares in the Bank. The Bank's main shareholders as of 31 December 2008 are presented in the following table.

Main shareholders in CCB	**Interest as of 31 December 2008**
	(%)
Chimimport (direct holding)	2.88
CCB Group	68.20
Armeec	4.44
CCB – Sila	0.27
Total Chimimport (direct and indirect holding)	75.80
Bayerische Hipo- und Vereinsbank, Germany	7.81
Pension funds, managed by PIC Saglasie	2.46
UniCredit Bank, Austria	1.61
Artio International Equity Fund, USA	1.54
Kiriakos Savvas Petridis, Greece	1.20
Hansabank	1.09
Other minority shareholders	8.50
Total	100.0

Source: Chimimport

Market Position

According to the statistics for 2008, published by BNB, CCB maintains its good positions among the other banks in the country; after the several mergers in the banking sector CCB holds the 8^{th} place out of a total of 30 banks and branches of foreign banks in terms of attracted deposits from non-financial institutions and consumer loans given. CCB is the eleventh bank in the country in terms of asset size.

Commercial banks in Bulgaria as of 31 December 2008

No	Bank	Assets *(BGN in thousands)*
	I group	
1	UniCredit Bulbank	11,014,859
2	DSK Bank	8,669,280
3	United Bulgarian Bank	7,745,809
4	Raiffeisenbank (Bulgaria)	6,880,189
5	Eurobank EFG Group	5,437,869
	II group	
6	First Investment Bank	4,256,134
7	Piraeus Bank Bulgaria	4,142,232
8	Societe Generale Expressbank	2,512,886
9	Corporate Commercial Bank	2,105,879
10	Economic and Investment Bank	1,844,058
11	Central Cooperative Bank	1,663,314
12	CB Allianz Bulgaria	1,627,796
13	CB MKB Unionbank	1,535,222
14	CB Investbank	1,118,136
15	Procredit Bank (Bulgaria)	1,005,526
16	Municipal Bank	995,395
17	Bulgarian American Credit Bank	818,045
18	International Asset Bank	568,782
19	Emporiki Bank – Bulgaria	470,393
20	Encouragement Bank (Bulgarian Development Bank)	430,752
21	Tokuda Bank	340,576
22	D Commercial Bank	295,069
23	NLB West-East Bank	218,344
24	CPB Texim	51,498
	III group	
25	Alpha Bank – Sofia branch	2,144,643
26	BNP Paribas S.A.- Sofia branch	745,453
28	ING Bank. - Sofia branch	478,526
27	Citybank. - Sofia branch	386,711
29	T.C.Ziraat Bankasi - Sofia branch	48,068
30	Bank Leumi Romania S.A. – Sofia branch	9,011

Source: Bulgarian National Bank

After Chimimport acquired control over CCB in 2003, the Bank's growth accelerated – its assets and net profit increased significantly, its entire product range was changed, and it entered completely new market segments.

The growth of CCB's asset in 2008 keeps up, while the growth rate, similarly to that of the banking system, slows down. The table below shows that CCB's asset growth rate is similar to the one of the banking system for the 2006 –

2008 period.

	Banking sector assets (BGN in millions)	**Banking sector growth**	**CCB assets** (BGN in millions)	**CCB growth**
2006	42,194	28.44%	1,131	39.92%
2007	59,090	40.04%	1,567	38.55%
2008	69,560	17.72%	1,663	6.13%
Average growth		28.73%		28.20%

Source: Chimimport

Acquisitions

In the last three years CCB has acquired six commercial banks in Bulgaria that were declared bankrupt: Bank of Agricultural Credit, Credit Bank, Dobrudzhanska Bank, Capitalbank, Crystalbank, and International Bank for Trade and Development. On 28 February 2008, CCB acquired 171,658 shares of the capital of Sileks Banka AD Skopje (later renamed to Central Cooperative Bank AD Skopje), representing 78.60% of its voting shares. As of 31 December 2008 CCB holds 82.57% of the voting shares. Central Cooperative Bank AD Skopje (Sileks Banka AD Skopje) holds a license issued by the National Bank of the Republic of Macedonia for performing all types of banking operations. CCB also holds interest in Tatinvestbank (Tatarstan).

Retail Banking

In 2008 CCB continued increasing the share of financial products and services for natural persons in its portfolio. The stress was again put on the balancing between already recognised products and the development of new products and services in the field of consumer credits and credit cards.

The provision of consumer loans remained a priority in the loan granting activity of CCB in 2008. In this segment the Bank achieved growth of more than 45% on an annual basis, which is considerably above the average level of 28.49% of the banks in Bulgaria. Due to the successful policy in consumer crediting, CCB's market share increased from 2.49% to 2.81%.

In the end of the year CCB updated the terms on its consumer credits, thus taking into account the new market tendencies in a global, regional and national scale. The changes in the deadlines, maximum amounts and the interest terms on the credits are synchronous with the expectations for the provision and guaranteeing of long-term stability and a high degree of reliability on the credit portfolio of the banks in Bulgaria.

Card Payments

In 2008 CCB kept its market share in ATM terminals in the country and towards the end of the year it holds 13.16% of the total number of installed ATM terminals in the network of the national card operator BORICA. The increase in the number of installed POS terminals at commercial sites continued, whereby within a year CCB's share in the total number of installed POS terminals serviced by BORICA has increased from 5.39% to 7.68%.

In 2007 the number of debit cards issued by the Bank reached 721,841, which is an increase of 16.36% compared to the previous year. CCB's share in the international debit cards Maestro is 11.66% of the total number of cards of this type issued in the country. For Visa Electron cards this share is 13.62%. A considerable growth is, again, achieved in the number of credit cards, where most impressive is the MasterCard cards growth of 71.68%. The total number of number of credit cards issued by CCB reached 52,961. The majority of credit cards of CCB have been issued using the modern chip technology, which guarantees clients a higher level of security and speed of card payments, as well as additional functional options. The project for a co-branded credit card VISA CCB – Bulgaria Air, realised in 2008 will help for the increase of the number of credit cards issued by the Bank in 2009. The card combines perfect financial terms for the clients and various additional bonuses, provided by Bulgaria Air.

Information Technologies

A centralised bank system – AIS2 – is in operation in CCB, developed on the basis of cutting-edge information technology, using hardware and software solutions by world leaders in the business, such as IBM, ORACLE etc. The system enables CCB to launch quickly new attractive products and services, to respond adequately to the developing competitive services market and to fully meet the needs of its clients. The centralised system allows users to receive up-to-date information about all processes in the bank in real time, which facilitates management decision-making. CCB actively develops the electronic channels for service provision by launching new technologies for the protection of information flows.

Financial Information

The table below shows the core financial data, extracted from the audited individual financial statements of CCB for the last three years.

	As of 31 December		
	2008	**2007**	**2006**
		(BGN in thousands)	
Total assets (carrying value)	1,664,100	1,566,880	1,131,987
Equity	228,496	211,345	116,640
Share capital	83,155	83,155	72,761
Capital base	161,372	179,366	100,255
Borrowings	1,421,384	1,348,672	990,552
Loans (carrying amount)	969,992	675,170	554,112
Total income	112,293	96,202	74,380
Net profit	21,644	20,094	12,013

Source: Chimimport

Real Estate

Major real estate owned by the Bank:

Location	**Purpose**	**All-out area *(m²)***
103 G.S. Rakovksi Str., Sofia	Headquarters	3,354
8 Vrabcha Str., Sofia	Headquarters	925
31 Tsar Simeon Str., Varna	Bank office	3,221
5 Beethoven Str., Plovdiv	Bank branch	896
442 Pancho Vladigerov Str., Lyulin, Sofia	Bank branch	540
58A Saborni Blvd., Varna	Bank branch	746
1 Khan Kubrat Sq., Ruse	Bank branch	602
150 Vassil Levski Str., Pleven	Bank branch	1,112
4 Count Androvanti Str., Bourgas	Bank branch	364
7 Osvobozhdenie Sq., Yambol	Bank branch	859
7 Stefan Karadzha Str., Razgrad	Bank branch	791

Location	Purpose	All-out area *(m²)*
4 Nikola Gabrovski Str., Veliko Tarnovo	Bank branch	435
13 Vassil Levski Str., Blagoevgrad	Bank branch	490
5 Hristo Botev Str., Dupnitsa	Bank office	759
8 Rila Str., Kazanlak	Bank branch	666
Madan	Bank office	1,437
4 Stefan Bachvarov Str., Sevlievo	Bank office	279
114 Bulgaria Blvd., Svilengrad	Bank office	501
13 Rakovski Blvd., Dimitrovgrad	Bank office	427
1 Skopje Str., Haskovo	Bank branch	426
8 Rechna Str., Asenovgrad	Bank branch	233
5 Vassil Levski Str., Turgovishte	Bank branch	393
10 Professor Ishirkov Str., Lovech	Bank branch	388

Source: Chimimport

Insurance Services

Insurance Joint-Stock Company Armeec

Overview

Since July 2002, via CCB Group, the Issuer controls Insurance Joint-Stock Company ("**Armeec**"). The insurance company was established on 9 April 1996 with main shareholders the Defence Ministry and companies from the Defence Ministry system. The capital of Armeec amounts to BGN 15,019,000 and its scope of activity is insurance and reinsurance, and management of the funds collected from insurance and reinsurance.

In July 2005, Armeec received permission from the Financial Supervision Commission to perform reinsurance activity. In November 2007, on the basis of the financial situation and the investment activity of Armeec, the Bulgarian Credit Rating Agency (BCRA), in cooperation with the International Credit Rating Agency (ICRA) – Moody's Investor Service member – increased the company's long-term credit rating for claim repayment capacity from BB+ to BBB-, based on the financial status and the investment activities of Armeec. In December 2008 BCRA confirmed the long-term rating for claim repayment iBBB- (perspective: stable) and the short-term rating A-3, on the basis of the continuing positive trend for the development of the company. The same rating was confirmed by BCRA again in March 2009.

In April 2008, Armeec informed the Financial Supervision Commission about its intention to perform operations on the territory of member states of the European Union under the terms of the free provision of services.

Shareholders

In July 2002 Chimimport acquired 91.92% of the capital of Armeec. The Defence Ministry and the commercial companies within its system retained 8.08% of the share capital.

As of 31 March 2009 the Issuer holds directly and through CCB Group a total of 87.90% of the share capital of Armeec.

Products

The company offers the full range of general insurance products divided into the following classes of business:

1) *Motor insurance* – Motor Third-Party Liability Insurance and Green Card Border Insurance; Casco Motor Hull Insurance, Casco Extended Warranty Insurance; Passenger Insurance against Public Transport Accident;
2) *Property insurance* – Protected Home Insurance, Protected Family Insurance, Protected Property Insurance, Industrial Fire Insurance;
3) *Boiler insurance* – Electronic Equipment Insurance, Machinery Breakdown Insurance, Production Interruption Insurance;
4) *Insurance policies for construction entrepreneurs* – All Entrepreneurial Risks Insurance, Construction and Installation Works Insurance, Professional Liability Insurance for participants in design and construction;
5) *Agriculture-related insurance policies* – insurance of field crops, livestock, poultry and bee hives, permanent plantings;
6) *Tourist and personal insurance policies* – individual and group insurance policies: Accident and Medical Expenses in Cases of Accident or Illness, Labour Accident, Accident Insurance for students, Accident Insurance for sports players; Medical Insurance of Foreigners in Bulgaria, Assistance during Travel Abroad;
7) *Liability insurance* - Third-Party Liability Insurance for legal entities, including product liability; Third-Party Liability for physical persons, including Employer Liability; Professional Liability insurance policies: Professional Liability Insurance for lawyers, notaries public, CPAs, financial auditors, tour-operators, insurance brokers and insurance agents, medical personnel, hotel and restaurant personnel, private bailiffs, teachers and educators, etc.; liability insurance related to specific activities such as design and construction, certification, licensing and control, possession and use of firearms insurance etc.;
8) *Financial and commercial risks insurance* – Loan, Leasing and Bank Guarantees Insurance, Other Financial Losses Insurance;
9) *Transport insurance* – Cargo Insurance during Transportation, Carrier Liability during Road Transportation, Liability Insurance for forwarding agents, Cash Insurance during Travel;
10) *Marine insurance* – Casco insurance of vessels, Third-party Liability related to the ownership and use of vessels; Insurance of small vessels – combined Casco and Third-Party Liability insurance related to the ownership and use of small vessels;
11) *Aviation insurance* – Casco insurance of aircraft; Third-Party Liability Insurance related to the ownership and use of aircraft, Liability Insurance of owners and operators of airports – Ariel. The company also offers other insurance products, providing specific insurance coverage.

Implementing the strategy for developing and launching up-to-date insurance coverage, Armeec developed several new products in the last years. Since the middle of 2007, the company has been offering the Casco Extended Warranty Insurance. The insurance coverage, which is well-familiar on the European market, was developed in cooperation with a leading international company and offers insurance protection against mechanical and electrical breakdown of cars and lorries weighing up to 3.5 tons.

Several new systems were introduced in 2008, providing preferences for the company's clients – Loyal Client and Preferential Client.

In the middle of 2008 the Directors and Officers Liability Insurance was developed. The insurance policy covers the personal liability of the insured person towards the company where the insured person holds the post of manager, director, controller or member of the management board.

In the last years Armeec also introduced to the market the following products:

- Loss of professional aircraft pilot license insurances;
- Accident while in aircraft seats insurances;
- Rescue expenses insurances.

In 2008 Armeec developed and started for the first time on the insurance market a "Cancellation of trip" insurance. Under the terms of the policy the company covers all non-recoverable expenses and payments made (such as pre-paid reservations airplane tickets, etc.) in relation with planned trips, which do not take place due to objective reasons.

Reinsurance programme

In order to guarantee the security of its clients Armeec has a stable and adequate reinsurance programme. It is based on several types of reinsurance contracts – a combined quota-share and excess of loss contract, several excess contracts, two catastrophic and a number of proportional facultative contracts (mostly used with aviation insurances).

Traditionally Armeec places its re-insurance programme through big and internationally recognised reinsurance brokers, such as Aon, Marsh, Willis and other London-based brokers.

The reinsurance companies with which Armeec works are of the highest class, namely: Mitsui Sumitomo Reinsurance Ltd, Japan; Hannover Re, Germany; Munich Re, Germany, etc.

Market Position

The following table provides information about the premium income of the non-life insurance market and of Armeec for the last three years.

	2008	2007	2006
Insurance market			
Premium Income	1,509,613,000 (1)	1,268,582,389	1,060,137,931
Growth	19.00%	19.66%	15.33%
Armeec			
Market Share	9.70% (1)	7.15%	5.46%
Premium Income	146,519,631	90,725,000	57,888,798
Growth	62.00%	56.72%	29.37%

(1) Forecast data

Source: Chimimport

As a result of its successful development for last few years, the company is defined as the most dynamically developing company on the non-bank financial market.

The premium income per employee has increased more than twice in the last five years, growing from BGN 145,000 for 2004 to BGN 344,000 for 2008. The increase for the respective years is displayed in the table below.

	2008	2007	2006	2005	2004
Premium income per employee (in BGN)	343,943	249,245	181,470	175,473	144,974

Source: Chimimport

The following table gives information about the premium income and the market share of the leading insurance companies, operating on the Bulgarian insurance market.

Insurance company	As of 30 November		As of 31 December					
	2008		2007		2006		2005	
	Premium income	**Market share**	**Premium income**	**Market share**	**Premium income**	**Market share**	**Premium income**	**Market share**
	(BGN in thousands)	*(%)*	*(BGN in thousands)*	*(%)*	*(BGN in thousands)*	*(%)*	*(BGN in thousands)*	*(%)*
ZPAD Bulstrad	204,184	15.64	177,576	14.00	148,142	13.98	139,848	15.21
ZPAD Allianz Bulgaria AD	146,689	11.24	149,183	11.76	140,885	13.30	132,737	14.44
DZI General Insurance AD	173,966	13.32	186,729	14.72	186,679	17.62	186,265	20.26
ZK Bul Ins AD	129,617	9.92	146,572	11.55	125,044	11.80	114,326	12.44
Armeec	126,617	9.70	90,725	7.15	57,889	5.46	44,746	4.87
ZK Lev Ins AD	106,923	8.19	101,682	8.02	67,011	6.32	55,109	6.00
ZK Uniqa AD	91,883	7.04	87,724	6.92	66,400	4.27	54,758	5.96
Generali Insurance AD	56,520	4.33	64,920	5.12	60,440	5.70	30,356	3.30
ZK Euro Ins AD	70,919	5.43	66,578	5.25	52,488	4.95	40,327	4.39
ZK Balgarski Imoti AD	46,986	3.60	50,866	4.01	29,789	2.81	17,467	1.90
IJSC Victoria AD	37,096	2.84	30,911	2.44	21,040	1.99	14,504	1.58
AIG Bulgaria AD	17,266	1.32	17,417	1.37	16,620	1.57	12,471	1.36
HDI AD	16,016	1.23	13,845	1.09	10,041	0.95	8,234	0.90

Source: Financial Supervision Commission

With a growth of 62% in 2008 Armeec has, again, considerably outperformed the growth of the non-life insurance market, which, according to the 2008 forecast data, is 20%. The company has realised a premium income of BGN 146 million as of 31 December 2008, thus adding more than BGN 55 million to the reported premium income in 2007.

The market share of the company is 9.70%, compared to 7.15% in the end of 2007. For comparison, the market share of Armeec in the end of 2003 is 2.10%, with realised premium income of BGN 18 million.

In the foundation of the success of the company, which has for several years been qualified as the most dynamically developing company in the non-banking financial sector, lies the developed and pursued long-term development strategy. The basic components of this strategy define measures and activities, which aim at building long-term relations with the clients and the partners, carrying out of proactive policy towards the staff and a socially responsible policy towards the society.

To date the position of Armeec is determined by the undoubted leadership on the aviation insurance market with a market share of 47% and premium income of BGN 6.3 million, as well as by the good results from the Vehicle Casco insurances, where the market share of the company is 13%, with the premium income from such insurances being BGN 90 million.

The company preserves its position as one of the leaders on the accident and assistance during travel insurance market. A success is considered to be the growing share of property insurance policies in the portfolio of the company. Regardless of the insignificant market growth in this type of business, Armeec has managed to add over

BGN 3 million to its property portfolio in 2008, reaching an increase of 60%, while the growth of the market was below 8%.

Regarding the other types of business, such as third-party liability insurance, liability insurance, financial risks and cargo insurance, the company has retained its positions, realising growth equal to or exceeding the growth of the market.

Branch network

As of the end of 2008 Armeec is present in more than 80 cities through 56 agencies and 45 representation offices, and the number of payroll employees is 426. All types of insurance policies for all types of insurance products can be concluded in the offices of the company, as well as through the insurance intermediaries working for the company.

The distribution of the insurance products is also effected by more than 4,000 agents and 220 brokers on the territory of the entire country. The company's distribution strategy envisages joint projects with Central Cooperative Bank, Bulgaria Air and the pension companies in the Group. The integrative projects aim to provide comprehensive service of the insurance interests of the clients, to manage the relations with existing clients of the company and to attract new ones.

Financial Information

The table below provides some of the core financial data, extracted from the audited individual financial statements of Armeec for the last three years, as well as certain financial indicators.

	As of 31 December		
	2008	**2007**	**2006**
	(BGN in thousands)		
Assets	140,920	116,900	80,178
Equity	31644	48,388	35,925
Total income	271,916	178,568	96,593
EBITDA	1,937	15,124	19,945
Net profit	1,937	14,910	17,261

Source: Chimimport

Real Estate

The major real estate owned by Armeec is listed in the table below.

Location	**Purpose**	**All-out area** *(m²)*
21 General Gurko Str., Sofia	Office	310
7B Knyaz Alexander Dondukov Str., Sofia	Office	263
55 Kn. Maria Luisa Blvd., Plovdiv	Office	124
7 Bratya Kitanovi Str., Blagoevgrad	Office	84
1 K. Fotinov Str. Bourgas	Office	89
42 Nikola Gabrovski Blvd., Veliko Turnovo	Office	115
7 Danail Popov Str., Pleven	Office(1)	96
11 Tsar Osvoboditel Str., Sliven	Office	101
7 Metodiy Kusev Str., Stara Zagora	Office(1)	66

Location	Purpose	All-out area *(m²)*
26 Saedinenie Blvd., Haskovo	Office[(1)]	106
6 Tsar Osvoboditel Str., Shumen	Office	74
20 Fr. J. Curie Str., Sofia	Land	4,300
20 Fr. J. Curie Str., Sofia	Office	9,630

[(1)] Mortgaged property

Source: Chimimport

Single Shareholder Joint-Stock Insurance Company CCB Zhivot

Overview

Via CCB Group EAD the Issuer controls the single shareholder joint stock insurance company CCB Zhivot. The insurance company has an insurance license issued by the Financial Supervision Commission with a decision dated 31 October 2007. The single shareholder joint stock company CCB Zhivot has a capital of BGN 6,400,000 and its main activity is insurance and management of the funds collected from the insurance.

The number of employees on the payroll of CCB Zhivot is 17, all of whom are employed in its Principal Office. The company has a distribution network of 50 intermediaries, 24 of whom are insurance agents, 18 are broker, 7 are exclusive representatives and one is a chief agent. CCB Zhivot plans to expand its joint activity with the insurance and reinsurance joint stock company Armeec and with Central Cooperative Bank with regard to:

- Providing for the life insurance needs of clients of the general insurance company and the bank;
- Using the network of branches and offices of Armeec and of the bank for the sale of life insurance products;
- Developing joint offices;
- Providing combined insurance products and bank assurance.

Shareholders

As of the date of this document the Issuer owns directly and/or through related parties a total of 100.00% of the capital of single shareholder joint stock insurance company CCB Zhivot.

Products

Within the limits of its relatively short existence and its conservative product policy, CCB Zhivot offers the following types of insurance policies:

- group risk life insurance;
- insurance for loan recipients;
- additional insurance;
- individual risk life insurance;
- savings life insurance.

Within the license issued by the FSC, the company may also offer combined insurances, such as “Life and Rent” and “Marriage and children” insurances.

Market Position

As of the end of 2008, there are eighteen life insurance companies operating in Bulgaria (including ING, whose financial reporting is carried out in Hungary). For the entire 2008 the company has realised premium income amounting to BGN 1,069 thousand. As of 31 December 2008 the accounting profit of the company amounts to BGN 130,000, while the number of insured people is 3,192.

Real estate

The company does not own any real estates.

UCITS

Management Company CCB Assets Management EAD

General Overview

Via CCB Group Assets Management, Chimimport holds 100% of the capital of CCB Assets Management EAD ("**UD CCB Assets Management**") which was established as Management company under Public Offering of Securities Act on 22 November 2006 and was entered in the Commercial register under unified identification code 175225001. In January 2007 the Financial Supervision Commission granted UD CCB Assets Management full license to operate as a Management company, including: (a) to manage the operations of collective investment schemes and closed-end investment companies; (b) to manage clients' individual securities portfolios on its own discretion; (c) to provide investment consultation regarding securities.

UD CCB Assets Management holds a permit by the Financial Supervision Commission for the organization and management of three mutual funds:

1. *CCB Leader Mutual Fund* - an aggressive mutual fund with an investment strategy of retaining and increasing the value of unit holders' investments, earning a maximum income by taking a moderate to high risk and securing liquidity of investments in the fund's units;
2. *CCB Active Mutual Fund* – a balanced mutual fund with an investment strategy of retaining and increasing the value of unit holders' investments, earning a maximum income by taking a moderate risk and securing liquidity of investments in the fund's units;
3. *CCB Garant Mutual Fund* – a conservative mutual fund with an investment strategy of retaining and increasing the value of unit holders' investments, earning a maximum income by taking a minimal risk and securing liquidity of investments in the fund's units.

UD CCB Assets Management also started to execute management of individual securities portfolios on the basis of contracts with clients.

The depositary bank of UD CCB Assets Management mutual funds is Eurobank EFG Bulgaria AD. The Management company has signed a contract with Central Cooperative Bank AD for the distribution of the mutual funds' shares. UD CCB Assets Management has set itself a goal to ensure that the mutual funds it manages should quickly take leading positions in the sector by offering their products in combination with bank, life insurance, and pension insurance products.

As of 31 December 2008 the total value of assets under management is BGN 12,732 thousand and as of the end of March 2009 – more than BGN 24,506 thousand.

Pension Insurance

Pension Insurance Joint-Stock Company Sila

Overview

In November 2002 Chimimport gains control over the pension insurance joint-stock company Newton-Sila, later renamed as CCB Sila ("**CCB Sila**"). As of 31 December 2008 the Issuer holds indirectly through CCB Group 89.26% of the capital of CCB Sila.

CCB Sila was established in February 1994 and is the first pension insurance company in Bulgaria to hold a license to operate in the additional pension insurance sector. The share capital of CCB Sila amounts to BGN 5.5 million. As of 31 December 2008 the company has 37 employees on the payroll and over 712 insurance agents working under civil contracts.

CCB Sila manages three pension funds – universal, professional, and voluntary. As of 31 December 2008 the number of persons insured in the company's three pension funds is more than 180,000, which is an increase by 11.95% compared to 31 December 2007.

Financial Information

The total amount of the carried assets of CCB Sila-managed pension funds as of 31 December 2008 is BGN 82.78 million, which shows an increase of over 16% compared to 31 December 2007.

The table below provides some of the core financial data, extracted from the audited individual financial statements of CCB Sila for the last three years.

	As of 31 December		
	2008	**2007**	**2006**
		(BGN in thousands)	
Assets	9,454	27,671	9,421
Financial assets	7,009	2,851	7,792
Investment properties	1,035	991	966
Tangible non-current assets	77	76	31
Current assets	1,186	23,568	418
Share capital	5,500	5,500	5,500
Equity	8,513	26,397	9,065
Current liabilities	79	70	21
Special reserves	819	1,148	335
Current financial result	(17,884)	17,332	3,629

Source: Chimimport

Real Estate

The major real estate owned by CCB Sila are listed in the table below.

Location	**Purpose**	**All-out area** *(m^2)*
Montana	Office building	1,129
Plovdiv	Land	10,638
Ruse	Industrial buildings	3,073

Source: Chimimport

Pension Insurance Company Saglasie AD

General Overview

In September 2005 Chimimport acquired 49.28% of the pension insurance company Saglasie AD ("**PIC Saglasie**"), the third biggest pension insurance company in the country in terms of assets and market share. The company was established in 1995 and holds a license for operating in the additional pension insurance sector. The share capital of PIC Saglasie is BGN 7 million. As of 31 December 2008 the company has 102 employees on the payroll and its network of insurance agents comprises over 3000 persons. PIC Saglasie manages three pension funds – universal, professional, and voluntary. As of 31 December 2008 the number of persons insured in the three pension funds is over 434,000 which is 7.2% more compared to 31 December 2007.

Financial Information

In the table below is given some of the most essential financial data, extracted from the audited individual financial statements of PIC Saglasie for the last three years.

	As of 31 December		
	2008	**2007**	**2006**
	(BGN in thousands)		
Assets	11,190	11,656	9,156
Financial assets	4,167	3,921	1,749
Investment property	3,300	3,164	3,016
Tangible non-current assets	414	487	250
Current assets	1,577	1,639	1,659
Share capital	7,000	7,000	7,000
Equity	7,596	6,739	6,317
Current liabilities	507	1,267	161
Total income	8,799	6,787	3,935
Total expenses	7,940	6,336	3,694
Net profit	859	451	241

Source: Chimimport

Real Estate

The major real estate owned by PIC Saglasie is:

Location	**Purpose**	**All-out area** ***(m²)***
West Industrial Area, Ruse	Land	42,410

The major real estate owned by the funds managed by PIC Saglasie are:

Location	**Purpose**	**All-out area** ***(m²)***
Office Building A, Studentski Region, Sofia	Office	107
32 P. Slaveykov Str., Plovdiv	Land	1,150
32 P. Slaveykov Str., Plovdiv	Buildings	961,745
Chiflik Village, Troyan Municipality	Land	916
West Industrial Area, Ruse	Buildings	1,046
North Industrial Area, Bourgas	Land	11,000

Source: Chimimport

Pension Insurance Company Lukoil Garant – Bulgaria AD

In March 2007 the majority shareholder in the Issuer Chimimport Invest acquired 84.60% of the capital of pension insurance company Lukoil Garant-Bulgaria AD (“**Lukoil Garant**”) in order to transfer these shares to Chimimport or to one of its subsidiary companies. Lukoil-Garant was established in July 2000 and holds a license for operating in the additional pension insurance sector. Lukoil-Garant’s share capital is BGN 5 million.

Lukoil Garant manages 3 pension funds – a universal, a professional and a voluntary one. As of 31 December 2008 the number of insured people in the three pension funds of the company is more than 163,000, which is an increase by 8.25% compared to 31 December 2007.

Financial information

In the table below is given some of the most essential financial data, extracted from the audited individual financial statements of Lukoil Garant for the last three years.

	As of 31 December		
	2008	**2007**	**2006**
	(BGN in thousands)		
Total assets	5,033	5,963	4,438
Financial assets	4,670	5,234	3,772
Investment property	0	0	0
Tangible non-current assets	164	67	158
Current assets	199	662	508
Share capital	5,000	5,000	5,000
Equity	3,944	4,861	3,906
Current liabilities	154	301	149
Special reserves	855	801	383
Current financial result	-917	955	58

Source: Chimimport

Market position of the pension companies controlled by Chimimport

In 2008 PIC Saglasie AD and CCB Sila managed to increase their market share in terms of net assets and number of insured persons, compared to 2007.

The table below illustrates the relative share of the assets of the pension funds managed by the pension insurance companies as of 31 December 2008:

	Universal Pension Fund	**Professional Pension Fund**	**Additional Pension Fund**	**Voluntary Pension Fund under Occupational Schemes**	**Total**
PIC Doverie AD	37.61	37.51	17.74	0.00	33.42
PIC Allianz Bulgaria AD	21.39	20.08	50.45	0.00	27.27
PIC Saglasie	11.67	17.84	3.94	0.00	11.03
ING PIC AD	10.08	5.70	10.57	0.00	9.48
PIC DSK-Rodina AD	8.89	5.14	7.32	100.00	7.98
PIC Lukoil Garant-Bulgaria AD	4.14	7.02	6.76	0.00	5.15
PIC CCB Sila AD	4.29	3.07	1.91	0.00	3.59
PIC Future AD	1.52	0.92	0.91	0.00	1.30

PIC Toplina AD	0.41	2.71	0.41	0.00	0.78
Total	100.00	100.00	100.00	100.00	100.00

Source: Financial Supervision Commission

The market share of the pension insurance companies in terms of the number of persons insured in the pension funds they manage, as of 31 December 2008, is as follows:

	Market share *(%)*
PIC Doverie AD	34.41
PIC Allianz Bulgaria AD	23.03
PIC Saglasie AD	11.91
PIC DSK-Rodina AD	9.66
ING PIC AD	8.36
PI CCB Sila AD	4.97
PIC Lukoil Garant-Bulgaria AD	4.47
PIC Future AD	2.25
PIC Toplina AD	0.95
Total	100.00

Source: Financial Supervision Commission

Health Insurance Companies

Health Insurance Company CCB EAD

Overview

Through CCB Group EAD the Issuer controls Health Insurance Company CCB EAD ("**ZOK CCB**"). The company owns a capital of BGN 1,000,000 and its main activity is in accordance with a license for performing health insurance operations issued by the Financial Supervision Commission with a decision dated 19 November 2007.

Products

Within the voluntary health insurance license issued by the Financial Supervision Commission ZOK CCB offers the following health insurance packages:

- Health improvement and disease prevention;
- Out-of-hospital medical treatment;
- Hospital medical treatment;
- Additional health services and goods;
- Reimbursement of expenses.

Market Position

As of the end of November 2008, there are 19 health insurance companies operating in Bulgaria, and the premium income realised in the segment amounts to BGN 27,221,000. As of 31 December 2008 the premium income realised by ZOK CCB on health insurance packages amounts to BGN 15,100, which gives the company a minimum market share of 0.06%. The French financial group AG2R, which specialises in the management of pension funds, life insurance and health insurance funds, has been attracted as a partner of the company.

Future Development

ZOK CCB plans to offer voluntary health insurance services to both individual and corporate clients. The company's management envisages for the number of insured persons to exceed 50,000 by 2010. The company plans for the number of insured people to reach 5,000 by the end of 2009.

The process of planning of the future development of the company is based on its mission to ensure quality service for its clients and to build mutual confidence between the clients of the company and the service teams. The main aim set by the management of ZOK CCB is to provide the insured persons with high-quality professional medical services, which correspond completely to European standards, through a network covering the territory of the entire country.

Securitisation of Real Estate and Receivables

<u>CCB Real Estate Fund ADSIC</u>

Through its subsidiary companies – CCB Group Assets Management EAD (53.84%), and Armeec (23.08%) – Chimimport owns 76.92% of the capital of CCB Real Estate Fund ADSIC ("**CCB Real Estate Fund**").

CCB Real Estate Fund is a special purpose investment joint-stock company for real estate securitization. The company was established in October 2005 and was licensed in January 2006 by the Financial Supervision Commission to operate as a special purpose investment company.

The investment purpose of CCB Real Estate Fund is to acquire immovable property that yields profit in the form of rent and other ongoing payments, as well as to build and/or renovate immovable property with a view to subsequent sale of exploitation. To finance its investments the Fund is going to use both its own capital and borrowed funds in the form of bank loan and debt securities

The Fund's servicing company is CCB Group, which is to render services in relation to the exploitation, maintenance, management, and renovation of the Fund's real estate, as well as to keep it's accounts, and provide consultations and analyses in relation to the management of the Fund's investments and the financing of its operations.

The depository bank of CCB Real Estate Fund is UniCredit Bank.

Market Position

As of 30 September 2008, apart from the agricultural land securitisation companies, there are 53 (fifty-three) special purpose investment joint-stock companies (ADSICs), licensed by the Financial Supervision Commission and specialised in the securitisation of real estate. As of 30 September 2008 the assets of CCB Real Estate Fund amount to BGN 1,022,000, or a market share of 0.11% of the total assets in the sector.

Real Estate

On 29 December 2008, CCB Real Estate Fund sold for a price of EUR 1,250,000 its only landed estate General Plan No 6325 according to the city plan of Razgrad, Iztochna Industrialna Zona with an area of 38,196 square meters, together with all facilities and improvements built on the landed estate. The described landed estate was acquired by CCB Real Estate Fund on 6 February 2007 at the price of BGN 1,000,000.

As of the date of this document CCB Real Estate Fund is in the process of increasing its share capital through the public offering of 427,193 new dematerialised common shares of nominal value BGN 1 and an issue value of BGN 57 each, as a result of which it is expected the company to raise funds in the amount of BGN 24,350,000 and to be among the ten biggest real estate securitisation companies.

<u>Capital Management ADSIC</u>

Capital Management ADSIC ("**Capital Management**") is a special purpose investment joint-stock company for securitization of receivables. The Company was established in October 2005 and was licensed in January 2006 by the Financial Supervision Commission to operate as a special purpose investment company. Chimimport holds 23.08% of the capital of Capital Management via its subsidiary company Armeec.

Capital Management invests in receivables that yield profit in the form of difference between their buying and selling price (or their nominal value), as well as in receivables securing periodic payments. The company can diversify its receivables portfolio by investing in various kinds of receivables owed by entities in various sectors of the economy, located in various regions of the Republic of Bulgaria, in order to reduce the non-systemic risk of the investment portfolio. The investment policy of Capital Management does not envision limitations with respect to the types of receivables for securitization. The company can invest in secured and unsecured receivables, any types of receivables including future receivables towards local natural and/or legal persons, arising under civil law and commercial transactions, as well as receivables in connection with ordering securities (promissory notes, bills of exchange, etc), denominated in BGN or in other currency.

The company is public and is registered with a capital of BGN 500,000, which after the compulsory initial increase reached BGN 650,000. The capital is distributed into 650,000 registered dematerialised ordinary freely transferable shares with a par value of BGN 1.00.

The service company of Capital Management is Finance Consulting 2002 EAD, and the depository bank of the company is UniCredit Bank.

Market Position

As of 31 December 2008, there are 9 (nine) special purpose investment joint-stock companies specialised in the securitisation of receivables. As of 31 December 2008, the assets of Capital Management have reached BGN 47,145,000, which grants the company third place according to this indicator, with a market share of 57.13%. The table below presents the equity, accumulated assets and market share of the special purpose investment companies specialised in securitisation of receivables as of 31 December 2008.

Company	**Authorized capital (BGN)**	**Equity (BGN)**	**Assets (BGN)**	**Market Share**
Capital Management ADSIC	650,000	4,218,000	47,145,000	57.13%
Transinvestment ADSIC	650,000	977,000	15,324,000	18.57%
Energetics and Energy Savings Fund – FEEI ADSIC	972,000	1,763,000	13,019,000	15.78%
Alfa Credit ADSIC	1,300,000	2,979,000	3,033,000	3.68%
Hundai Finance ADSIC (in liquidation)	650,000	955,000	968,000	1.17%
Ulpina ADSIC	650,000	922,698	925,697	1.12%
Capital Direct – 1 ADSIC	650,000	690,000	781,000	0.95%
Lev Invest ADSIC	650,000	699,000	699,000	0.85%
Hipocapital ADSIC	650,000	627,000	629,000	0.76%
Total	6,822,000	13,830,698	82,523,697	100.00%

As of 31 December 2008 the income from operation of Capital Management amount to BGN 6,616,000, thus increasing by 32.51% compared to 2007. In 2008 the net result from operations of the company rose up to BGN 3,143,000, while being BGN 2,957,000 in 2007.

As of 31 March 2009 the company is in the process of increase of capital through the initial public offering of 180,154 common dematerialised registered shares of nominal value BGN 1 and issue value for each share of BGN 51.9. As a result of the capital increase it is expected that Capital Management will raise BGN 9,350,000.

Real Estate

As of 31 December 2008 the company owns the following real estate, acquired as collateral on receivables acquired by the company in its capacity of transferee under cession agreements: Preslav hotel complex, located in Veliki

Preslav, Veliki Preslav Municipality, Shumen Region.

Transport Sector

Overview

The transportation industry is of strategic importance to the development of Chimimport. It includes two main branches mostly allocated into two sub-holdings (Bulgarian Aviation Group EAD and Bulgarian Shipping Company EAD):

1) *Aviation transport* – includes the two main Bulgarian aviation companies, performing international flights (Bulgaria Air and Hemus Air), the Air Ban aviation company and a minority interest in the joint-venture company Lufthansa Technik Sofia OOD. Chimimport also has an interest, together with Fraport, in Fraport Twinstar Airport Management AD, which is the concessionary of the airports in Varna and Bourgas.

2) *River and maritime transport* – includes Bulgarian River Shipping AD, the largest river shipping company in the country; concessions on two seaports (Lesport and Port Balchik), as well as majority and minority interests in several ship-building and ship-repairing companies, etc. In addition, Chimimport actively works towards the engagement in concessions of river ports, as well as (through Bulgarian River Shipping) in the development of a logistics centre in Ruse.

Aviation Transport

Bulgarian Aviation Group EAD

Overview

Chimimport's investments in the aviation industry were primarily made through Bulgarian Aviation Group EAD ("**Bulgarian Aviation Group**"), previously called Balkan Hemus Group EAD. Bulgarian Aviation Group was established in 2003 as solely owned subsidiary of Chimimport and with the objective to acquire 51% of the capital of Hemus Air through its subsidiary company Hemus Hold EOOD. At the beginning of 2004 Hemus Hold EOOD won a tender and became proprietor of the aircraft maintenance base of Sofia Airport, and at the end of 2004 the merger of Hemus Hold EOOD into Hemus Air was completed, Bulgarian Aviation Group acquiring complete control over the aviation company. In the beginning of 2007 Bulgarian Aviation Group won the tender for the privatisation of the national airline company Bulgaria Air AD ("**Bulgaria Air**"). Bulgarian Aviation Group also has interest in the Air Ban aviation company and Lufthansa Technik Sofia OOD.

Bulgarian Aviation Group's policy focuses on the development of the existing aviation companies Bulgaria Air and Hemus Air, the creation of joint ventures with local and foreign companies, the active participation in the concessions of the airports in the Republic of Bulgaria, and the provision of comprehensive service to present and future clients. Currently, a large-scale investment scheme is being implemented as well as a restructuring of the aviation business within Chimimport. At the moment the share capital of Bulgarian Aviation Group is to the amount of BGN 30.9 million.

Bulgaria Air AD

Bulgaria Air is the national air carrier of Bulgaria. The company was acquired by Chimimport (through Bulgarian Aviation Group) in the beginning of 2007, with the Bulgarian Ministry of Transport and Communications keeping 1 "golden" share. The share capital of the aviation company is BGN 120 million, BGN 114.9 million of which have been effectively paid in. After the successful completion of the privatisation procedure of the national air carrier Bulgaria Air in the beginning of 2007 and the taking of control over the company, Bulgarian Aviation Group holds a dominant position in the aviation sector of the Bulgarian market. In the same year a full-scale restructuring of the aviation companies owned by Bulgarian Aviation Group was launched, as preparation for their integration. The activities of Hemus Air were gradually transferred to the national air carrier, in accordance with the adopted management strategy. Currently there are integrated departments already functioning within the aviation companies – commercial, finance and accounting, human resources, flight planning, etc. In 2008 Bulgaria Air entirely took from Hemus Air the operation of flights on the regular lines, and since 2009 it is also taking the charter flights. Hemus Air aviation company continues to exist as a autonomous legal entity, with its core activities concentrated on letting aircraft on outside leasing.

The market share (based on number of tickets sold) of the united aviation company for 2008 amounts to 39.94%, compared to 36.29% for 2007. Due to the better and more effective management after the privatisation, the company has increased the number of transported passengers and the sales volume, which is reflected in an increase of the market share by 3.65% in 2008. In 2008 6,787 flights have been made on the regular lines, compared to 6,310 flights in 2007, which is an increase by 7.56%. The transported passengers in 2008 were 987,982, compared to 895,950 in 2007, which is an increase by 92,032 passengers, or 10.27%. The profitableness of the aviation company is improving with the average number of passenger per flight increasing up to 146 per flight in 2008, compared to 142 passenger per flight in 2007 (increase by 2.8%). The index "percentage usage of the offered seats" (load factor) is 65.43% in 2008, compared to 63.13% in 2007.

Aviation company Bulgaria Air covers the following core activities:

- *Regular international lines* – the operated regular international flights include over 30 destinations in Europe, the Middle East and North Africa;
- *Internal flights* – local flights are made to the cities Varna and Bourgas;
- *Charter lines* – the airplanes of the company are rented throughout the year by large tour operators for the transportation of tourists to various destinations in Europe, the Middle East and North Africa; *ad hoc* charters are also offered – single charter flights for corporate and private clients;
- *Leasing of airplanes* – other aviation companies from Europe and the Middle East are offered airplanes under wet leases;
- *Transport of cargo and mail* – the aviation company works with all registered shipping agents on the Bulgarian market and with selected associates on the foreign markets;
- *Onboard sales* – the aviation company offers the "Sky shop" service on board of its airplanes – sale of different articles during flights within the EU and duty free sales during flights to destinations outside the EU.

The aviation company is a member of the International Air Transport Association (IATA) and of the international clearing and settlement system BSP.

Bulgaria Air distributes its products on the Bulgarian market through tourist agencies and tour operators, as well as through own sales offices (including internet sales through the website www.air.bg). The aviation company works with more than 200 tourist agencies and tour operators in the country. The turnover of the Bulgarian market, realized through agencies amounts to more than EUR 52 million. The annual turnover from direct sales through own offices in the country and online sales is more than EUR 11 million.

Bulgarian Air is a licensed agent for airport and ground servicing. The maintenance and the technical servicing of all airplanes is carried out in the company's own technical base on the Sofia airport.

Bulgaria Air employs 910 people, including 84 pilots and 154 cabin crew members. Together with Hemus Air the company has representation offices in Athens, Beirut, Brussels, Bucharest, Larnaca, London, Moscow, Paris, Rome, Tirana, Tripoli, Frankfurt, Zurich.

Bulgaria Air is in the process of executing an ambitious programme for the expansion of its activities. Besides the investments in the modernisation of the air fleet, the company invests considerable funds in the latest generation information technologies and software for the more efficient management of the commercial and the managerial activities. The main goal is the significant improvement of the quality of the offered transport services and the introduction of highest service standards, both in the economy class, and the business class. It is thus aimed to offer the client a greater choice from the entire range of services offered by the other air carriers, with comparable quality, but at a more favourable price.

Main indicators and data on the fleet

Since the acquisition of Bulgaria Air in 2007 Chimimport executes an ambitious investment programme for the purpose of stabilising and developing the aviation company. The major part of the investments is designated to the replacement of the existing air fleet with new aviation equipment of the Airbus concern, which will enable flights on longer routes, greater efficiency and, as a whole, will improve the services rendered. On 27 June 2008 the first newly manufactured airplane Airbus A319 was received, and until March 2009 another two Airbus A319 and three Aribus A320 airplanes were received. At the same time Bulgaria Air purchased two of the leased Boeing 737 airplanes, which considerably improved the proportion between own and leased airplanes in the fleet.

The tables below provide summarised information on the financial status, the core indicators of the passenger flows and the air fleet of the two companies.

Top 5 international destinations departing from Sofia, according to number of transported passengers:

2008		2007		2008	
London	110,682	London	127,146	London	93,677
Madrid	82,756	Madrid	81,181	Madrid	75,147
Brussels	69,160	Brussels	56,824	Amsterdam	55,683
Amsterdam	56,477	Amsterdam	56,411	Brussels	42,870
Paris	51,649	Frankfurt	42,806	Frankfurt	39,892

Source: Chimimport

	Bulgaria Air			Hemus Air			Total		
Financial data ('000)	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**
Income	253,742	241,406	335,512	102,723	109,014	98,890	n.a	n.a	n.a
Operative expenses	243,019	214,548	303,115	89,238	79,710	67,936	n.a	n.a	n.a
including fuel	80,638	63,596	118,851	26,044	23,984	7,196	n.a	n.a	n.a
EBITDAR	10,723	26,858	32,397	13,485	29,304	30,954	n.a	n.a	n.a
Lease of airplanes	39,086	36,230	26,283	8,766	25,630	24,079	n.a	n.a	n.a
EBITDA	(28,363)	(9,372)	6,114	4,719	3,674	6,875	n.a	n.a	n.a
EBIT	(28,688)	(9,627)	2,599	1,982	1,370	2,172	n.a	n.a	n.a
Profit	(28,517)	(10,055)	(59)	193	103	535	n.a	n.a	n.a
Core indicators	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**
Transported passengers on internal lines	-	71,493	118,543	55,155	18,154	0	55,155	89,647	118,543
Transported passengers on international lines	609,413	719,737	869,274	143,178	86,566	165	752,591	806,303	869,439
Number of flights	3,990	5,298	6,781	2,028	1,012	6	6,018	6,310	6,787
Regular routes	33	29	39	13	10	1	46	39	40
Available seat kilometers (ASK)	2,332,177	2,233,485	2,300,740	534,474	495,350	154,450	2,866,651	2,728,835	2,455,190
Block hours	22,840	26,066	30,865	7,337	3,596	32	30,177	29,662	30,897
Sectors flown	7,980	10,596	13,562	4,056	2,024	12	12,036	12,620	13,574
Loading (RPK/ASK)	65,4%	64,4%	65,0%	62,7%	88,1%	71,50%	64,9%	63,1%	65,4%
Average passengers per flight	153	149	146	98	103	28	134	142	146
Passengers – statistics	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**
Passengers on regular lines	609,413	791,230	987,817	198,333	104,720	165	807,746	895,950	987,982
Passengers on charter flights	149,537	48,241	264,906	190,892	269,364	67,350	340,429	317,605	332,256
Total passengers transported	758,950	839,471	1,252,723	389,225	374,084	67,515	1,148,175	1,213,555	1320238
RPK ('000) on international regular lines	1,161,105	1,326,180	1,507,859	164,192	88,233	275	1,325,297	1,414,413	1,508,134
RPK/ASK; international regular lines	65,4%	63,4%	65,9%	62,1%	73,8%	n.a	n.a	63,1%	65,9%
Average income on international regular lines	248	245	234	185	187	273	n.a	n.a	n.a

Source: Chimimport

United fleet of Bulgaria Air and Hemus Air:

Manufacturer	Type of airplane	Operated by	Registration No	Registration sign	Configuration
Airbus	A319	Bulgaria Air	3564	LZ-FBA	12B/132Y
	A319	Bulgaria Air	3309	LZ-FBB	12B/132Y
	A319	Bulgaria Air	3028	LZ-FBF	12B/126Y
	A320	Bulgaria Air	2540	LZ-FBC	180Y
	A320	Bulgaria Air	2596	LZ-FBD	180Y
	A320	Bulgaria Air	3780	LZ-FBE	12B/156Y
Boeing	B737-500	Bulgaria Air	26704	LZ-BOP	112Y
	B737-500	Bulgaria Air	26687	LZ-BOQ	131Y
	B737-300	Bulgaria Air	26852	LZ-BOO	148Y
	B737-300	Bulgaria Air	23717	LZ-BOU	148Y
	B737-300	Bulgaria Air	23833	LZ-BOV	148Y
	B737-300	Bulgaria Air	23834	LZ-BOW	148Y
	B737-300	Bulgaria Air	24834	LZ-HVB	148Y
	B737-500	Leased	24785	VQ-BBN	12B/96Y
	B737-500	Leased	25165	VQ-BBO	12B/86Y
	B737-300	Leased	24665	VQ-BAP	142Y
	Avro 146-RJ70	Bulgaria Air	E1258	LZ-TIM	26 (26C)
ATP	ATR-42-300	Bulgaria Air	130	LZ-ATS	48(48 Y)
	ATR-42-300	Bulgaria Air	151	LZ-ATR	46(48 Y)
British Aerospace	BAe 146-200	Hemus Air	E2072	LZ-HBA	90 (4C/ 86Y)
	BAe 146-200	Hemus Air	E2073	LZ-HBB	86(12C/ 74 Y)
	BAe 146-200	Hemus Air	E2093	LZ-HBC	88(88Y)
	BAe 146-300	Hemus Air	E3141	LZ-HBD	97 (97Y)
	BAe 146-300	Hemus Air	E3131	LZ-HBE	111(111 Y)
	BAe 146-300	Hemus Air	E3159	LZ-HBF	110(110 Y)
	BAe 146-300	Hemus Air	E3146	LZ-HBG	110(110 Y)
	BAe 146-200	Hemus Air	E2103	LZ-HBZ	97(97 Y)

Source: Chimimport

Real estate

The main real estate owned by Bulgaria Air is:

Location	**Designation**	**All-out area *(m²)***
Sofia Aviation Complex, Sofia	Administrative building	5,500
Sofia Aviation Complex, Sofia	Building	840
Sofia Aviation Complex, Sofia	Hall	1,162
10 Tsvetan Radoslavov Str., apt. 3, Sofia	Apartment	46
Sofia Aviation Complex, Sofia	Hangar 1	2,350
Sofia Aviation Complex, Sofia	Hangar 2	3,034
Sofia Aviation Complex, Sofia	Hangar 3	6,064
Sofia Aviation Complex, Sofia	Auxiliary hangar premises	11,820

Source: Chimimport

Hemus Air EAD

Overview

Hemus Air was established in 1987 as a division of the former Balkan Bulgarian Civil Aviation Company. In 1989 Hemus Air was separated into an independent unit for specialized aviation services. As e result of the successful privatization of Hemus Air in 2003 Chimimport acquired 100% of the company's capital.

After the privatization of aviation company Bulgaria Air the aviation company Hemus Air has been gradually merging into Bulgaria Air, in accordance with the management strategy adopted by the management of the united aviation companies, with the entire operations on the regular international lines and charter flights has been transferred to Bulgaria Air.

Currently, the aviation company's main activities are:

- *Aircraft on lease*: Hemus Air offers its aircraft on wet lease to other aviation companies, mainly in Europe and the Middle East;
- *Cargo transportation*: Hemus Air holds a permit for cargo transportation;
- *Maintenance and repair services*: maintenance and repair services for engines, hydraulic systems, electronic parts and systems, and gliders.

The maintenance and technical services for the airplanes are provided at the company's own aircraft maintenance base at the Sofia Airport, which was purchased in a tender at the beginning of 2004 and comprising two aircraft hangars with a total of four parking spaces for various types of aircraft, some of the spaces being leased to other airline companies. In the auxiliary premises there are laboratories equipped for repair and servicing of different types of aircraft equipment, a chemical laboratory, workshops for specialized repairs of particular parts, etc.

The aviation company is a member of the International Air Transport Association (IATA) and of the international clearing and settlement system BSP.

Hemus Air employs 326 people including 96 pilots and 88 cabin crew members. Together with Bulgaria Air the company has representative offices in Athens, Beirut, Brussels, Bucharest, Larnaca, London, Moscow, Paris, Rome, Prague, Tirana, Tripoli, Frankfurt, Zurich.

Main indicators and data on the fleet

The financial indicators and the data of the Hemus Air's fleet are displayed in the section dedicated to Bulgaria Air above.

Real Estate

The main real estate owned by Hemus Air is:

Location	**Designation**	**All-out area** *(m^2)*
Sofia Airport Complex, Sofia	Land	63,324

Source: Chimimport

Aviation Company Air Ban EOOD

Bulgarian Aviation Group is the sole owner of the share capital after the acquisition of the company in 2008. The main activities of aviation company Air Ban are helicopter air transportation, transport accidents assistance, aerial photography, business flights.

Lufthansa Technik Sofia OOD

Lufthansa Technik Sofia OOD is a joint venture company of Bulgarian Aviation Group (20%) and Lufthansa Technik AG (80%) with scope of activities the maintenance, repair and painting of aircraft, whereby priority is given to the performance of heavy technical structural forms of airplanes (6 C/ SI ("D")- Check) with workload exceeding 6,000 man-hours. The company is the fifth European platform for overhauling servicing and maintenance of narrow-bodied airplanes of the world leader in the field – Lufthansa Technik. The platform in Bulgaria is perfect for the servicing of clients from Europe, the Middle East, as well as North Africa, with its location in the country being an excellent base for a strongly competitive price/execution ratio.

The registered capital of the company is BGN 9.8 million. Apart from the registered capital, investments are envisaged to the amount of EUR 20 million, EUR 7 million of which to be made in technology and docking equipment.

The activities are performed under the technological control and the trade mark of Lufthansa Technik on the Sofia airport, in Hangar No 3, owned by the aviation company Hemus Air. The hangar is reconstructed and re-equipped under the standards of Lufthansa and are EASA certified. The joint venture company services Boeing 373 and Airbus A320-family airplanes, including from the latest generation of airplanes. When working in full capacity, 22 repairs (6 C/SI ("D")- Check) can be performed annually, and in a long-term perspective it is envisaged that linear and base servicing of Airbus A330 and A340 will be performed.

For the five months since the start of its activities, Lufthansa Technik Sofia OOD has finished the overhauls of and delivered two airplanes (Airbus A321 and A320 of Lufthansa), and on 1 April 2009, with the arrival of Ural Airlines' Airbus A320, the second overhaul servicing line for Boeing B737 and Airbus A320 airplanes was started. Additional maintenance and painting has also been completed for airplanes of Lufthansa City Line, Bulgaria Air, Wizz Air, Sky Europe, Anadolu Jet and the leasing company GECAS.

When the optimal capacity is reached, more than 360 qualified professionals will be working for the company.

Fraport Twin Star Airport Management AD

Chimimport has an over 40% interest (the venture partner Fraport holding 60%) in Fraport Twin Star Airport Management AD, the largest airport operator and ground servicing operator in Bulgaria. The company is a concessionary of the two seaside airports in Bulgaria – Varna and Bourgas. The concession was won in 2006 after a tender, declared by the Bulgarian government. Under the concession contract Fraport Twin Star Airport Management AD shall be the operator of the international airports in Bourgas and Varna for a period of 35 years.

The basic activities of the company are related to the operation, maintenance, development and expansion of the civil airports in Bourgas and Varna, ground servicing of aircraft, passengers and luggage, servicing of cargo and mail, and any activities and services, related to the operation and the management of airports, including duty-free commerce, currency exchange, retail shops management, etc.

Fraport Twin Star Airport Management AD is certified by TÜV Austria under the EN ISO 9001:2000 standard for all of its activities in the Central Office, Bourgas airport and Varna airport.

Description of the market on which the company operates

Fraport Twin Star Airport Management AD services more than 100 Bulgarian and foreign aviation companies, which perform charter and regular flights from the airports in Bourgas and Varna to more than 50 countries in Europe, Asia and Africa. The largest share of the flights for the two airports is held by the aviation companies Bulgaria Air, Bulgarian Air Charter, Air Via, First Choice, BH Air, Hemus Air, Austrian Airlines, Malev. Every year both airports handle more than 30,000 flights and more than 3,400,000 passengers. In the recent years a trend is observed for the increase of the number of regular flights, performed by low-cost aviation companies in the summer season. For example, the airports in Varna and Bourgas handle regular flights to 24 European destination of the following low-cost aviation companies: Sterling Airlines, Norwegian Air Shuttle, Air Berlin, Germanwings, Wizz Air, Sky Europe, Central Wings, Aer Lingus, which operate flights to Denmark, Norway, Germany, Austria, Poland, the Czech Republic, Slovakia and Ireland.

The international charter traffic, which is primarily formed from the countries from the European Union, is of fundamental importance for both airports. Within the EU most travellers come from Germany and England, and outside the EU – from Russia and Israel. The internal market also has a considerable share of the total number of passengers handled on the Varna airport, ranking on the fifth position.

Main competitors; competitive advantages (and disadvantages) of the company, compared to the competitors

Fraport Twin Star Airport Management AD is the leader on the market of ground servicing for the Black Sea coastline. Competitor airports, as regards regular traffic, are the airports in Istanbul, Konstanca, Bucharest and Sofia.

The airports operated by Fraport Twin Star Airport Management AD are located in regions of exceptionally favourable climate and aero navigation conditions and are in close proximity to the fastest growing tourist market in Bulgaria. The two airports cover a geographical region with high potential – 22.37% of the gross domestic product, 20% of the foreign investments in Bulgaria, 72% of the bookable accommodations in the country. The airports in Bourgas and Varna are located within an hour of travelling distance for population of 2 million people. The airports' geographical location – 2 hours from Central Europe, Central Russia and the Middle East, the proximity to the trans European corridors No 8 and No 9 and the two largest seaports in Bulgaria, make them an attractive partner for clients and partners.

Disadvantages could be found in the unutilised potential for development of the regular and low-cost flights, the strong seasonality of the tourist product offered and the weakly developed forms of alternative around-the-year tourism, as well as in the currently insufficient capacities.

Profile of the airports in Varna and Bourgas:

	Varna	**Bourgas**
Area	2,551,475 m^2	2,254,533 m^2
Passengers per year	1,450,192 in 2008 (-2,9%)	1,936,853 in 2008 (-0,6%)
Cargo per year	104 tons in 2008 (+128%)	1,465 tons in 2008 (-29%)
Airplanes traffic	15,129 in 2008 (+1,1%)	16,952 in 2008 (+5,2%)
Take-offs/landings per day in peak periods	~132	79-87
Check-in desks	18	22
Runway (number and length)	1 x 2,500 m	1 x 2,500 m
Other notes	The construction of a new terminal will start in the summer of 2009	The construction of a new terminal will start in the summer of 2009

Source: Fraport

Expectations of the future development

Within the next 5 years it is expected that the company will invest more than EUR 114 million for the construction of new modern terminal buildings on the two airports, meeting the high international standards, for the widening of the platform, and for the delivery of new equipment and machinery. The new passenger terminals will increase considerably the capacities of the airports and will offer all necessary facilities for passengers and users.

With regard to the ground servicing activities, it can be expected the entering of a second ground servicing operator on Bourgas airport (upon reaching 2 million handled passengers per year) and the possibility of self-servicing by some of the aviation companies.

With respect to the commercial activities on the premises of both airports, the construction of the new terminals and the increase of the commercial areas are preconditions for the attraction of trademarks of international importance and with high quality of the services offered, which, in turn, will increase the income of the company from non-aviation activities.

The following table lists the financial results of Fraport Twin Star Airport Management for the last two years.

	2008	**2007**
	(EUR in thousands)	
Equity	19.2	10.9
EBITDA	13.9	12.9
Profit after taxes	8.3	8.6
Income	40.6	41.6
People employed	1,218	1,604

Source: *Fraport*

Key elements from the concession contract

The concession contract for the two airports (Varna and Bourgas) was signed in September 2006 and entered into force on 10 November 2006. The contract has a 35-year term.

The concessionary gets the right to use the existing infrastructure by undertaking to render a range of airport services and improve their quality in accordance with the international standards, the national legislation and the particular requirements of the concession contract. In addition, the concessionary undertakes to make investments in the expansion of the airports and the increase of their capacities.

The concessionary receives the income from various regulated sources (passenger traffic, landings, parking) and unregulated sources (ground services and various commercial activities), while paying a 19.2% annual concession fee on the total income (not less than 19.2% of BGN 57 million, adjusted with respect to inflation).

River and Maritime Transport

Overview

Chimimport's investments in the sector are made via its subsidiary Bulgarian Shipping Company EAD. ("**Bulgarian Shipping Company**"), 100% owned by the Issuer. Bulgarian Shipping Company was established in 2006 with the aim to consolidate Chimimport's interests in the river and maritime transport.

At the end of 2006 Bulgarian Shipping Company's subsidiary Chimimport Bimas EOOD merged with Bulgarian River Shipping AD, Ruse, as a result of which the latter acquired majority stakes in VTC AD, Varna, and Mayak KM AD, Novi Pazar.

The future plans of Bulgarian Shipping Company include acquiring shares in sea ports, watercraft construction and repair companies, building new sea terminals, purchasing and management "river – sea" vessels, as well as improving of the transport streams to and from Russia and the region. The building of a terminal port on the territory of Chimimport Bimas EOOD in the city of Ruse - East Industrial Area is due.

Bulgarian River Shipping AD

Overview

Via Bulgarian Shipping Company and other subsidiary companies Chimimport holds 82.1% of the capital of Bulgarian River Shipping AD ("**BRS**"). In December 2005, via a transaction carried out on the Bulgarian Stock Exchange, Chimimport acquired 29.13% of BRS's capital. In 2006, following a tender held by the Privatization Agency, Chimimport purchased the 70% majority stake from the state. At present, BRS's capital amounts to BGN 28,958,675.

BRS was established in March 1935 under the name Costal River Navigation. Since January 2004 BRS is a public company and its shares are traded on the Bulgarian Stock Exchange. On 8 December 2006 at an extraordinary General Meeting of Shareholders a decision was made to increase its capital from BGN 895,000 to BGN 1,158,000. The subsequent decision to increase the capital was passed at a regular General Meeting of Shareholders held on 22 May 2007, during which the capital of the company was resolved to be increased from BGN 1,158,347 to BGN 28,958,675.

The company specializes in:

- Transportation of bulk and general cargos, liquid non-hazardous cargos and fuels, and oversized and concentrated cargos;
- Container line between Constanta and Belgrade;
- Regular ferryboat transportation between Vidin and Calafat;
- Regular Ro-Ro lines Ruse - Reni - Ruse and Passau - Vidin - Passau;
- Agency services for Bulgarian and foreign vessels in all Bulgarian ports;
- Forwarding services, river and sea vessel chartering;
- Arrangements for combined shipment: river – railway – sea;
- Passenger ship cruises along the Bulgarian section of the Danube River.

BRS has its own fleet at its disposal which consists of:

- *ships:* 18 pushboats; 2 tugboats; 3 auxiliary ships; ferryboat platform for transportation of passengers and vehicles; passenger ships for 243 passengers;
- *non-propelled fleet*: 44 manned barges; 6 tank barges; 62 unmanned sections; 17 ceilings.

In the middle of 2007, Bulgarian Shipping Company gave Bulgarian River Shipping three motor self-propelled vessels, each with a lifting capacity of nearly 2,000 tons, for the purpose of operation along the Danube River. In this way a new type of vessel was added to the fleet of Bulgarian River Shipping, allowing for fast deliveries to every destination on the river. Apart from the abovementioned vessels, Bulgarian Shipping Company has also given Bulgarian River Shipping two pushers on a time charter for the purpose of operation along the middle and lower part of the Danube, as well as two non-propelled sections.

BSP owns a dockyard in the city of Ruse for repair works and technical activities. At the port of Nikopol the company acts as a port operator servicing the arrival and departure of passenger ships. Apart from representative offices in all Bulgarian ports on the Danube River, BRS has representative offices in Regensburg (Germany), Vienna (Austria), Budapest (Hungary), and Belgrade (Serbia). As of 31 December 2008 BRS' staff number 609 people.

Market positions

The Danube River market is clearly shared out among river shipping companies in Central and Western Europe operating mainly between Budapest and Kelheim, while the East European companies (in Romania, Bulgaria, Ukraine) control navigation along the lower end of the river. BRS controls around 40% of the cargo flow along the river Danube to and from Bulgaria. The company's policy is to provide competitive charge rates, better service and higher quality vessels compared to its competitors, as well as to attempt to tighten the tonnage in both directions in order to compensate for the preferential channel fees available to competitive companies.

In unison with forecasts of the European Commission, BRS's expectations are for the cargo flow along the Danube River to increase by over 30% by the end of 2010, due to which the company will need new vessels in order to handle the growing cargo flows.

Investments

Through Bulgarian Shipping Company Chimimport has made a commitment to invest EUR 25 million in BRS for the 2007 – 2011 period. As of 31 December 2007 EUR 12.378 million have been utilised, and the investments for 2008 amount to EUR 2.835 million, which have to be approved by the Post-privatisation Control Agency after the presentation of a report. The main objective is to increase BRS's tonnage. Investments are directed mainly at the renovation of BRS's fleet – putting new engines, production of a Caterpillar, making constructive changes in some of the pushboats that will allow them to navigate freely in the upper end of the Danube River (from Budapest and Vienna to Germany). Special attention is given to building new vessels. At the beginning of 2008, in accordance with an agreement with the joint-stock company Ship Machine Building AD, Varna, the building of six covered dry cargo barges with a capacity of 2,000 tons was initiated. The building of two of these sections was finished in the fourth quarter of 2008 and they have already been successfully put into operation. The building of self-propelled river vessels is currently being researched and planned. BRS's investment program provides for the building of a logistics centre with a capacity of over 25,000 m^2, a base for storing and trading in petroleum products with a capacity of over 10,000 tons, and a grain silo with a capacity of 2780 m^3 on a territory of 161 decares owned by BRS in the city of Ruse – East Industrial Area, immediately next to the Danube River. The Group's intentions regarding the infrastructure units enumerated above are for them to be built and become operative by 2010. As a perspective in maritime transportation the company intends to develop the sea ferry line Varna – Port Kavkaz (Russia).

Financial Information

BRS ended 2008 with 1,427.8 thousand tons of transported cargo. The receive revenues amounted to BGN 46,842 thousand, which is a revenue growth of 21.02% compared to 2007. BRS's net profit for 2008 increased by 33.52% than the profit of the company for 2007.

The table below displays some of the core financial data, extracted from the audited individual financial statements of BRS for the last three years, as well as certain financial indicators.

	As of 31 December		
	2008	2007	2006
	(BGN in thousands)		
Assets	61,239	47,285	43,949
Tangible non-current assets	51,570	38,762	36,968
Current assets	7,897	6,896	5,458
Inventory	1,410	1,400	1,463
Current receivables	6,159	4,299	3,291
Cash	320	1,150	704
Share capital	28,959	28,959	1,158
Equity	41,524	37,214	34,462
Current liabilities	14,805	5,089	5,233
Net revenues from sales	46,518	38,437	33,283
Total income	46,842	38,696	33,976
Total expenses	42,028	35,198	31,470
Gross profit	4,814	3,498	2,506
EBITDA	6,882	5,170	2,864
Net profit	4,310	3,228	2,457

Source: Chimimport

Real Estate

Major real estate owned by BRS:

Location	Purpose	All-out area *(m^2)*
2 Otets Paisiy Sq., Ruse	Administrative building	4,162
8 Slavyanska Str., Ruse	Administrative building	451
Tutrakan Blvd., Ruse	Administrative building	1,360
44 Tsar Osvoboditel Str., Novi Pazar	Administrative building	462
6 Geo Milev Str., Kaolinovo	Administrative building	1,200
Tutrakan Blvd., Ruse	Offices	994
Budapest, Hungary	Flat	60
Budapest, Hungary	Flat	60
Reni, Ukraine	Flat	68
entrance 4, 8 Slavyanska Str., Ruse	Flat	102
entrance A, 1A Tsar Kaloyan Str.,Ruse	Flat	76
2 Bolgrad Str., Ruse	House	308
12 Tsaribrod Str., Ruse	House	63

Location	Purpose	All-out area *(m²)*
44 Tsar Osvoboditel Str., Novi Pazar	Industrial building	13,480
Ruse	Farm building	2,180
Ruse	Warehouse building	1,210
Tutrakan Blvd., Ruse	Land	161,000
Mechka Village, Ruse District	Land	520
Mechka Village, Ruse District	Land	1,100
Mechka Village, Ruse District	Land	25,385
Mechka Village, Ruse District	Land	7,598
Bliznatsi Village, Varna District	Land	4,332
Pirgovo Village, Ruse District	Land	5,368
44 Tsar Osvoboditel Str., Novi Pazar	Land	68,810
6 Geo Milev Str., Kaolinovo	Land	28,900

Source: Chimimport

VTC AD

Via its subsidiary VTC AD, Varna ("**VTC**"), Bulgarian River Shipping AD participates in the market of towage services in the ports of Varna and Balchik in partnership with other companies and individuals. VTC was established in October 2005. The registered capital of the company is BGN 1.1 million. VTC's main activity is providing towage services in the ports of Varna – East, Varna – South, and Lesport, i.e. in the entire region of Varna, as well as in the port of Balchik. Towage services include manoeuvring of incoming and outgoing vessels, moving vessels between dock spaces, as well as transportation of materials to and from vessels located at sea.

The towage services market in Varna's ports is serviced also by Port Fleet 99, Varna (legal successor of the state towage services company) and Navigation Maritime Bulgare. In contrast to its competitors, VTC owns three brand new modern tugboats, the exploitation of which entails minimal expenses. The company services around 45% of the vessels and it has the potential to acquire an even bigger share of the market. In 2009 VTC intends to increase its fleet by purchasing one more tugboat.

Mayak-KM AD – Novi Pazar

Mayak-KM AD – Novi Pazar is a subsidiary of BRS. Its scope of activities is the production of deck cranes, hull devices, superstructures, auxiliary installations, equipment and other machinery, repair of agricultural machinery. The main client of the company in 2008 was Rolls Royce, along with two companies within its structures – Rexroth and Polartechnik. In 2009 an increase of the orders of the German company ThyssenKrupp is expected. The production of the company represents components for propulsion of sea vessels, mainly welded constructions with mechanical processing.

Ship Machine Building AD

Ship Machine Building AD ("**Ship Machine Building**") was established in 1962 through the merger of small undertakings for production of ship products. The core activities of the company are:

- manufacturing of ship equipment: hatch covers, stern and side loading platforms, deck mechanisms, ship doors, stairs, etc.;
- ship building and ship repairs;
- designing and manufacturing of standard and unique steel structures: bridges, radio and TV towers, etc.;
- construction of floating non-propelled facilities on ferroconcrete bodies: parking lots, hotels, hospitals., etc.

Ship Machine Building is the only company in Bulgaria, specialized in the manufacturing of hatch covers, stern and side loading platforms, Ro-Ro ships and other similar large-size ship equipment. Since its establishment to date Ship Machine Building has delivered more than 200 sets of hatch covers for Bulgarian and foreign customers.

The company has extensive experience in the manufacturing of floating non-propelled facilities on a ferroconcrete body and steel installations – more than 350 floating facilities (mainly “workshop” type) and more than 75,000 tons of steel installation have been delivered.

In 2007 the company has adopted a strategic investment programme for an amount of EUR 1 million. The programme is targeting an increase of the capacity of the company through:

- the purchase/manufacturing of new specialised equipment;
- modification/repair of the existing manufacturing facilities;
- purchase of new machines in order to increase productivity.

The main goal of the strategic investment programme is the creation of conditions for active building of vessels of up to 90 m length and up to 1,800 tons of weight.

Odessos Shiprepair Yard AD

Odessos Shiprepair Yard AD (“**OSY**”) exists as a autonomous undertaking since 1964. Until 1990 OSY was a section with Water Transport SO with the Ministry of Transport. After 1991 the undertaking was consecutively restructured as a sole owner limited liability company, a sole owner joint-stock company, and is currently a joint-stock company. Chimimport holds approximately 30% of the share capital of the company, and participates in its management through Bulgarian Shipping Company.

OSY is specialised in the performance of high quality dock, scheduled, break down and restoration repairs of all types of dry carrier, passenger and liquid carrier ships, as well as of ships with underwater wings and vessels of the hydro construction. OSY has a new dry dock with a capacity of 20,000 tons and is one of the two high-potential yards in the Black Sea region.

Port Lesport AD

Port Lesport AD, Varna was registered in March 2005. The company’s capital amounts to BGN 15 million, Chimimport Issuer a 99% stake and 1% being owned by Chimimport Invest. On 30 May 2006 a thirty-year contract came into force for the concession of Lesport port terminal (“**Port Lesport**”), which is part of the Varna seaport. The contract was signed between the Republic of Bulgaria, represented by the minister of transport, and Port Lesport AD.

General Information about the port

Lesport port is located on the north shore of the lake of Varna, at about 8 km. from its entrance, from where the port terminal is accessed. Because of its location the port is protected from wind and rough sea and is accessible all through the year. The port is connected to the national railway network through Ezerovo railway station and to the national road network through an exit to the Sofia – Varna highway.

The total territory of the port is 124 decares. The port has three dock spaces with length of 460 m and maximum draft of 9.4 m. There are six covered storage houses build on the premises of the port with an aggregate surface of 2,175 sq.m. The open-air storage space is more than 24,000 sq.m.

Port Lesport AD possesses a Certificate of fitness for exploitation No 1 of 12 October 2007 for handling general, bulk and ro-ro cargo, and vegetable liquid food loads, and meets the requirements of the European ISO 9001:2000 quality standard for port activities, including stevedore operations, warehousing, storage, and other accompanying cargo handling activities.

The port area provides technical facilities and organization for maintenance and repair of port machinery. On the port’s territory there is an operating customs entry and a cross-border point allowing for full handling of export and import, and transit cargo.

Operations of the company

The following port services are provided on the territory Port Lesport:

- acceptance, storage, and forwarding of cargo;
- reloading of cargo from ships, wagons and trucks;
- transportation inside the port;
- fixing, unfixing and weighing of cargo;
- other services related to the handling and servicing of vessels.

On 8 February 2008, the Ministers of Transport and of Regional Development and Public Works approved the general plan for the development of Port Lesport, which was prepared using the experience of the world-famous Dutch consultancy and engineering firm Royal Haskoning. The purpose of this partnership it to optimize, consolidate, and broaden the range of port services offered on the north Black Sea coast.

A large-scale development and expansion of Port Lesport is to be done, including the creation of two independent terminals, respectively for processing of grain cargo and liquid cargo. The research and design of the port will be co-financed under the European Union’s TEN-T Trans European Transport Network programme. Port Lesport has been approved for co-financing under this EU programme as the project entirely coves the requirements for considerable increase in the capacities of the port activities for handling local needs and the needs of the European Union.

The company guarantees the control regarding the prevention of environmental pollution. Accordingly, a report assessing the influence on the environment has been prepared, as well as a compatibility assessment report reviewing the impact of the above mentioned investment proposal on the habitation places of the birds in the protected zone, created under the Nature 2000 Bulgaria project.

In the port area there is a Lesport customs entry and a border police office, which provides a more effective and better quality service to the clients.

In order to enhance the terminal’s fitness for exploitation, increase the effectiveness of the loading and unloading operations, increase the cargo turnover, and in compliance with the concession contract, the company has made investments amounting to BGN 7.2 million, including a purchase of rear overloading and port equipment.

For the period from 30 May to 31 December 2006, 282,000 tons of cargo were processed in Lesport port. In 2007 178 ships and 395,114 tons were processed, and in 2008 177 ships and 430,000 tons were processed, which is an increase of 10%.

According to Royal Haskoning, the port has reached its capacity with over 75% of the dock front being occupied.

Buildings and Facilities

On the port's territory there are buildings and facilities, and the more important of these are shown in the table below:

	All-out area ***(m^2)***
3-storey solid-build administrative building	1,046.83
Covered warehouse – hall with a metal construction	300
Covered warehouse – hall with a metal construction	300
Covered warehouse (two independent parts) – hall with a metal construction	863
Covered warehouse – hall with a metal construction	462
Covered warehouse – inventory	250
Open-air warehouse	24,000
Petroleum products warehouse	76
Petroleum products warehouse	32

	All-out area *(m²)*
Petroleum products warehouse	24
Warehouse for machines, facilities, and a maintenance workshop (solid structure)	762
1-storey solid-build factory railway station	82
Steam station	558
Autoscales	22
Autoscales	72
Autoscales	72
Railway scales	122
Kiosk switchgear	124
Pumping station	55

Source: Chimimport

The port has 8 cranes for cargo handling. The main units of the movable mechanics are: 5 bucket loaders; 9 fork lifters; 1 mini front loader; 2 locomotives.

Port Balchik AD

Port Balchik AD ("**Port Balchik**") has as a scope of activities the rendering of port services of loading, unloading, ordering, storage, repackaging of various types of loads, intra-port/terminal transportation of cargo and mail in the communal transportation ports, sea-technical services, for the performance of which the usage of port territory or port facilities is required - supply of ships with water, telephone and electricity, mooring.

Since 25 May 2006 Port Balchik is the concessionary of Balchik port terminal – a designated territory from the Varna port, thus starting the development of the company as one of the port operators in Bulgaria.

The geographic location of the port plays a decisive role for the structuring of the processed cargo (Dobrudzha is one of the region with highest grain yields). The port is preferred primarily by companies whose bases are located in this region. Among the main clients of Port Balchik are Papas Oil AD, Dominion Grain Bulgaria AD, Kaliakra AD, etc.

Throughout the concession term the company will be striving towards reconstruction, modernization and new construction of infrastructure installations in the Balchik port terminal, in order to bring it in line with the highest standards of the European ports. With the singing of the concession contract an investment programme was adopted, to be executed by the concessionary Port Balchik. The investments which have to be made for the entire term of the contract (25 years) amount to BGN 3,474,800. The company intends to provide the main part of the funds for the realization of the investment programme from port activities. In case of discrepancies between the prices provided for in the programme and the actual market price of the investments, their execution will be financed from additional funds, in accordance with a decision of the management of the company.

In accordance with the concession contract Port Balchik is bound with the attainment of suggested forecasted load turnover, which, for the first ten years, is 201,510 tons average. The load turnover is influenced by the following factors:

- The proximity of Balchik to the Dobrudzha grain production regions, which makes the terminal a preferred choice for the exporters of grain from the region;
- Flexible price policy – direct negotiation with clients and offering of business conditions which are attractive for such customers;
- Dependency of the grain crops from the climate conditions.

Manufacturing Sector

This sector accounts for 17% of the Group's net assets. The main subsectors in which Chimimport and its respective subsidiary companies focus their activities are petroleum product extraction, production, and trade, vegetable oil production, and purchasing, processing, and sale of cereal crop.

Oil Products and Natural Gas

<u>*Oil and Gas Exploration and Production AD*</u>

Overview

Chimimport holds directly or via related persons 53.66% of the capital of the only company for crude oil extraction in Bulgaria – Oil and Gas Exploration and Production AD, Sofia ("**Oil and Gas Exploration and Production**"). The is the only Bulgarian company which performs the full range of activities in the research, exploration, drilling, development and exploitation of oil and gas deposits, as well as the processing of crude oil into end products for the market. Apart from exploration of crude oil and natural gas fields, the company has diversified its activities and makes explorations for any subterranean natural resources. The other competition companies operating on the Bulgarian market are mostly foreign and with temporary presence. The capital of Oil and Gas Exploration and Production amounts to BGN 12,228,062, allocated into 12,228,062 dematerialised registered shares, each of nominal value BGN 1. Since September 2002 the company is registered with the public register of the FSC, and since June 2003 its shares have been admitted to trading on the official market, segment B, of the Bulgarian Stock Exchange. The exchange code under which the shares of the company are traded is "4O1".

Oil and Gas Exploration and Production, was established in 1991 by a resolution of the Council of Ministers of the Republic of Bulgaria and was privatised in 2003. The company is a leader in the segment with more than 50 years of experience, and is the legal successor of the socialist monopolist undertaking exploiting fields in Bulgaria and abroad. Oil and Gas Exploration and Production specialists have many years of proven experience and a history of accomplished results in Bulgaria as well as in the implementation of petroleum projects in Libya (Bulgarian petroleum concessions NC-100 Gadames and NC – 101 Morzuk), Syria, Iraq, etc.

The main scope of activity of Oil and Gas Exploration and Production includes:

- crude oil and natural gas exploration, research, extraction and sale;
- exploration, research and exploitation of deposits of thermal, mineralized and underground waters for drinking, domestic and industrial needs;
- exploration and research of geothermal energy deposits;
- drilling for exploration, research and exploitation of oil and gas, groundwater and geothermal energy;
- scientific research and engineering at home and abroad;
- specific servicing and foreign trade operations;
- oil and condensate processing;
- geological and geophysical services in exploration and research of ores and minerals at home and abroad;
- design, production and maintenance in the field of geology and geophysics,
- oil and gas pipeline construction and installation of equipment for working under pressure.

Oil and Gas Exploration and Production is a concessionaire in twelve concession contracts for crude oil and/or natural gas extraction, as well as in 5 permits for the search and exploration of subterranean resources. In 2008, in pursuance of the concession contracts signed with the State, the company extracts petroleum and natural gas in the following fields: Tyulenovo, Dolni Dubnik, Dolni Lukovit, Dolni Lukovi-West, Staroseltsi, Gorni Dubnik, Burdarski Geran, Selanovtsi, Bulgarevo, Marinov Geran, Butan – South, and Durankulak. The company performs new petroleum and gas deposits exploration, research, and assessment activities in accordance with the order and conditions set out in the Mineral Resources Act. Since the end of 2005, Oil and Gas Exploration and Production AD has been a holder of the rights to research and exploration of oil and gas in Block Shabla, situated in the northern part of the Bulgarian Black Sea continental shelf. Since the beginning of December 2008, after the participation and the winning of the tender procedure under the Subterranean Resources Act, Oil and Gas Exploration and Production holds the rights for the search and the exploration of crude oil and natural gas in Block 1-4 Kavarna (414 sq.km.), located on the territory of the Dobrich region.

Investments and Subsidiary Companies

In 2004, after it was acquired by Chimimport, Oil and Gas Exploration and Production began the implementation of a massive investment scheme for renovation of the specialized geophysical and drilling equipment, exploitation equipment repairs, improvement of working conditions, introduction of modern information systems for resource planning and management. The main objective of the program is improving the effectiveness and the financial results and adapting the activity to a more dynamic market and business environment on a national and international level. In 2004 Oil and Gas Exploration and Production established three new companies: Geophysical Research EOOD, Bulgarian Drilling Company EOOD, and Bulgarian Petroleum Refinery EOOD, Oil and Gas Exploration and Production being the sole owner of their capital.

In 2008 an agreement was signed for the merger of Bulgarian Drilling Company EOOD, Geophysical Research EOOD, Petro Gas Anika EOOD and Chimimport Oil EAD (with company name changed to PDNG Oil EAD) into Oil and Gas Exploration and Production, where the latter was the sole owner of the share capital of the merging companies. The merger procedure was completed in March 2009.

The restructuring through the merger by acquisition of the four subsidiary companies was undertaken in view of the improvement of the organisational structure and the competitive position of the companies, participating in the consolidation, as well as of the application of a unified programme for good corporate governance. As a result of the merger Oil and Gas Exploration and Production became the successor of the activities, performed by the subsidiary companies:

a) *Activities of Geophysical Research EOOD* – geological engineering, hydro-geological, geotechnical, geophysical, geological and drilling surveys, projects, consultations and valuations by experts, seismic data estimation, design, exploration, research, and assessment of ore and mineral reserves; research and assessment of groundwater, mineral water, and fossil fuel (oil and gas) resources; research, assessment and engineering providing for the mineral and petroleum industry; discharge and underground magazination; laboratory analyses and testing related to ores, minerals, and groundwater; geological and hydro-geological environmental valuation and revaluation of reserves of mineral raw materials, groundwater and fossil fuels, geophysical services for surveys and exploration activities inside and outside of the country, computer processing of geological, geophysical, and cartographical information; assessment and forecasting of environmental processes related to soil and water pollution; assessment of the environmental impact and review of the environmental impact; assessment of previous pollution and assessment of the environmental damage to the relief and landscape, specialized domestic trade and engineering activities in the field of geological and geophysical research providing for the mineral and fossil fuel industries. Geophysical Research Ltd operated with modern seismic data measuring equipment purchased in 2004, and distinguished for its high productivity and efficiency in field operations.

Geophysical Research EOOD had practically no competition on the Bulgarian market in the field of designing and performing 2D and 3D seismic surveys for oil and gas.

b) *Activities of Bulgarian Drilling Company EOOD* – drilling and servicing of wells at home and abroad for exploration, research and exploitation of oil and gas, groundwater and geothermal energy, all kinds of servicing activities and specific servicing operations connected to the main scope of activity; operation using a variety of drilling equipment which enables the implementation of a wide range of drilling projects: from deep oil drilling to hydro-geological and engineering geological surveys.

c) *Activities of PDNG Oil EAD* – activities related to the supply and loading with fuel, lubricants and special fluids of road vehicles, river and sea vessels, and aircraft, as well as activities related to the construction and operation of supply and technical bases for fuels and lubricants.

d) *Activities of Petro Gas Antika EOOD* – activities related to the designing and execution of oil and gas drillings, oil pipelines, gas pipelines, water drillings, repairs on oil and gas fields, construction of oil-, gas- and water pipelines (Petro Gas Antika EOOD has successfully completed projects of Bulgargas Holding EAD and Glavbolgarstroy AD).

Oil and Gas Exploration and Production holds 100% of the share capital of Bulgarian Petroleum Refinery EOOD. The company is an established producer of petroleum products obtained through oil and condensate processing, such as solvents for the lacquer and paint industry, diluents, lighting kerosene, lead-free automobile gasoline grades, diesel fuel grades, industrial gasoil, fuel for stationary combustion installations, marine fuel oils, and boiler fuel. The company has its own chemical laboratory which has been accredited as a testing laboratory for the analysis of oil, solvents, fuels, and petroleum products in accordance with the requirements of Bulgarian National Standard EN ISO 9001, ISO 17025. The company is a licensed warehouse holder for the production and storage of energy products under the Excises Duties and Tax Warehouses Act, where the tax warehouse is located in Disevitsa village, Pleven municipality.

Since the middle of 2004 Oil and Gas Exploration and Production has owned 100% of the capital of Sofgeoexploration EOOD, after signing a privatisation sale agreement with the Privatisation Agency. Sofgeoexploration EOOD was established in 1991 and specialises in performing geophysical, geological, engineering geological, hydro-geological and technical and economic surveys, as well as in carrying out research and exploration operations for mineral resources, geothermal waters, and waters for industrial and domestic purposes.

Oil and Gas Exploration and Production is a sole proprietor of the company PDNG – Service EOOD, established in 2006, which performs foreign and domestic trade operations in the field of delivery of specialised equipment, spare parts and materials for the purposes of research, exploration and production of oil and natural gas.

Oil and Gas Exploration and Production owns 70% of the capital of Geology and Mineral Resources Publishing OOD, established in 1994. The company issues and distributes the specialised periodical journal *Geology and Mineral Resources*, which publishes current scientific papers and monographs in the field of regional geological surveys, research and exploitation of mineral resources, as well as legislative acts, commercial information and advertisements.

Oil and Gas Exploration and Production owns 65% of the company Golf Shabla AD, established in 2007 in partnership with Shabla Municipality. The company has a capital of BGN 10,183,700 and its main activity includes: construction of golf courses and related facilities, provision of tourist, hotel and restaurant services; design, furnishing, purchase and sale of real estate.

After its acquisition by Chimimport in 2004 Oil and Gas Exploration and Production started the implementation of a large investment programme for the renewal of the specialised geo-physical and drilling equipment, the repair of the exploitation facilities, the improvement of the working conditions, and the implementation of modern information systems for planning of the management resources. The main goal of the programme is the improvement of the efficiency, the financial results, and the adaptation of the activities to the more dynamic market and business environment in a national and international aspect. In 2004 the most advanced seismic equipment – SYSTEM FOUR of the American company INPUT OUTPUT was purchased. In the autumn of 2007 the integrated resources planning system DMERP produced by the Bulgarian company DATAMAX was introduced in the company. In the end of 2008 the company purchased the most advanced drilling equipment AC IDEAL RIG for oil operations on land of the world-famous American company NATIONAL OILWELL VARCO.

Financial Information

In the table below are provided some of the core financial data, extracted from the financial statements of Oil and Gas Exploration and Production, as well as certain financial indicators. The data from 2006 and 2007 are extracted from the audited consolidated financial statements of Oil and Gas Exploration and Production for the respective years. The data for 2008 are extracted from the unaudited interim consolidated financial statement of the company as of 31 December 2008.

	As of 31 December		
	2008	2007	2006
	(BGN in thousands)		
Assets	86,086	76,744	77,075
Tangible non-current assets	30,027	26,571	21,682
Current assets	55,066	49,309	54,432
Inventory	12,451	10,281	11,318
Short-term investments	40,454	37,434	39,863
Cash	2,161	1,594	3,251
Share capital	12,228	12,228	12,228
Equity	57,073	49,224	42,867
Current liabilities	22,577	22,634	32,639
Sales	47,379	36,606	33,324
Total income	49,919	37,239	34,181
Gross profit	8,630	7,231	6,004
EBITDA	11,105	9,386	8,424
Net profit	7,862	5,919	5,210

Source: Chimimport

Real Estate

Major real estate owned by Oil and Gas Exploration and Production:

Location	**Purpose**	**All-out-area** *(m^2)*
8 Vassil Levski Str., Pleven	Administrative building	425
123 Iliyantsi Blvd., Sofia	Administrative building	455
123 Iliyantsi Blvd., Sofia	Industrial buildings	5,464
2 D. Debelyanov Str., Dolni Dubnik	Land	73,000
Dolni Dubnik	Land	208,902
Disevitsa Village, Pleven District	Land	60,369
8 Vassil Levski Str., Pleven	Land	727
123 Iliyantsi Blvd., Sofia	Land	54,000
Rusovo Village, Kyustendil District	Land	13,999
Dolni Dubnik	Land	42,352
23 Sitniakovo blvd., Sofia	Building	1,944
23 Sitniakovo blvd., Sofia	Land	3,696

Source: Chimimport

Vegetable Oils and Cereals

<u>*Zarneni Hrani Bulgaria AD*</u>

Overview

Zarneni Hrani Bulgaria AD ("**Zarneni Hrani**") is one of the leaders on the Bulgarian market in the buying up, storage and trade with grain and oleaginous seeds; in the production and sale of vegetable oils, including bottled cooking oil; the production of bio diesel (currently the biggest and most advanced factory in the country). With the acquisition of Big Dobrudja Mill EOOD in the beginning of 2009, Zarneni Hrani successfully entered in another important sector, related with the scope of activities of the company.

Zarneni Hrani is a joint-stock company established on 26 November 2007 via шге merger of the following eight companies: Slanchevi Lachi Bulgaria AD, Sofia (a public company within the meaning of the Public Offering of Securities Act); Zarneni Hrani Trade AD, Sofia; Bek International AD, Sofia; Zarneni Hrani – Valchi Dol AD, Sofia; Zarneni Hrani Balchik EAD, Sofia; Zora AD, Ruse; Prima Agrochim EOOD, Dobrich and Chimimport Agrochemicals EOOD, Sofia. As a result of the Merger, all assets and liabilities of the Merging Companies were transferred to the newly established company Zarneni Hrani, which is their universal legal successor, thus achieving the integration of the agriculture business of Chimimport and a vertically integrated business model covering all staged from producer to end user.

The capital of Zarneni Hrani amounts to BGN 170,785,600, distributed in 170,785,600 ordinary shares bearing one vote each and with a par value of BGN 1.00, distributed among the shareholders, including among the former shareholders in the Merging Companies. Since the Merging Company Slanchevi Lachi Bulgaria AD was a public company at the date of the Merger, pursuant to the provisions of the Public Offering of Securities Act Zarneni Hrani is also a public company. The shares of Zarneni Hrani are traded on the Bulgarian Stock Exchange under BSE code "T43".

The carrying amount of assets of Zarneni Hrani as of 31 December 2008 is BGN 331,657,000 and the number of employees is 314.

The main spheres of business activity of Zarneni Hrani are:

- Buying up and trade, including import and export, of grain crops (wheat, barley, maize), oleaginous seeds (sunflower, rapeseed);
- Provision of storage services for grain and oleaginous seeds;
- Production and trade of vegetable oils (cooking oil);
- Processing of bread-production wheat;
- Production and trade with bio diesel, including services of certifying the quality of bio fuels in its own accredited laboratory;
- Distribution of fertilisers, plant protectants, seeds and fuels.

The refined oils produce is trademarked as Slanchevi Lachi, registered at the state register kept by the Patent Office of the Republic of Bulgaria. After a long absence from the trade network, the Slanchevi Lachi trademark was launched with a new image (label and bottle) in January 2005.

In 2005 – 2006 Zarneni Hrani (through the then still independent Slanchevi Lachi Bulgaria AD) was certified in accordance with the standards of the Quality Management Systems: ISO9001:2000 EN and HACCP.

The company carries out its refined oils production activity in the oil production plant Maslodobiven Zavod in the town of Provadia, where, in integrated installations the company has the capacity for covering the full production cycle, from the pressing of the seeds to the bottling of the end production. Zarneni Hrani is the second largest producer and distributor of bottled cooking oil in the country, with its production being placed in the main commercial chains in the country (Kaufland, CBS supermarkets, Fantasitco, Piccadilly, Familia, etc.).

A part of the available infrastructure in Provadia has been used by the company (through its subsidiary Slanchevi Lachi Provadia) as a base for the construction of the currently most advanced installation for the production of bio diesel in the country. The factory, which was built by the leading world-famous company Ballestra on the basis of a modern technology, has an annual production capacity of 100,000 tons, and can be supplied with different types of resources, in order to provide more arbitrage possibilities between the prices of resources and end production. Storage capacities have been built for the factory – 6,000 cubic meters for storage of bio diesel and 2,000 cubic meters for storage of neutral vegetable oil, for an aggregate cost of EUR 15 million. The quality of the bio diesel is controlled by an own accredited laboratory.

In relation to its trade operations in agricultural produce, the company owns and operates seventeen grain storage facilities – undoubtedly the largest network in the country, representing about 35% of the licensed and 17% of the total capacities in the country. The grain storage facilities are located in the village of Krushari, the village of Kardam, the village of Karapelit, the town of Tervel, the town of Nova Kamena, the town of Dobrich, the village of Dolno Tserovene, the village of Gen. Kolevo, the village of Kaynardzha, the village of Dve Mogili, the town of Balchik, the town of Valchi Dol, the town of Straldzha, the town of Bourgas, the town of Strazhitsa, the town of Byala and the town of Polski Trambesh, and have a total storage capacity of 700,000 tons of grain.

The company’s commercial activity includes sales of own produce (raw, refined and bottled sunflower oils, and sunflower groats) – both wholesale and retail, for the domestic market and for export. A distribution network covering the entire country has been built for the sale of bottled refined oils, as well as a network for trading export grain crops. The main distribution channels for the produce of Zarneni Hrani are the commercial chains and regional distributors (Kaufland, CBA supermarkets, Fantastico, Piccadilly, Familia etc.).

On 30 January 2009 Zarneni Hrani acquired 100% of the share capital of Big Dobrudja Mill EOOD, which is the third biggest mill in the country, and mainly buys up and processes bread-production wheat, from which it produces type 500 flour, type 700 Dobrudja flour, 1150 brown-bread flour, wheat bran. The tangible assets of the mill include a 7-floor monolith building, road vehicle loading site for milled loos products, as well as a railroad loading site for loos loads and packaged flour, with own railway track with total length of 540 metres. The technological equipment of the mill is licensed by Buehler and comprises 18 milling rollers with 36 metres of total rollers length. The installation also has 6 six-passage planzichters and 1 control (four-passage) planzichter. The packaging line has a capacity of 240 tons/24 hours. The grain storage facility has a total capacity of 30,000 tons, and the optimal capacity of the mill is 200 tons/24 hours.

The chief competitive advantages of Zarneni Hrani are:

- A leading position in the Bulgarian grain business;
- Good reputation among the international partners (Nidera, Cargill, Louis Dreyfus, Bunge, etc.);
- Close contact with farmers;
- Expertise in the processing of oleaginous seeds;
- Geographical and product balance in performing operations;
- Integrated operational model (purchase, storage, processing and sale of yield);
- Proven management team;
- Significant facilities, including assets which are hard for replication (the grain storage facilities network, the bio diesel plant, etc.);
- Belonging to the economic Group of Chimimport, which allows the usage of the relatedness with the various other companies: transport (Trans Intercar, BRS, Port Balchik, etc.), crediting (CCB) and insurance (Armeec), trade with fertilizers, etc.

Investments and Development

As of 31 December 2008 Zarneni Hrani has incurred the following capital and investment expenses:

	2008 (BGN in thousands)	2007 (BGN in thousands)
Purchased non-current tangible assets and current tangible assets	6,475	7
Expenses for acquiring non-current tangible assets	10,499	913
Advance payment for delivery of non-current tangible assets	-	1,015
Total	16,974	1,935

As a result of the investments in the company, the production capacities have been renovated to a large extent. The condition of the company's basic equipment in terms of age is better than the average for the food-oil industry in the country.

The main short-term objectives the company strives to achieve are related to:

- enlarging the team that carries out the purchase of grain in all regions of the country;
- introducing a credit program for farmers related to the provision of packages for growing oleaginous crops (including know-how, seeds, chemicals, fertilizers, fuels, insurance, as well as the creation of a team of agronomists working with the producers). The program will be carried out in cooperation with Central Cooperative Bank and Armeec;
- constructing an optimal logistics model including modernization of the silos;
- using the corridor Ruse – Danube – Constanta in cooperation with BRS to transport production and cargo related to the company's activity.

In a mid-term perspective Zarneni Hrani will continue to analyse the opportunities for acquiring other companies from the sector or from related sectors, as well as the opportunities for entering the agricultural production segment, as an element of the strategy for higher reliability on supplies.

Main financial Indicators

In the table below are provided some of the most significant financial data, extracted from the financial statements of Zarneni Hrani. The data for 2006 are based on a consolidated proforma financial statement (covering the Merging Companies before the Merger), and those for 2007 are extracted from the audited consolidated financial statements of Zarneni Hrani for 2007. The data for 2008 are extracted from the unaudited interim financial statements of the company as of 31 December 2008.

	As of 31 December		
	2008	2007	2006
	(BGN in thousands)		
Assets	331,657	336,256	272,880
Tangible non-current assets	201,094	185,356	79,358
Current assets	109,228	141,421	81,062
Inventory	23,945	36,918	12,710
Short-term investments	16,050	8,215	-
Cash	3,694	6,354	3,514
Share capital	170,786	170,786	20,705
Equity	191,449	183,387	167,537
Current liabilities	67,650	98,589	52,145
Sales	176,567	36,220	119,743
Total income	192,176	43,910	119,743
Gross profit	8,848	13,014	24,637
Net profit	7,761	11,577	24,442

Source: Chimimport

Real Estate

Major real estate owned by the company:

Location	Type of real estate	Rights on the real estate	Area *(m^2)*
Tervel, Dobrich region	Grain storage facility (43,000 tons)	owned by the company (1)	13,767
Kardam village, Dobrich region	Grain storage facility (67,000 tons)	owned by the company	16,369
Krushare village, Dobrich region	Grain storage facility (42,000 tons)	owned by the company (1)	11,575
Nova Kamena village, Dobrich region	Grain storage facility (9,000 tons)	owned by the company (1)	4,492
Dobrich	Grain storage facility (40,000 tons)	owned by the company	21,286
Karapelit village, Dobrich region	Grain storage facility (41,000 tons)	owned by the company (1)	17,529
Dolno Tserovene village, Montana region	Grain storage facility (40,000 tons)	owned by the company	28,150
Balchik, Dobrich region	Grain storage facility (77,000 tons)	owned by the company	76,000
Varchi Dol village, Varna region	Grain storage facility (44,000 tons)	owned by the company	49,200
General Kolevo village, Dobrich region	Grain storage facility (9,000 tons)	owned by the company	15,250
Kainardzha village, Silistra region	Grain storage facility (14,000 tons)	owned by the company	29,700
Straldzha, Yambol region	Grain storage facility (23,000 tons)	owned by the company	14,800
Bourgas	Grain storage facility (30,000 tons)	owned by the company	98,000
Strazhitsa, Veliko Tarnovo region	Grain storage facility (40,000 tons)	owned by the company	27,500
Byala, Ruse region	Grain storage facility (66,000 tons)	owned by the company	34,700
Dve Mogili village, Ruse region	Grain storage facility (20,000 tons)	owned by the company	40,500
Polski Trambesh	Grain storage facility (40,000 tons)	owned by the company	90,000
1 Dobrina Str., Provadiya	Administrative building	owned by the company	1,786
1 Dobrina Str., Provadiya	Industrial buildings	owned by the company	19,879

(1) There are mortgages established over the estate.

Source: Chimimport

Other activities

Chimsnab AD

Chimimport owns 93% of the capital of Chimsnab AD ("**Chimsnab**"). The company is located in an economically attractive region of Sofia, has its own railway track and available resources for loading, unloading, and other cargo and goods servicing operations. Chimsnab has its own terminal for liquid chemicals processing, equipment for water dispersion paint production, as well as a production line for liquid chemical products (antifreeze, windscreen wipers liquid, etc.) A repair-station (Transintercar –ISO-9001 certified), a petrol station, a pasta production factory, and other smaller production and packaging facilities also operate on Chimsnab's territory. The company's real estate is about 68 decares in Iliyantsi district, 22 decares of which are covered warehouse area – about 30 solid structures, mostly leased to over 55 tenant companies. Chimsnab holds the necessary permits and licenses for warehousing and production activities.

Varna Sports Centre AD

Varna Sports Centre AD ("**Varna Sports Centre**") was established in May 2005. The company's capital is BGN 34.6 million and its shareholders are Chimimport, Issuer 65% of the capital, and Varna Municipality with 35%.

When it was established, Varna Sports Centre received from Varna Municipality various real estate via an in-kind contribution (with a total value BGN 12.1 million) including:

- Varna Stadium comprising land with an area of 69,300 m^2 and the buildings on it;
- Terrains with at total area of 54,000 m^2;
- Attached parking lot for public use with an area of 18,405 m^2;
- Indoor swimming pool – a building with a built-up area of 3,900 m^2 consisting of four levels;
- A sports facility with a built-up area of 1,467 m^2 and land with an area of 4,000 m^2.

In 2005, via a tender organized by Bulgarian Marine Fleet AD, Varna Sports Centre purchased the Korabostroitel sports centre comprising a regulated landed estate with an area of 51,400 m^2, a football field with an area of 24,300 m^2, as well as facilities, equipment, installations, and infrastructure attached to the estate.

The investment scheme of Varna Sports Centre includes the construction of modern sports and entertainment facilities on the territory of the city of Varna. The company is planning to reconstruct and modernize the existing sports facilities, to build new additional sports and hotel buildings and to engage in modern sports activities.

Varna Sports Centre AD is also at an advanced stage in the construction of a completely new football stadium in compliance with the FIFA standards, a spa centre, sprint tracks for 60 and 100 m. races, tennis courts, recreation centres, a swimming pool and other sports facilities. The tender for the building of the sports centre was won by the world-famous design company GMP International GmbH and the Bulgarian designers' bureau Proarch. The appearance of the new sports centre will be similar to that of a similar centre in Köln, Germany, and it will be in perfect harmony with the sea capital area. It is expected that the complex will be completed in 2011. The net financial result of the company for 2008 is BGN 190 thousand.

Energoproekt AD

Energoproekt AD ("**Energoproekt**") is a company with more than fifty years of history. All energy projects in the country, including water power plants, thermal power plants, Kozloduy Atomic Power Plant, and the power supply network were designed by Energoproekt. The company participated and is actively participating in the implementation of projects for the modernization and rehabilitation of energy facilities in order to bring them into line with modern-day efficiency, reliability, and environmental protection indicators. After the privatization of Energoproekt in January 2001, the company still remains a leader in energy design projects.

Energoproekt becomes a possession of Chimimport in June 2006. Within the structure of the Issuer Energoproekt is a main consultant and designer in the planning and implementation of the Group's projects related primarily to the use of renewable energy sources like biogas, biodiesel, wind, and geothermal sources.

Energoproekt continues to invest in the renovation of its technical equipment, software products and buildings and most of all in the qualification of its staff. The company is a partner of the major western companies in the energy sector. It maintains close relations with the universities through a joint participation in the development of applied and scientific topics, including ones under international programs. Among the clients of the company are the major electricity and central heating enterprises in the country, power supply companies, municipalities, small and medium-sized companies, investment associations, etc.

Real Estate

The company owns the following major real estate:

Location	**Purpose**	**All-out area** *(m²)*
James Boucher Blvd., Sofia	Administrative building	13,865
G. M. Dimitrov Blvd., Sofia	Administrative building	1,820
G. M. Dimitrov Blvd., Sofia	Land	10,750
James Boucher Blvd., Sofia	Land	6,725
James Boucher Blvd., Sofia	Land	6,920
James Boucher Blvd., Sofia	Land	1,160
G. M. Dimitrov Blvd., Sofia	Land	540
Industrial zone, Shumen	Land	6,173

Source: Chimimport

Court Proceedings

The companies from the Group are party to various court proceedings, which result from the performance of their day-to-day operations. The Management Board of Chimimport believes, that the Issuer and the companies from the Group are not and have not been party to court or arbitration proceedings, that may have or have had, over the past 12 months prior to the date of this document, material influence on Chimimport's financial standing.

Of the pending court proceedings of the Group, the one of the highest value is the legal dispute between Bulgarian River Shipping and RKRK Navrom, Galati, Romania. In 2000 Bulgaria River Shipping was sentenced by the District Court of Galati, Romania, to pay Navrom compensation for property damages caused by the sinking of Romanian passenger ship *Mogosoaia* as a result of a collision with the Bulgarian ship *Petar Karaminchev*, amounting to USD 1,164,000 (total of principal plus interest). Claiming that its obligation is extinguished by negative prescription, in 2003 Bulgarian River Shipping files a claim before the District Court of Galati, which rules in favour of the Bulgarian party. This decision of the District Court is appealed in 2006 by Navrom before the specialized panel for maritime and river-shipping cases of the Appelate Court of Galatia. The ruling of the Appelate Court is again in favour of Bulgarian River Shipping, i.e. the court acknowledges that the aforementioned receivable of the Romanian company is extinguished by negative prescription. Navrom refers to the Supreme Court of Cassation of Romania, Bucharest, which rules that the two lower instances have resolved the dispute incorrectly and overturns their decisions. The Supreme Court of Cassation of Romania decides that Sofia City Court, before which a court case for recognizing the sentence of the District Court of Galatia was initiated in 2004, should deliver a decision on the claims for negative prescription. A hearing of the Sofia City Court on the case is scheduled for 7 October 2009.

As of 31 December 2009 the pending court proceedings started against CCB AD are:

- Pending court proceedings in front of an appellate instance for USD 157,500;
- Pending proceedings in front of an appellate instance for EUR 424,944 and USD 97,177.

As at the same date, there is a pending court proceeding, where CCB is a claimant for the amount of BGN 1,293,727.

The Issuer cannot predict the outcome of the pending legal proceedings for more significant amounts in which the Group is involved but it does not expect that the outcome, even if it is unfavourable in some cases, will have significant impact on its financial standing or that of the Group. In addition, Chimimport is not aware of any future court proceedings about to be initiated that may have material influence on its financial standing or that of the Group.

Transactions between Related Parties

In accordance with International Accounting Standard 24 Related Party Disclosures, transactions between related parties exist where one party to the transaction controls the other party to the transaction or may exercise significant influence over the other party in taking financial and operating decisions.

In the course of performing their operations Chimimport and the companies from the Group have executed and continue to execute transactions between each other, and sometimes party to such transactions is the the Major Shareholder Chimimport Invest. The most significant upcoming transaction with related parties is the purchase of Chimimport (or other company in the Group) from the Major Shareholder of pension insurance company Lukoil Garant.

Chimimport believes that the transactions with related parties form the Group are executed at market conditions. Regarding details about transactions with related parties, refer to the respective notes to the financial statement of Chimimport for 2008 (see *"Incorporation by Reference"*).

Intellectual Property

Under the Bulgarian legislation a trademark is protected for a term of ten years following its registration at the Patent Office. As of the date of this document the following entities have trademarks registered at the Patent Office: Chimimport (protection until 2013), CCB (protection until 2012), PIC Saglasie (protection until 2015), Hemus Air (protection until 2010), Bulgaria Air (protection until 2011), Energoproekt (protection until 2013), Zarneni Hrani (protection until 2016) and ZPAD Armeec (protection until 1016). The Group plans to register at the Patent Office new trademarks, as well as renew the registration of the aforementioned trademarks upon expiration of their protection.

Information Technologies

The Group owns an integrated resource planning software system DMERP, developed by Datamax AD. The system allows for resource planning, unification of all business units and their functions in a unified information environment, and at the same time assists in expedient tracking and control of business processes, unification of the documentation and technology of identical activities taking place in different enterprises within the Group. DMERP is built on a modular principle, and the main groups of modules are Logistics, Sales, Finances and Accounting, Human Resources, Manufacturing, Planning and Analysis and Control. Each group of modules encompasses the business areas specific to each company. The unified approach facilitates ensuring operative comparability of the financial results of the individual enterprises. The system uses modern information technologies to model as business processes the best manufacturing and organizational practices within the Group. The implementation of DMERP in the Group started with Hemus Air and Oil and Gas Exploration and Production and its subsidiaries and is to be completed in early 2008.

A centralised bank system – AIS2 – has been in operation in CCB since the beginning of 2003, developed on the basis of cutting-edge information technology, using hardware and software solutions by world leaders in the business, such as IBM, ORACLE etc. The system enables CCB to launch quickly new attractive products and services, to respond adequately to the developing competitive market and to fully meet the needs of its clients. The centralised system allows users to receive up-to-date information about all processes in the bank that concern them in real time, which facilitates management decision-making. The bank actively develops the electronic channels for service provision and launches new technologies for protection of information flows.

Employees

As of 31 December 2008 Chimimport has 56 staff on the payroll, including management staff. The number of Chimimport staff has been gradually on the rise over the last three years.

The following tables summarise the number of employees and the staff-related expenses of Chimimport and of the Group for 2008, 2007 and 2006.

Chimimport employees	**As of 31 December**		
	2008	**2007**	**2006**
Number of staff	56	50	33
Staff-related expenses (BGN in thousands)	819	631	758

Source: Chimimport

Employees of the Group	**As of 31 December**		
	2008	**2007**	**2006**
Number of staff	6,008	5,530	3,745
Staff-related expenses (BGN in thousands)	101,954	72,457	38,764

Source: Chimimport

To the extent of Chimimport's knowledge, some of its staff, as well as staff of companies from the Group, are members of trade union organisations. No staff members of the Group have been on a strike against their employers. The Group pay amounts due to social insurance and additional pension insurance, according to the Bulgarian legislation. The amounts of these contributions have been determined and are fully paid upon payment of the monthly remunerations.

Insurances of companies within the Group

Insurance and Reinsurance Joint Stock Company Armeec is the prime insurer of the Group. Approximately 4% or Armeec's income from premiums comes from insurance policies of related companies within the Group.

The Group's property insurance policies cover damages to buildings, equipment, vehicles, and other assets as a result of the usual risks, including fire, explosion, earthquake and natural disasters. The insurance policies of planes and vessels, as well as the obligations related to these activities, meet the high international requirements and are traded on first-class reinsurance markets. The Group concludes insurance policies for freights (cargo), construction all risk and erection all risk (CAR/EAR) and various financial risks. The companies in the Group provide protection to their staff and employees through personal insurance (life, accident and disease).

Over the last three years the group has not had claims of significant value under its insurance policies. The Group believes that the current level of insurance covers adequately the present requirements.

Environmental Issues

The Group's business includes a large number of operations that are regulated by the Bulgarian legislation in the area of environmental protection or health and safety, which also covers liability in relation to environmental damages caused during past periods, storage and transportation of oil products, pollution of soil and groundwater, waste management, water supply, management of industrial effluents, atmospheric emissions, use and depositing of dangerous materials and requirements to the planning and use of land, including issues related to the development of new retail stations, green zones and the citizens living in the vicinity.

The environmental aspects of the Group's operations are regulated by the Environmental Protection Act of 2002, the Protection from Harmful Effects of Chemical Substances Act of 2000, the Waters Act of 1999, the Waste Management Act of 2003, the Purity of Atmospheric Air Act of 1996, the Ores and Minerals Act of 1999, the Biological Diversity Act of 2002, as well as many acts of secondary legislation pertaining to their implementation. The environmental legislation of the Republic of Bulgaria is as a whole harmonized in conformity with the standards laid down in the European Union legislation. Any case of failure to comply with these acts may be ground for seeking civil and/or administrative liability.

The Group meets all important requirements in relation to environmental protection that currently apply to its operations, and it believes that with the additional investments planned it will be able to continue to meet all requirements it is aware of that are about to enter into force. The Group plans to continue taking measures to protect the environment and prevent pollution in advance of the introduction of legislative requirements.

Environmental Aspects of the Operations of Oil and Gas Exploration and Production

The company performs activities related to oil and gas exploration and production on the territory of Bulgaria and in the continental shelf and within Bulgaria's exclusive economic zone in the Black Sea on the basis of duly issued permits and agreements signed with the relevant state authorities, according to the procedure stipulated in the Ores and Minerals Act. All geological exploration activities are initiated and conducted on the basis of overall and yearly working projects, which have been coordinated with the Ministry of Environment and Water and the respective regional environmental and water protection inspector's office.

The company produces crude oil and natural gas from 12 (twelve) oil fields, on the grounds of decisions by the Council of Ministers of the Republic of Bulgaria for providing a concession for production of crude oil and natural gas, and on the basis of concluded concession agreements. Concession-related activities are performed on the basis of overall plans for the development of the oil fields, approved by the issuer of the concession, and on the basis of yearly working production projects, coordinated with the Ministry of Environment and Water and the respective regional environmental and water protection inspector's office for each concession site (deposit). The company has developed coordinated schematic departure projects, which contain the necessary measures and activities for the close-down of the facilities and re-cultivation of affected terrains upon completion of production operations.

In connection with ending the pollution of the Black Sea, of the groundwater and of the soil as a result of oil operations performed in the concession area of the Tyulenovo field, the company has prepared and is carrying out a programme for decreasing the pollution of the industrial effluents released from the Tyulenovo field, which has been coordinated with the Ministry if Environment and Water and the respective regional environmental and water protection inspector's office.There have not been any cases of significant pollution during the performance the operations of Oil and Gas Exploration and Production. There are no disputes, complaints, or any legal action against the company related to environmental issues.

Recent Events

On 30 January 2009 Zarneni Hrani Bulgaria AD acquired 100% of the share capital of Big Dobrudja Mill EOOD, and the acquisition was officially registered with the commercial register on 4 February 2009. Big Dobrudja Mill EOOD is the third biggest mill in Bulgaria. The main activities of the company are directed towards buying up and processing of bread-production wheat. The mill owns a 7-floor monolith building, a road vehicle loading site for loos milled products, as well as a railway loading site for loos loads and packed flour, with own railway tracks with a total length of 540 meters. The company has a flour packaging line with a capacity of 240 tons per day and a grain warehouse with a total capacity of 30,000 tons. The optimal capacity of the mill is 200 tons per day.

DIRECTORS AND SENIOR MANAGEMENT

Chimimport has a two-tier management system, consisting of a supervisory board (hereinafter the "**Supervisory Board**") and a management board (hereinafter the "**Management Board**").

Supervisory Board

The current members of the Supervisory Board are:

Name	Position	Date of appointment at the Board	Data of expiration of term of office
Chimimport Invest AD	Member	April 2005	April 2010
CCB Group Assets Management EAD	Member	April 2005	April 2010
Mariana Bazdarova	Member	April 2009	April 2014

The members of the Supervisory Board can be contacted via Chimimport's headquarters at 2 Stefan Karadzha Str., Sofia, Bulgaria.

Managment Board

The current members of the Management Board are:

Name	Position	Date of appointment at the Board	Data of expiration of term of office
Tsvetan Botev	Chairperson	November 2002	April 2014
Alexandar Kerezov	Deputy Chairperson	November 2002	April 2014
Ivo Kamenov	Executive Director	February 2006	February 2011
Marin Mitev	Executive Director	February 2005	February 2010
Nikola Mishev	Member	February 2005	February 2010
Mirolyub Ivanov	Member	April 2007	April 2012

The members of the Management Board can be contacted via Chimimport's headquarters at 2 Stefan Karadzha Str., Sofia, Bulgaria.

Members of the Supervisory Board

Following is information about the members of the Supervisory Board, see also *"General Information – Members of the Supervisory and Management Board of Chimimport"*.

Chimimport Invest

Since 2005 the Majority Shareholder in the Issuer has also been member of its Supervisory Board. Chimimport Invest is also member of the Supervisory Board of CCB Group (for more information see *Principal Shareholders – Majority Shareholder"*).

CCB Group

CCB Group, Sofia, has been member of Chimimport's Supervisory Board since 2005. The company is entered into the Company Register kept by the Registry Agency with the Minister of Justice, under Unified Identification Code (EIC) 121749139, with a registered office and business address № 2 Stefan Karadzha Str., Sredets Region, Sofia. Its scope of activity is providing services in the areas of corporate finances and management, consulting in the area of enterprise and project management, development and implementation of projects for the reorganization and restructuring of companies, financial and legal analysis of companies, management of financial interests.

Mariana Bazdarova

Ms. Mariana Bazdarova is a member of the Supervisory Board since 2009. During the period 1998-2000 she held the position of office manager in Metro Group OOD. From 2000 to 2005 Ms. Bazdarova is manager of Desislava 2001 EOOD, and since 2005 she has been manager of Bliasak EOOD. Since 2008 Ms. Bazdarova has been board member of Plovdiv Commodity Exchange AD and of Technoimpex AD.

Ms. Bazdarova holds a degree in Law from the South-west University, Blagoevgrad, and a qualification in Business Management, Administration and EU Integration from the University of National and World Economics, Sofia.

Members of the Management Board

Following are the biographies of the members of the Management Board, see also *General Information – Members of the Supervisory and Management Board of Chimimport.*

Tsvetan Botev – Chairperson

Mr. Tsvetan Botev has been chairperson of the Management Board since 2000. His professional experience starts in DKK Republica, Svishtov (1958-1960). As of 1960 he takes the position of *inspector* at the District People's Council, Pernik, and as of 1963 is appointed director and chairperson of GPK Narcoop, Pernik. He was chief accountant of the following companies: DPS Balgarska Gaba, Sofia (1964-1967), CKS SP Gabarstvo, Sofia (1967-1969), CKS SP Bilcoop, Sofia (1969-1977). As of 1977 he is appointed chief accountant of VTO Chimimport. In 1991 Mr. Botev takes the position of deputy general director for currency and financial issues of Chimimport, and in the same year he is appointed member of the Board of Directors. From 1998 to 2000 he is Executive Director of Chimimport, in charge of its overall currency and financial operations. He has taken part in the management of the following companies: Chimco AD, Vratsa, Neftochim AD, Burgas, Plastchim, Botevgrad, Zavod za Kuhennska Mebel, Cherven Bryag as Chairperson of the Board of Directors (1990-1995), he was member of the Board of Directors of Commercial Bank Biochim AD (1991-1992).

Mr. Botev holds a degree in Accounting from the Economics University, Svishtov, and has a qualification of "economist-accountant".

Alexandar Kerezov – Deputy Chairperson

Mr. Alexandar Kerezov has been member of the Management Board since 2001. He starts his career in foreign trade company Chimimport as an expert and chief expert for *Re-Export and Specific Foreign Trade Operations* (1983-1990). In 1990 he is appointed deputy chief accountant at Chimimport, and in 2000 – deputy chief director for company auditing and finances at the Issuer. As of 2000 Mr. Kerezov is Manager of accounting company Chimimport Consult OOD. Since 1 June 2008 he is procurator of Bulgaria Air AD and Hemus Air EAD.

Alexandar Kerezov holds a degree in Accounting and Auditing from the University of National and World Economics, Sofia. He has specialized in accounting for foreign trade organizations.

Ivo Kamenov – Executive Director

Mr. Ivo Kamenov has been Executive Director of Chimimport since February 2006. From 2000 to his election as Executive Director he was procurator of the Issuer. From 1993 to 1996 Mr. Kamenov is a consultant at TIM EOOD. During the same period he is an expert in financial analyses and restructuring of problematic loans at Commercial Bank - Varna Branch and First Private Bank - Varna Branch.

Besides his position at the Issuer, Mr. Kamenov is also executive director of Chimimport Invest and participates in the management bodies of companies from the Group, including CCB Group and Oil and Gas Exploration and Production.

Mr. Kamenov holds a degree in Law from the South-West University, Blagoevgrad. From 1985 to 1992 Mr. Kamenov was an athlete in the national team of the Bulgarian Kyokushin Karate Federation.

Marin Mitev – Executive Director

Mr. Marin Mitev has been Executive Director of Chimimport since 2005. Besides his position at the Issuer, Mr. Mitev is also member of the Board of Directors of Chimimport Invest and participates in the management and supervisory bodies of many strategic companies of the Group, including CCB Group Assets Management, Central Cooperative Bank, Varna Sports Complex AD, Oil and Gas Exploration and Production.

Mr. Mitev holds a degree in Law from the South-West Univiersity, Blagoevgrad.

Nikola Mishev - Member

Mr. Nikola Mishev has been member of the Management Board of Chimimport since 1997. He starts his career at foreign trade company Chimimport in 1973 and takes consecutively the positions of chief expert in import and export, merchant, chief expert and head of department. In 1981 assumes the position of director of Hellas OOD, a company in the Republic of Greece. From 1986 to 1997 he is deputy general director of Chimimport. He was member of the Board of Directors of CCB Group (2002-2005) and Chimsnab AD (1994-2004).

Mr. Mishev holds a degree in Economics of Foreign Trading from the University of Economics, Sofia.

Mirolyub Ivanov - Member

Mr. Mirolyub Ivanov has been member of the Management Board of Chimimport since 2007. He starts his career in Chimimport in 1989 and works as an accountant and economist for financial issues, including economist for currency issues (1998-1999) and deputy chief accountant (1999-2001) of the Issuer. Mr. Ivanov was Executive Director of Balkan Hemus Group (2003-2007), manager of Bulgarian Shipping Company EOOD (2005-2007) and Chimimport Bimas (2006), member of the Management Boards of Bulgarian River Shipping AD, as well as member of the Board of Directors of Pension Insurance Company Saglasie AD (2005-2006). At the present time he is member of the Board of Directors of Chimimport Group EAD, member of Supervisory Board of Pension Insurance Company Lukoil Garant Bulgaria, Executive Director of Chimsnab OOD; manager of Chimimport Lega Consult OOD and Anitas 2003 EOOD; manager and partner at Satelit X OOD and Chimimport Finances OOD.

Mr. Ivanov holds a degree in Accounting and Auditing of Foreign Commerce Companies from the Higher Institute of Economics, Sofia.

Meetings of the Supervisory and Management Board

The Commercial Act of 1991 requires the Supervisory Board and the Management board to hold meetings no less than once every three months. The last meetings of the Supervisory Board and the Management Board were held on 27 April 2009.

Corporate Governance

The issuer observes the regulatory requirements of the legislation of the Republic of Bulgaria for good corporate governance. Since 2003, Chimimport has beed preparing a good corporate governance program and has been reporting on its activities in relation to good corporate governance in its Management's Discussion and Analysis every year since 2003.

A National Corporate Governance Code (the Code) which is harmonised with the internationally adopted and applied principles of corporate governance of the Organisation of Economic Cooperation and Development (2004) was adopted in October 2007. The Code has been adopted by the Bulgarian Stock Exchange. The Bulgarian Stock Exchange requires of the companies listed on the official market to abide by the Code.

On 18 January 2008, Chimimport declared before the BSE that it accepts the National Corporate Governance Code and that it will perform its operations in accordance with its provisions.

The observance of the Code is reported on an observe-or-explain basis which means that the recommendations of the Code are observed and when there is any deviation from them or inobservance, the management explains the reasons for this.

The activities of Chimimport's management and staff are aimed at promoting the principles of good corporate governance, increasing the trust and confidence of the shareholders, investors and stakeholders in Chimimport's management and activities, and encouraging Chimimport's successful economic activities.

The Code is a best practice standard and communication tool for businesses from the different countries. The Corporate Governance Code takes into account the regulatory framework. Without repeating it, the Code offers recommendations to the Bulgarian companies on how to apply the good practices and principles of corporate governance. The Code's rules and norms are standards for the management and supervision of public companies which have proven their effectiveness over the years. The foundation of the Code is the understanding of corporate governance as a balanced interaction between shareholders, company management and stakeholders. Good corporate governance means loyal and responsible corporate management, transparency and independence as well as responsibility of the company before the society.

It offers rules for the protection of shareholders, transparency of the work of corporate management and taking into account the stakeholders and these rules are addressed to public companies and companies planning to go public.

The Code describes the functions and obligations of the corporate management, structure and competence as well as the main guidance concerning the appointment and dismissal of the members of the Management and Supervisory Board in accordance with the principles of continuity and sustainability of their work and determination of their remuneration taking into account the obligations and contribution to the work and results of the company of every Board member; the possibility to select and retain qualified and loyal Board members; the need for correspondence between the interests of the Board members and the long-term interests of the company.

It also enshrines the principle of avoidance and not allowing for any potential or real conflict of interest on the part of the Management and Supervisory Board. According to the Code, a potential conflict of interest exists when the company intends to conclude a transaction with a legal entity in which: a) a member of the Management and/or Supervisory Board or parties related to (interested in) the person have a financial interest; (b) a member of the Management Board and/or a member of the Supervisory Board is a member of a management board, a supervisory board or a board of directors.

The Code contains rules for the selection of an auditor and it recommends that the corporate management be guided by the requirements established for professionalism and the principle of rotation in the preparation of a proposal for the general meeting of shareholders concerning the selection of an auditor.

It also focuses on the need to ensure the equitable treatment of all shareholders, including the minority and foreign shareholders, and the protection of their rights by the corporate management.

There is also guidance for the corporate management on the promotion of the policy of disclosure of information in accordance with the regulatory requirements and the Articles of Association and the creation and maintenance of a system of disclosure of information which will ensure the equality of the addressees of the information (shareholders, stakeholders, investment community) and prevent any abuse of insider information.

The Code contains instructions for the corporate management on identifying and effective cooperation with stakeholders. The good practice of corporate governance requires that the stakeholders be taken into account in accordance with the principles of transparency, accountability and business ethics.

PRINCIPAL SHAREHOLDERS

The table below lists the persons Issuer, directly or indirectly, 0.25% or more of the Issuer's capital as of the date of this document, in accordance with the information available to Chimimport.

	Shares (in thousands)	% of the capital
Chimimport Invest, Bulgaria (direct and indirect interest) (1)	115,279	76.85
Artio International Equity Fund, USA	10,693	7.13
Eurobank Ergasias, Greece	1,361	0.91
Skandinaviska Enskilda Banken, Sweden	1,106	0.74
UniCredit Bank, Austria	1,100	0.73
Bayerische Hypo – Und Vereinsbank AG, Germany	1,074	0.72
Investbank, Bulgaria	1,019	0.68
Dias Investment Company, Greece	818	0.55
Consolid Commerce, Bulgaria	704	0.47
MEI Funds for Bulgaria and Romania, the Netherlands	546	0.36
EFG Eurobank (incl. clients), Bulgaria/ Greece	508	0.34
DSK Mutual Funds, Bulgaria	416	0.28
HVB, Greece	396	0.26
Other shareholders (2)	14,980	9.99
Total (3)	150,000	100.00

(1) That number of Shares comprises also holdings of companies, controlled by the Major Shareholder, including 5,192,000 Shares owned by CCB Group EAD and 609,000 Shares owned by Armeec.

(2) Including those with a stake above 0.1% of the capital of Chimimport: (LF) Equity Emerging Europe Fund, Luxembourg; Raiffeisen Zentralbank, Austria/ Raiffeisen Mutual Funds, Bulgaria; ABN Amro Bank London, UK; Julius Baer Institutional International, USA; Danske Investment Funds, Luxemburg / Denmark; Bank of New York (customers), Belgium; Elana Mutual Funds, Bulgaria; DSK Rodina Pension Funds, Bulgaria; ING Pension Funds, Bulgaria. Shareholders of Chimimport are also: Erste Bank, Austria; ING, Luxemburg; Allianz Pension Funds, Bulgaria; IBM Personal Pension Plan Trust, USA and other US health, education and insurance funds.

(3) The exact number of shares, issued by Chimimport is 149,999,984.

Source: Chimimport

Majority Shareholder

The Major Shareholder in the Issuer is Chimimport Invest AD ("**Chimimport Invest**"), Unified Identification Code (EIC) 121749139, with registered office and business address: 2 Stefan Karadzha Str, Sredets Region, Sofia, and with capital of BGN 130 million. The principal shareholder in Chimimport Invest is Chiminvest Institute – Lichtenstein, holder of more than 99% of the voting shares of Chimimport Invest. Chimimport Invest's scope of activities is acquisition, management and sale of interests in Bulgarian and foreign companies, acquisition, management and sale of bonds, financing of companes in which the company is a shareholder, manufacturing and purcase of raw and processed goods or other items with the aim of selling them, as well as commission and warehousing activities and commercial representation and agency.

Exercising Control over Chimimport

As of the date of this document Chimimport Invest holds the majority of votes in the General Meeting of the Issuer and has the possibility to exercise effective control at the General Meetings of Shareholders of Chimimport. Even if it does not subscribe to New Shares form the Increase of Capital, the Major Shareholder will retain control over the Issuer.

Under the Public Offering of Securities Act of 1999 each transaction between the issuer, on the one part, and Chimimport Invest, directly or via related parties, on the other part, must be approved by the shareholder in the General Meeting of the Issuer, if the value of the transaction is 2% or more of the carrying value of the Issuer's assets. Chimimport Invest, which has a vested interest in such a transaction and is recognized by the law as an "interested party", cannot vote at the General Meeting on this issue. If the value of the transaction is below 2% of the carrying value of Chimimport's assets, it must be approved by its Management Board (and in some cases also by the Supervisory Board). Fore more information, refer to *"Description of the Shares and the Applicable Bulgarian Legislation – Transactions of Significant Value and Transactions with Interested Parties"*.

Chimimport has accepted the National Code for good corporate management, adopted by the Bulgarian Stock Exchange and performs it's activity in compliance with the decrees of this code (refer to *"Directors and Management - Corporate Governance"*).

SELECTED HISTORICAL FINANCIAL INFORMATION

The selected financial information laid out below is extracted and must be viewed in conjunction with the audited financial reports of Chimimport, which include, among other, a balance sheet, an income statement and a cash flow statement for 2008, 2007 and 2006, which are included (incorporated by reference) in this Prospectus.

The financial information for Chimimport for preceding years is prepared in accordance with IFRS ("**International Financial Reporting Standards**"). The following information should be reviewed in conjunction with the section "*Operating and Financial Review and Results of Operations*", the related financial information and the accompanying notes, included in the present Prospectus.

The operations of the Issuer after 31 December 2008 are developing in accordance with expectations. As a whole the management retains the expectations it has had so far with regard to the development of the operations in 2009.

The following table presents data from the consolidated income statements of Chimimport. The figures for years 2007 and 2006 are derived from the audited consolidated income statements of Chimimport for the respective years. The 2008 figures are derived from the unaudited interim consolidated income statement of Chimimport for the period ended 31 December 2008.

	As of 31 December		
	2008 (Unaudited)	**2007** (Audited)	**2006** (Audited)
		(BGN in thousands)	
Income from non-financial activities	736,052	520,028	256,182
Expenses for non-financial activities	(685,519)	(482,350)	(227,165)
Net result from non-financial activities	**50,533**	**37,678**	**29,017**
Income from insurance	220,700	135,537	85,475
Expenses for insurance	(210,496)	(123,794)	(77,790)
Net result from insurance	**10,204**	**11,743**	**7,685**
Income from interest	121,684	93,622	66,938
Expenses for interest	(61,619)	(41,274)	(32,558)
Net income from interest	**60,065**	**52,348**	**34,380**
Gains on operations with financial instruments	259,664	197,919	68,893
Losses on operations with financial instruments	(183,278)	(68,536)	(31,443)
Net result from operations with financial instruments	**76,386**	**129,383**	**37,450**
Administrative expenses	(135,214)	(107,634)	(76,786)
Negative goodwill	27,920	4,409	17,199
Results form investments in associates	(8,308)	(203)	519
Other financial income - net	38,628	21,255	23,558
Income to distribute to insurance accounts	16,919	7,860	(6,034)
Result for the period before taxes	**153,749**	**141,119**	**66,988**
Tax expenses	(10,564)	(4,829)	(6,218)
Net result for the period	**143,185**	**136,290**	**60,770**

Source: Chimimport

The following table presents data from the individual income statements of Chimimport for the years 2008, 2007 and 2006, which are part of the audited individual financial statements of Chimimport for the respective years.

	As of 31 December		
	2008 (Audited)	**2007** (Audited)	**2006** (Audited)
		(BGN in thousands)	
Gains on operations with financial instruments	36,099	78,303	18,375
Losses on operations with financial instruments		-	(111)
Net result from operations with financial instruments	**34,990**	**78,303**	**18,264**
Income from interest	18,550	7,284	3,663
Expenses for interest	(9,023)	(3,993)	(3,116)
Net income from interest	**9,527**	**3,291**	**547**
Foreign exchange gains	110	1,024	1,315
Foreign exchange losses	(255)	(228)	(97)
Net result form foreign exchange	**(145)**	**796**	**1,218**
Other financial income - net	305	(177)	19
Income from operations	37,268	8,203	15,552
Operational expenses	(8,179)	(8,030)	(4,760)
Net result from operations	**47,803**	**173**	**10,792**
Result for the period before taxes	**92,480**	**82,386**	**30,840**
Tax expenses - net	6,469	97	(1,604)
Net result for the period	**86,011**	**82,483**	**29,236**

Source: Chimimport

The following table presents data from the consolidated balance sheet statements of Chimimport. The figures for years 2007 and 2006 are derived from the audited consolidated balance sheets of Chimimport for the respective years. The 2008 figures are derived from the unaudited interim consolidated balance sheet of Chimimport for the period ended 31 December 2008.

	As of 31 December		
	2008 **(Unaudited)**	**2007** **(Audited)**	**2006** **(Audited)**
		(BGN in thousands)	
Assets			
Fixed assets			
Property, plants and equipment	581,646	434,285	201,454
Investment property	31,783	18,136	10,545
Goodwill	17,962	10,822	11,403
Intangible assets	73,569	50,069	6,910
Investments in associates	133,367	26,272	26,445
Long-term financial assets	961,255	674,587	479,185
Long-term receivables form related parties outside the group	5,895	1,000	94
Deferred tax assets	1,824	1,930	412
	1,807,301	**1,217,101**	**736,448**
Current assets			
Inventory	60,864	71,872	27,061
Short-term financial assets	498,087	438,884	358,961
Receivables form related parties outside the group	41,794	35,522	6,210
Accounts receivable	184,504	126,977	74,032
Other receivables	153,204	107,619	62,210
Cash	522,402	748,869	366,548
	1,465,013	**1,529,743**	**895,022**
Total assets	**3,272,314**	**2,746,844**	**1,631,470**

Equity			
Equity owned by Chimimport AD's shareholders			
Share capital	150,000	150,000	130,000
Capital not paid up	-	-	-
Increase of capital contributions	-	-	-
Share pemiums	232,343	232,343	32,925
Other reserves	(3,494)	3,678	3,199
Financial result form preceding periods	243,752	124,587	70,617
Current financial result	127,729	119,110	53,330
	750,330	**629,718**	**290,071**
Minority interest	194,102	179,877	61,033
Total equity	**944,432**	**809,595**	**351,104**
Specialized reserves	97,575	59,608	38,122
Liabilities			
Non-current liabilities			
Liabilities to insured persons	82,563	70,722	40,061
Long-term financial liabilities	657,609	915,864	330,912
Long-term liabilities to related parties outside the group	168,470	146,709	7,760
Other non-current liabilities	5,147	18,109	7,921
Deferred tax liabilities	12,041	11,274	1,349
	925,830	1,162,678	388,003
Current liabilities			
Short-term financial liabilities	1,107,269	518,613	771,569
Liabilities to related parties outside the group	16,995	1,292	1,037
Accounts payable	180,213	195,058	81,635
	1,304,477	714,963	854,241
Total liabilities	**2,230,307**	**1,877,641**	**1,242,244**
Total equity and liabilities	**3,272,314**	**2,746,844**	**1,631,470**

Source: Chimimport

The following table presents data from the individual balance sheets of Chimimport for the years 2008, 2007 and 2006, which are part of the audited individual financial statements of Chimimport for the respective years.

	As of 31 December		
	2008 **(Audited)**	**2007** **(Audited)**	**2006** **(Audited)**
		(BGN in thousands)	
Assets			
Fixed assets			
Property, plants and equipment	20,095	21,833	20,074
Intangible assets	602	247	495
Investment property	1,096	1,175	1,253
Investments in subsidiaries	391,454	340,783	151,995
Investments in associates	60,348	18,767	27,935
Long-term financial assets	1,332	114	30,072
Long term receivables form related parties	157,634	81,469	1,000
Long-term receivables	6,462	14,164	11,847
	639,029	**497,552**	**244,671**
Current assets			
Inventory	88	155	302
Receivables form related parties	57,914	25,011	20,216
Short-term financial assets	5,389	11,742	1,864
Loans granted	121,279	74,499	9,037
Accounts receivable	70,073	4,179	3,899
Advance payments for purchase of financial instruments	-	61,289	-
Other receivables	18,851	10,705	7,274
Cash	101,840	92,845	26,392
	375,434	**280,425**	**68,984**
Total assets	**1,014463**	**777,977**	**313,655**

Equity			
Share capital	150,000	150,000	130,000
Capital not paid up			-
Increase of capital contributions			-
Share premiums	232,343	232,343	32,925
Other reserves	6,834	6,834	7,125
Retained earnings	66,225	66,225	36,709
Current financial result	82,483	82,483	29,236
	537,885	**537,885**	**235,995**
Liabilities			
Non-current liabilities			
Long-term bank receivables			1 723
Long-term accounts payable	864	864	2 597
Long-term liabilities to related parties	178,597	178,597	7,760
Finance lease liabilities	3,745	3,745	5,905
Deferred tax liabilities	-	-	539
	183,206	**183,206**	**18,524**
Current liabilities			
Current liabilities to related parties	12,405	12,405	21,860
Short-term bank receivables	24,680	24,680	10,339
Trade payables	8,367	8,367	5,935
Finance lease liabilities	1,620	1,620	1,838
Tax payable	567	567	1,895
Liabilities to employees and insurance institutions	58	58	524
Other liabilities	9,189	9,189	10,629
	56,886	**56,886**	**59,136**
Total liabilities	**240,092**	**240,092**	**77,660**
Total equity and liabilities	**777,977**	**777,977**	**313,655**

Source: Chimimport

OPERATING AND FINANCIAL REVIEW AND RESULTS OF OPERATIONS

Following is a discussion of the operating results and financial position of Chimimport as of 31 December 2008, 2007 and 2006. Potential investors should view this discussion in conjunction with the whole document, including the section "Risk Factors", the financial reports of Chimimport and attachments thereto, included elsewhere in the present document, and should not limit themselves to the generalized information contained in the present section. Chimimport has prepared its financial report as of 31 December 2008, 2007 and 2006 in accordance with the International Financial Reporting Standards. The financial information in this section is extracted without material modifications from the annual financial reports of Chimimport for 2007 and 2006, and the interim financial reports of the Issuer as of 31 December 2008, and the related attachments thereto, or from the accounting records of Chimimport, on the basis of which the respective annual reports were prepared.

This section contains forward-looking statements. These statements, concerning future periods, are connected with risks, uncertainty and other factors, as a result of which the future results of Chimimport's operations or cash flows may differ significantly from those laid out in the present section.

General

This operating and financial review of Chimimport should be read in conjunction with the unaudited interim consolidated financial report of Chimimport as of 31 December 2008, consolidated financial reports of Chimimport for the years 2007 and 2006 ending on 31 December, audited by Grant Thornton OOD, as well as the individual financial reports of Chimimport for the years 2008, 2007 and 2006 ending 31 December, audited by Grant Thornton OOD. Chimimport keeps its accounts and prepares its financial reports in accordance with the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board (IASB), on the basis of the respective edition applicable for each reporting period, and the respective interpretations issued by the IFRS Interpretations Committee (IFRSIC).

Significant Factors Affecting Results of Operations

Since Chimimport operates exclusively through its subsidiaries, the factors that affect the operating results of the companies within the Group are the factors that affect to the greatest extent its operating results. The Group's operating results are affected by a number of factors, including growth policy effects, macroeconomic conditions in Bulgaria, competition, legislative changes, weather conditions, seasonal fluctuations, taxation, changes in foreign exchange rates, and the volatility of prices of oil and oil products.

Growth Policy Effect

The Group has so far developed its operations in Bulgaria through acquisitions of companies and assets and Chimimport expects such acquisitions to continue in the future as well. The Group's assets increase from BGN 1,632 million in 2006 to BGN 2,747 million in 2007 and reach BGN 3,272 million as of 31 December 2008. The Group's net operating result increases from BGN 60.8 million in 2006 to BGN 136.3 million in 2007. The net operating result of the Group for 2008 is BGN 143.2 million.

Macroeconomic Conditions in Bulgaria

The group operates in Bulgaria and its income is generated in Bulgarian leva. The Group's operations are related to the overall economic situation in the country, the successful application of the economic reforms moving the market, the growth of the Gross Domestic Product and of the purchasing power of Bulgarian consumers. The macroeconomic stability and continuing application of market economy policy and the country's integration within the European Union should have a beneficial effect on the economy of Bulgaria and improve the environment in which the Group operates. On the other side, the Bulgarian economy is significantly affected by the global financial crisis, mainly in aspect of decreasing external consumption and rapid drop in the financial flows to the country, including direct foreign investments. These factors, together with the expected decrease in the internal consumption will probably lead to slow down of the real growth of the economy in 2009.

Competition

The Group operates within a highly competitive market with fully liberalized price mechanisms. As a member of the European Union Bulgaria is significantly more attractive to foreign investments and the operation of foreign and primarily European companies within the country is greatly facilitated. This applies in particular to the financial services sector, which is strategic to the Group, due to the possibility for loan, insurance and other financial institutions licensed in other EU-member countries to conduct business directly in Bulgaria within a free market of services. Competitors' policy is often hard to predict and this may affect the Group's operating results in the future.

Legislative and regulatory changes

The Group's operating results are influenced by the existing legislation in Bulgaria and its periodic amendments. The process of harmonization of Bulgarian legislation and regulatory practice with these of the EU continues, and this will continue to affect significantly the environment in which the Group operates and its results.

Weather conditions and seasonal fluctuations

The Group's results are significantly influenced by changes in weather conditions (the Group's crops business, CCB's priority in loans is the agricultural sector), as well as the seasonal fluctuations in the demand for certain services (aviation transport etc.).

Corporate tax reduction

The Group's net operating results have been positively influenced by the decrease of corporate tax, which took place several times in Bulgaria in recent years: from 19.5% to 15% to its present rate of 10%.

Foreign exchange rates

The Group prepares its consolidated financial statements under IFRS in Bulgarian leva. As of 1997 the Bulgarian lev has been pegged to the Deutche mark and later to the euro. Currently the exchange rate is fixed at EUR 1.00 = BGN 1.95583. Since the exchange rate of the Bulgarian lev to the euro is fixed, the exchange rate of the euro to the US dollar directly affects the exchange rate of the US dollar to the Bulgarian lev. Fluctuations in exchange rates affect parts of the Group's operations, in particular prices of crude oil, which are denominated in US dollars, determine the prices of oil products.

Fluctuations in the prices of crude oil and oil products

Fluctuations in the prices of crude oil and oil products affect the Group's sales and cost of sales. An increase in the prices of crude oil leads to increased sales, but at the same time may lead to a decrease in demand of oil products and an adjustment of margins in response to this slump in demand.

Critical Accounting Policies

The significant accounting policies that have been used in the preparation of the financial statements (both consolidated and individual) are summarized below.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and certain financial assets and liabilities.

The most important and essential accounting policies applied by Chimimport are:

Investments in Subsidiaries

Subsidiaries are all entities, which are under the control of the Issuer. The control over the subsidiaries is exercised through the power to control the financial and operating policies of the subsidiaries so that profits are gained as a result of its activities. In Chimimport's individual statements investments in subsidiaries are recognized at cost.

The purchase method is applied in the consolidated reporting for the subsidiaries acquired, which includes revaluation in accordance with the fair price of all identifiable assets and liabilities, provisional assets of the subsidiary as of the date of acquisition, regardless of whether they have been included in the financial statements of the subsidiary before its acquisition. In the event of initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet with their revalued values, which are used as the basis for subsequent revaluation in accordance with the accounting policy of the Group. Goodwill is the excess of the acquisition value over the fair value of the acquired identifiable assets and liabilities over the share of the Group in the net identifiable assets of the subsidiary acquired as of the date of acquisition.

Investments in Associates

Associates are the enterprises over which the Issuer is able to exert a significant influence but which are not subsidiaries or jointly controlled companies. Investments in associates are initially recognised at cost and subsequently accounted for, using the equity method.

Acquired investments in associates are also subject to purchase accounting. Goodwill or adjustments in relation to the fair value of the investor's share in the associated enterprise are reflected in the value of the investment.

Any subsequent changes in the volume of Chimimport's holding in the capital of an associated enterprise are reflected in the balance sheet value of the investment. Any changes, arising from the net result generated by the associated company, are reflected in the Group's consolidated income statement in the line item for profit (loss) from investments in associates. In this way, the financial result of the associated enterprise has an impact on the financial result of the Group. These changes may include subsequent depreciation, amortisation or impairment of the fair value of assets and liabilities. Changes, which have been reflected directly in the capital of the associated enterprise, for example, as a result of reporting for financial instruments, are reflected in the Group's consolidated capital. Any changes in the capital of the associated enterprise, which do not generate income, for example, the distribution of dividends or other transactions with the shareholders in the associated company, are accrued against the received or provided proceeds. Such transactions do not change the capital or net financial result of the Group for the period. In the cases when the Group's share in the generated loss of the associated enterprise is equal to or exceeds the amount of the investment, the Group does not recognise its share in the further losses of the associated enterprise. Additional loss is reported for only to the extent to which the investor has taken on obligations or has made payments on behalf of the associated enterprise.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign Currency Translation

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

Foreign currency transactions are translated into the functional currency of the Issuer 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 under "other financial income and expense''.

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 ratio 1:1. Following the introduction of the EURO, the BGN was fixed to the Euro at a rate of EUR 1 = BGN 1.95583.

Revenues and expenses

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 Chimimport. 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 Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 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. Expenses for guarantees are recognised and charged against the provision made when the related revenue is recognised. Dividends received, other than those from investments in associates, are recognized at the time of their distribution.

The interest income and expenses are recognised on a pro rata time basis as the effective interest method is applied and the difference between the sum during the initial recognition of the respective asset or liability and the sum at maturity is depreciated.

Loans Received

All borrowing costs are expensed as incurred, according to IAS 23 Borrowing costs.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Goodwill

The excess of the acquisition cost over the fair value of the identifiable assets and liabilities acquired as of the date of the exchange transaction represents goodwill and it is recorded as an asset.

The excess of the fair value of the identifiable assets and liabilities acquired over the acquisition cost as of the date of the exchange transaction is negative goodwill.

In accordance with IFRS 3 Business Combinations, positive goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Negative goodwill is recognised as income in the Income Statement immediately after the acquisition.

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 according to benchmark treatment. Impairment losses are recognized in the current period income statement.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized in the consolidated financial statements 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, flow to the Group. All other subsequent expenditures are recognized as an expense in the period, in which they have 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 in shorter.

The useful lives of property, plant and equipment can be summarized as follows:

• Buildings	25 years
• Machines and plants	5 years
• Technical equipment	from 4 to 25 years
• Vehicles	from 4 to 10 years
• Ships	30 years
• Fixtures and fittings	7 years
• Others	7 years

The recognition threshold, selected by the Issuer for tangible fixed assets amounts to BGN 500.

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. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition.

After initial recognition, according to the benchmark treatment, an intangible asset is carried at its cost less any accumulated amortisation 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 recognised 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.

- software 2 years
- others 2 – 7 years

Any expenses for amortisation of intangible assets are shown in the line for expenses for non-financial activities in the Income Statement.

Depreciation and Amortisation

The net book value of the Issuer's assets is reevaluated as of the date of the preparation of the balance sheet in order to determine if there are any indications that the value of the given asset is impaired.

For the purposes of assessing impairment, the assets of the company 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 that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In cases where the recoverable value of an asset is lower than its book value, the latter must be decreased to that book value. Such decrease is an impairment loss.

The recoverable value is the higher of the net sale price of an asset in a market environment and the current value based of the present value of the future cash flows expected to be received during its useful life.

Impairment losses for units generating cash flows, to which an amount of the goodwill is attributed, are allocated to a decrease in the net book value of the assets from that unit in the following order: first on the positive goodwill, relating to the unit and then on the remaining assets, proportionate to their net book value. With the exception of the goodwill of all remaining assets of the entity as of each date of the report, the management determines if there are indications that the impairment loss recognized in the previous years does not exist anymore or has decreased.

Accounting of Lease Contracts

In accordance with IAS 17 (rev 2005), 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 time of inception of the lease at the lower of the fair value of the leased property the present value of the minimum lease payments. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable upfront at the date of inception of the lease.

The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs.

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

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

Assets subject to operating leases are presented in the balance sheet of the Issuer and are depreciated in accordance with the depreciation policy for such assets, and in the order provided by IAS 16 and IAS 38. Lease income from operating leases is recognised in income on a straight-line basis over the lease term. Any costs, including depreciation, incurred in earning the income are recognised as an expense. Lease income (excluding proceeds from services provided such as insurance and maintenance) is recognised on a straight-line basis over the lease contract term even if the proceeds are not reported on such a basis.

The initial direct costs incurred by the lessor in negotiating and arranging an operating lease contract are added to the carrying amount of the leased asset and recognised as an expense over the lease contract term on the same basis as the income.

Assets held under a finance lease agreement are presented in the balance sheet as a receivable at amount equal to the net investment in the lease. The sales revenue from assets is recognized in the current year Income statement. The recognition of the finance income is based on a pattern reflecting a constant periodic rate of return of the lessor's net investment outstanding in respect of the finance lease.

Investment Property

Investment property represents land and buildings 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 consolidated financial statements of the Issuer 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 Group

- 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 which has already been recognized in the financial statements of the Issuer, 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 derecognized by the Issuer 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.

Financial Assets

Company's financial assets include cash and financial instruments. Financial instruments, other than hedging instruments, can be divided into the following categories:

- 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 by management on initial recognition, depending on the purpose, for which the investments were acquired. The category of a financial instrument determines the method of its valuation and whether the income and expenses are carried in the Income Statement or directly in the Group's equity.

All financial assets are recognized on their transaction date.

All financial assets are initially recognized by the Issuer at fair value. Transaction costs, which are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial assets or liabilities at fair value through profit or loss.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from Issuer financial assets are recognized in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The interest payments and other cash flows related to the possession of financial instruments are recorded in the Income Statement upon their receipt, irrespective of how the net book value of the financial assets to which they pertain is valued.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to maturity if it is the intention of the Issuer’s management to hold them until maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading.

Available-for-sale financial assets include those assets, which do not qualify for inclusion in any of the other categories of financial assets: loan and receivables held – to – maturity investments and financial assets at fair value through profit or loss. All 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. The latter are measured at depreciated value in accordance with the effective interest method or at cost if they do not have a fixed maturity.

Changes in value are recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

Any loans and receivables, arising initially in the Group, are non-derivative financial assets with fixed or determinable payments, which are not quoted on an active market. The loans and receivables are subsequently measured at amortised cost, using the effective interest method less the amount of impairment. Any change in their value is recognised in the Income Statement for the period. The greater part of the Group's trade and other receivables fall into this category of financial instruments. No discounting is performed when its effect is insignificant.

Any significant receivables are tested for impairment separately when they are overdue as of the date of the Balance Sheet or when there is objective evidence that the party will not fulfil its obligations. All other receivables are tested for impairment in groups, which are determined in view of the party’s industry and region and also other credit risks, if any. In such a case, the percentage of impairment is determined on the basis of historical information about outstanding obligations of parties for every group identified.

Inventories

Inventories comprise raw materials, unfinished and purchased goods. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. At the balance sheet date, inventories are carried at the lower of cost and net realizable value. The sum of each impairment of the inventories up to their net realizable amount is recognized as an expense for the impairment period.

Net realizable value is the estimated selling price in the ordinary course of business 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 a new net realizable value is determined up to the initial value prior impairment. The inventory recovery amount is accounted for as a decrease in inventory expenses for the period, in which the recovery takes place.

The cost of inventories is assigned by the Issuer 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.

Accounting for Income Taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior 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 periods to which they relate based on the taxable profit for the year. All changes to current 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 temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognized in conjunction with goodwill. This applies also to temporary differences associated with shares in subsidiaries and joint ventures if the Issuer can control reversal of these temporary differences and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets. Deferred tax asset in relation to carried forward losses is recognized to the extent that the realization of the related tax benefits through the future taxable profits is probable.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they are able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged directly to equity (such as the re-evaluation of land) are charged or credited directly to equity.

Cash and Cash Equivalents

The Company reports as cash and cash equivalents the cash in hand, cash at bank, amounts in the accounts with the Bulgarian National Bank (BNB) and nostro accounts, which are checking accounts with other banks without limitation in their use as well as resources, loans and advance payments provided to other banks with a term to maturity of 3 months, short-term and highly liquid investments, which can be easily turned into cash equivalents and carry an insignificant risk of change in their value.

Equity and Dividend Payments

The shareholders' equity of Chimimport reflects the nominal value of the shares issued.

The premium reserve includes premiums received when equity is issued. All expenses for transactions related to the issuance of shares have been deducted from the paid-in capital.

The other reserves have been formed on the basis of the requirements of the Commercial Act 1991 for the formation of reserves.

The retained earnings include the current financial result indicated in the Income Statement and the profit accumulated from previous periods.

The obligations for payment of dividends to the shareholders are included in other short-term financial liabilities when the dividends have been approved for allocation by the General Meeting before the date of the Balance Sheet.

Pension and other Liabilities to the Personnel

The Company has not developed and does not apply plans for remunerations to the employees after resignation or other long-term remunerations and plans for remunerations after resignation or in the form of compensations with shares or with its own shares.

The Issuer reports short-term liabilities from unused holidays, which have occurred on the basis of unused paid annual holiday in the cases, in which it is expected that the holidays occur in 12 months after the date of the reporting period during which the hired persons have worked their time related to those holidays. The short-term liabilities to the personnel include wages, salaries and social security payments.

Financial Liabilities

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

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the income statement.

Bank loans are raised for funding of the Issuer's operations. They are recognized at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period, in which they arise.

Liabilities under financial lease agreements are recognized at initial value, reduced by the capital element of the leasing instalment.

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

Dividend distributions to Chimimport shareholders are recognized when the dividends are approved by the shareholders' meeting.

Other Provisions, Contingent Liabilities and Contingent Assets

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

- The Issuer has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits 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 expenditure required to settle the present obligation at the balance sheet date. In reaching the best estimate of the provision, the Company takes into account the risks and uncertainties that inevitably surround many events and circumstances as well as the effect of the time value of the money, when it is material.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The Issuer does not recognize contingent assets in the consolidated 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.

Operating Results

The tables below provide information on the components of Chimimport's net profit on an individual and consolidated basis for the financial years, ending respectively on 31 December 2008, 2007 and 2006, as well as the change in percentage of each component.

Results on an Individual Basis

The following table provide information about the financial results of Chimimport's on an individual basis for the last 3 financial years. These data are extracted from the audited individual financial statements of the Company.

	As of 31 December			Change	
	2008 (Audited)	**2007 (Audited)**	**2006 (Audited)**	**2008/2007**	**2007/2006**
	(BGN in thousands)			*(%)*	
Data from the Income Statement					
Gains on operations with financial instruments	36,099	78,303	18,375	(53.90)	326.14
Losses on operations with financial instruments	(1,109)	-	(111)	-	(100)
Net result from operations with financial instruments	34,990	78,303	18,264	(55.31)	328.73
Income from interest	18,550	7,284	3,663	154.67	98.85
Expenses for interest	(9,023)	(3,993)	(3,116)	125.97	28.15
Net income from interest	9,527	3,291	547	189.49	501.65
Foreign exchange gains	110	1,024	1,315	(89.26)	(22.13)
Foreign exchange losses	(255)	(228)	(97)	11.84	135.05
Net result form foreign exchange	(145)	796	1,218	-	(34.65)
Other financial income - net	305	(177)	19	-	-
Operating income	37,268	8,203	15,552	354.32	(47.25)
Non-current assets sales gain	18,714	-	-	-	-
Operating expenses	(8,179)	(8,030)	(4,760)	1.86	68.7
Net result from operations	47,803	173	10,792	275.31	(98.4)
Earnings before taxes	92,480	82,386	30,840	12.25	167.14
Taxes	(6,469)	97	(1,604)	-	-
Net profit	86,011	82,483	29,236	4.28	182.13
Data from the cash flows statement					
Net cash flow from operations	(70,881)	(84,002)	(10,771)	(15.62)	679.89
Net cash flow from investments	(94,716)	(237,930)	(25,044)	(60.19)	850.05
Net cash flow from financial operations	174,727	388,366	51,624	(55.01)	652.30
Gains from foreign exchange differences	(135)	19	-	-	-
Net increase / decrease of cash and cash equivalents	8,995	66,453	15,809	(86.46)	320.35

Source: Chimimport

Net Income

For the last years, Chimimport's main sources of operating income have been formed by financial operations, including transactions in securities on the BSE, interest income , income from leases and financial leases, as well as from commission transactions. The tendency for a decrease in operating income in recent years was terminated, whereas in 2008 the income from operating activity increase by BGN 29 065 thousand to BGN 37 268 thousand. . The income from operations in financial instruments decrease by 53,90% in 2008 in comparison to 2007, after the increase by 326.14% in 2007 in comparison to 2006. At the same time, the net result of these operations decreased by 55,31% in 2008 in comparison to 2007 and grew by 328.73% in 2007 compared to 2006. The interest income continues to increase by approximately 154,67% in 2008 in comparison to 2007, reaching BGN 18 550 thousand after the growth of 98,85% in 2007 in comparison to 2006.

Main Operating Expenses

Staff Costs

Staff costs are not a significant item in the total operating expenses of Chimimport in view of the minimal number of staff. Staff costs increase from BGN 631,000 in 2007 to BGN 819,000 in 2008. It must be noted that staff costs may increase, depending on the specific economic circumstances, since the management plans to draw in specialists primarily in the areas of analysis, logistics and marketing.

Depreciation and Amortisation Costs

Chimimport's costs for depreciation of tangible and amortisation of intangible non-current assets are based on the straight-line method on the valuated useful life of the individual groups of assets, as follows:

	31 December		
	2008	**2007**	**2006**
Buildings	25	25	25
Plant and equipment	5	5	5
Aircraft	10	10	10
Transportation vehicles	5	5	5
Fixtures and fittings	6.7	6.7	6.7
Intangible assets	6.6 and 5	6.6 and 5	6.6 and 5

Source: Chimimport

Depreciation of newly-acquired assets begins in the month following the month, in which they are available for use, and stops on the earlier of the date on which the asset was marked as held for sale, in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations or the date on which the asset was disposed of.

In the last year the depreciation costs of Chimimport have decreased insignificantly from BGN 2,602 thousand in 2007 to BGN 2,600 thousand in 2008.

External Services Costs

External services include various costs such as consulting, state or municipal fees, collateral security, renovation and maintenance of assets, insurance and administrative expenses (such as expenses for advertising and communication, utilities). In 2008 the external services costs amount to BGN 2 887 thousand, marking a decrease by 29,36%. In 2007 the external services costs increased by 203.87 % to BGN 4,087 thousand against 2006, compared with BGN 1 345 thousand in 2006.

Materials and Consumables Used

Expenses with regard to materials and consumables used mainly pertain to expenses for office consumables and are an insignificant item of the total expenses of the Company.

Other Operating Expenses

The other operating expenses include various other types of expenses, such as alternative taxes under the Corporate Income Taxation Act, retired fixed assets and materials and amortization of assets, expenses for trips, fines, compensation payments, deficits. In 2008 the other operating expenses of Chimimport AD amount to BGN 1,788 thousand against BGN 519 thousand in 2007 and BGN 285 thousand in 2006.

Operating Profit

Chimimport AD's operating profit in 2008 increases to BGN 47,803 thousand in comparison to BGN 173 in 2007, and BGN 10,792 thousand in 2006.

Net Income from Financial Operations

Chimimport's income and expenses from financial operations consist of its income and expenses in connection with interest payments, net foreign exchange rate differences, and operations in financial instruments. Interest expenses are expenses paid by Chimimport on bank loans, temporarily borrowed funding, and deposits of subsidiaries. In 2008 interest expenses increased to BGN 9,023 thousand against BGN 3,993 thousand in 2007. In 2006 interest expenses amounts to BGN 3,116 thousand.

Interest rate gains come primarily from interest-bearing loans and temporary financing provided to subsidiaries of Chimimport. The terms of these loans do not differ form the usual conditions for providing temporary financing between non-related parties. In 2008 the interest income increases to BGN 18,550 thousand in comparison to BGN 7,284 thousand in 2007. The net interest income for the last year increases by 189.49% and amounts to BGN 9,527 thousand.

Taxation

The Group's expenses on income tax are the amount of tax currently payable plus deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit is different from the earnings before taxation, described in the income statement, since it excludes the items of income and expenses that are subject to taxation or deduction in other years and the items that are never subject to taxation or deduction. The current tax obligations of the Group are calculated by using tax rates that have or will become effective as of the date of preparation of the balance sheet.

Deferred tax is tax that is expected to be paid or refunded form the difference between the carrying value of assets and liabilities in the financial statements and the respective tax base used in the calculation of the taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is calculated at tax rates that are expected to be effective during the period when the liabilities are paid or the assets are realised.

In accordance with the Bulgarian Corporate Income Taxation Act the following tax rates have been applied in calculating the tax liability:

	2008	**2007**	**2006**
Corporate tax	10.0%	10.0%	15.0%

In 2008 the tax liabilities of Chimimport increased to BGN 6,469 thousand against BGN 567thousand for 2007. For 2006 they amounts to BGN 1,895 thousand. The tax liabilities have been paid within the deadline for presentation of the tax declarations for the respective years.

Net Profit

Due to the factors mentioned in the above analysis, the net profit of Chimimport increased to BGN 86,011 thousand in 2008, against BGN 82,483 thousand in 2007 and BGN 29,236 thousand in 2006.

Results on a Consolidated Basis

The next table presents information about the financial results of Chimimport on a consolidated basis. The information for 2006 and 2007 was obtained from the audited consolidated financial statements of Chimimport for the respective years. The data for 2008 was obtained from the unaudited interim consolidated statement of the Company as at 31 December 2008.

	As of 31 December			Change	
	2008 (Unaudited)	2007 (Audited)	2006 (Audited)	2008/2007	2007/2006
	(BGN in thousands)			(%)	
Data from the Income Statement					
Income from non-financial activities	736,052	520,028	256,182	41.54%	102.99%
Expenses for non-financial activities	(685,519)	(482,350)	(227,165)	42.12%	112.33%
Net result from non-financial activities	50 533	37,678	29,017	34.12%	29.85%
Income from insurance	220,700	135,537	85,475	62.83%	58.57%
Expenses for insurance	(210,496)	(123,794)	(77,790)	70.04%	59.14%
Net result from insurance	10,204	11,743	7,685	-13.11%	52.80%
Income from interest	121,684	93,622	66,938	29.97%	39.86%
Expenses for interest	(61,619)	(41,274)	(32,558)	49.29%	26.77%
Net income from interest	60,065	52,348	34,380	14.74%	52.26%
Gains on operations with financial instruments	259,664	197,919	68,893	31.20%	187.28%
Losses on operations with financial instruments	(183,278)	(68,536)	(31,443)	167.42%	117.97%
Net result from operations with financial instruments	76,386	129,383	37,450	-40.96%	245.48%
Administrative expenses	(135,214)	(107,634)	(76,786)	25.62%	40.17%
Negative goodwill	27,920	4,409	17,119	533.25%	-74.24%
Result form investments in associates	8,308	(203)	519	-	-139.11%
Other financial income - net	38,628	21,255	23,558	81.74%	-9.78%
Result for distribution to insurance accounts	16,919	(7,860)	(6,034)	-	30.26%
Earnings before taxes	153,749	141,119	66,988	8.95%	110.66%
Taxes	(10,564)	(4,829)	(6,218)	118.76%	-22.34%
Net profit	143,185	136,290	60,770	5.06%	124.27%
Data from the cash flows statement					
Net cash flow from operations	(150,858)	267,806	154,083	-	73.81%
Net cash flow from investments	(262,216)	(27,364)	(114,815)	858.25%	-76.17%
Net cash flow from financing of operations	186,782	141,879	97,067	31.65%	46.17%
Net increase / decrease of cash and cash equivalents	(226,467)	382,321	136,335	-	180.43%

Source: Chimimport AD

A Brief Analysis

Chimimport's interim unaudited consolidated report as at 31 December 2008 presents information about 64 subsidiaries and 8 associates. Main part of these revenues is formed in the financial sector (banking, insurance and general finance). At the same time, the revenue from non-financial operations grew at a significant pace as well (mainly production and transport).

In almost all line items of the Income Statement, the net result went up in comparison to the previous reporting period while there was a decrease only in the net result from insurance (-13.11%) and the net result from operations with financial instruments (-40.96%). The most considerable increase was recorded for negative goodwill (where the growth for 2008 in comparison to 2007 is 533.25%) and the result from investments in associates. The profit before taxation in 2008 grew by 8.95% in comparison to the profit before taxation in 2007 and the net profit – by 5.06% when compared to the previous year 2007.

For the purpose of consolidation, in 2006 and 2007 Chimimport's interests are grouped formally in the following sectors:

- manufacturing;
- commerce;
- transport;
- insurance;
- banking;
- finances;
- pension funds.

In 2008 Chimimport adopted a new approach in reporting the Group activity according to sectors, whereas the segmentation was changed in the following manner:

- production;
- financial sector;
- transport sector;
- real estates;
- construction and engineering sector.

The following tables present Chimimport's income statements for 2006, 2007 and 2008, segmented by sectors and the respective amounts for elimination at consolidation. To make a comparative analysis, reporting the Group activity for 2007 was presented according to the two adopted methods of segmentation.

Business Segments 31 December 2006 (Audited)	Manufacturing BGN ’000	Commerce BGN ’000	Transport BGN ’000	Insurance BGN ’000	Banking BGN ’000	Finances BGN ’000	Pension funds BGN ’000	Consolidation BGN ’000	Group BGN ’000
Income from non-financial operations	82,943	29,924	135,562	-	2,561	16,285	14	(11,107)	256,182
Expenses on non-financial operations	(76,721)	(29,181)	(130,405)	-	-	-	-	9,142	(227,165)
Net result from non-financial operations	**6,222**	**743**	**5,157**	**-**	**2,561**	**16,285**	**14**	**(1,965)**	**29,017**
Income from insurance	-	-	-	87,790	-	-	-	(2,315)	85,475
Expenses on insurance	-	-	-	(77,892)	-	-	-	102	(77,790)
Net result from insurance	**-**	**-**	**-**	**9,898**	**-**	**-**	**-**	**(2,213)**	**7,685**
Income from interest	782	500	24	23	63,822	3,728	205	(2,146)	66,938
Expenses on interest	(1,746)	(1,427)	(1,796)	(39)	(26,224)	(3,472)	-	2,146	(32,558)
Net income from interest	**(964)**	**(927)**	**(1,772)**	**(16)**	**37,598**	**256**	**205**	**-**	**34,380**
Gains on operations with financial instruments	3,754	945	9	28,747	16,225	18,725	32,994	(32,506)	68,893
Losses from operations with financial instruments	(16)	-	-	(4,497)	(6,006)	(119)	(23,569)	2,764	(31,443)
Net result from operations with financial instruments	**3,738**	**945**	**9**	**24,250**	**10,219**	**18,606**	**9,425**	**(29,742)**	**37,450**
Administrative expenses	-	-	-	(14,095)	(61,446)	(5,569)	(1,026)	5,350	(76,786)
Other financial income/(expenses)	(376)	(26)	(1,092)	(92)	23,843	1,227	1,045	(891)	23,638
Result from investments in associates under the equity method	17	-	-	-	-	-	-	502	519
Negative goodwill	-	-	-	-	-	-	-	17,119	17,119
Income for distribution to insurance accounts	-	-	-	-	-	-	(6,034)	-	(6,034)
Result for the period before taxes	**8,637**	**735**	**2,302**	**19,945**	**12,775**	**30,805**	**3,629**	**(11,840)**	**66,988**
Tax expenses	(988)	(158)	(98)	(2 448)	(762)	(1 611)	-	(153)	(6 218)
Net result for the period	**7,649**	**577**	**2,204**	**17,497**	**12,013**	**29,194**	**3,629**	**(11,993)**	**60,770**

Source: Chimimport

Business Segments 31 December 2007 (Audited)	Manufacturing BGN ’000	Commerce BGN ’000	Transport BGN ’000	Insurance BGN ’000	Banking BGN ’000	Finances BGN ’000	Pension funds BGN ’000	Consolidation BGN ’000	Group BGN ’000
Income from non-financial operations	112,959	58,912	399,027	240	8,132	9,528	-	(68,770)	520,028
Expenses on non-financial operations	(97,909)	(51,135)	(397,310)	-	-	-	-	64,331	(482,023)
Net result from non-financial operations	**15,050**	**7,777**	**1,717**	**240**	**8,132**	**9,528**	**-**	**(4,439)**	**38,005**
Income from insurance	-	-	-	141,457	-	-	-	(5,920)	135,537
Expenses on insurance	(28)	(5)	-	(125,899)	-	-	-	2,138	(123,794)
Net result from insurance	**(28)**	**(5)**	**-**	**15,558**	**-**	**-**	**-**	**(3,782)**	**11,743**
Income from interest	651	649	765	122	92,264	7,412	300	(8,541)	93,622
Expenses on interest	(1,325)	(2,193)	(7,634)	(124)	(34,100)	(4,437)	(2)	8,541	(41,274)
Net income from interest	**(674)**	**(1,544)**	**(6,869)**	**(2)**	**58,164**	**2,975**	**298**	**-**	**52,348**
Gains on operations with financial instruments	7,573	389	12,211	36,844	24,622	84,945	65,571	(34,236)	197,919
Losses from operations with financial instruments	(139)	(29)	(746)	(18,533)	(11,001)	-	(40,213)	2,125	(68,536)
Net result from operations with financial instruments	**7,434**	**360**	**11,465**	**18,311**	**13,621**	**84,945**	**25,358**	**(32,111)**	**129,383**
Administrative expenses	-	-	-	(18,759)	(81,698)	(9,513)	(2,286)	4,622	(107,634)
Negative goodwill	-	-	-	-	-	-	-	4,409	4,409
Other financial income/(expenses)	(151)	(316)	(4,300)	(224)	23,965	620	1,842	(508)	20,928
Result from investments in associates under the equity method	-							(203)	(203)
Income for distribution to insurance accounts	-	-	-	-	-	-	(7 860)	-	(7 860)
Result for the period before taxes	**21,631**	**6,272**	**2,013**	**15,124**	**22,184**	**88,555**	**17,352**	**(32,012)**	**141,119**
Tax expenses	(1,954)	(642)	(43)	(213)	(2,090)	133	(20)	-	(4,829)
Net result for the period	**19,677**	**5,630**	**1,970**	**14,911**	**20,094**	**88,688**	**17,332**	**(32,012)**	**136,290**

Source: Chimimport

Business Segments 31 December 2007 (Audited)	Production BGN ’000	Financial Sector BGN ’000	Transport Sector BGN ’000	Real Estate BGN ’000	Construction and Engineering BGN ’000	Consolidation BGN ’000	Group BGN ’000
Income from non-financial activities from external clients	158,749	13,383	397,832	7,997	825	(58,758)	520,028
Inter-segment income	4,159	4,517	1,195	-	141	(10,012)	-
Total income from non-financial activities	**162,908**	**17,900**	**399,027**	**7,997**	**966**	**(68,770)**	**520,028**
Net result from non-financial activities	**18,258**	**17,900**	**1,717**	**4,595**	**(24)**	**(4,768)**	**37,678**
Insurance income from external clients	-	139,319	-	-	-	(3,782)	135,537
Inter–segment insurance income	-	2,138	-	-	-	(2,138)	-
Total Insurance income	**-**	**141,457**	**-**	**-**	**-**	**(5,920)**	**135,537**
Net profit from insurance	**-**	**15,558**	**-**	**-**	**-**	**(3,815)**	**11,743**
Interest income	766	100,097	765	489	45	(8,540)	93,622
Interest expense	(3,336)	(38,662)	(7,634)	(172)	(10)	8,540	(41,274)
Net interest income	**(2,570)**	**61,435**	**(6,869)**	**317**	**35**	**-**	**52,348**
Gains from transactions with financial instruments from external clients	7,962	195,196	12,211	-	-	(17,450)	197,919
Inter-segment gains from financial instruments transactions	-	16,786	-	-	-	(16,786)	-
Total gains from transactions with financial instruments	**7,962**	**211,982**	**12,211**	**-**	**-**	**(34,236)**	**197,919**
Net profit from transactions with financial instruments	**7,794**	**142,235**	**11 ,65**	**-**	**-**	**(32,111)**	**129,383**
Administrative expenses	-	(112,186)	-	(35)	-	4,587	(107,634)
Negative goodwill	-	-	-	-	-	4,409	4,409
Other financial income/(expense)	(426)	26,541	(4,300)	(42)	(1)	(517)	21,255
Result from investments in equity accounted associates	18	(221)	-	-	-	-	(203)
Allocation to secured persons	-	(7,860)	-	-	-	-	(7,860)
Profit for the year before tax	**23,074**	**143,402**	**2,013**	**4,835**	**10**	**(32,215)**	**141,119**
Tax expenses	(2,109)	(2,190)	(43)	(487)	-	-	(4,829)
Net result for the period	**20,965**	**141,212**	**1,970**	**4,348**	**10**	**(32,215)**	**136 290**

Source: Chimimport

Business Segments 31 December 2008 (Unaudited)	Production BGN ’000	Financial Sector BGN ’000	Transport Sector BGN ’000	Real Estate BGN ’000	Construction and Engineering BGN ’000	Consolidation BGN ’000	Group BGN ’000
Income from non-financial activities from external clients	248,389	62,385	495,220	418	1,646	(72,006)	736,052
Inter-segment income	69,625	6,817	29,775	-	1,103	(107,320)	-
Total income from non-financial activities	**318,014**	**69,202**	**524,995**	**418**	**2,749**	**(179,326)**	**736,052**
Net result from non-financial activities	**20,391**	**53,428**	**28,080**	**36**	**629**	**(52,031)**	**50,533**
Insurance income from external clients	-	220,700	-	-	-	-	220,700
Inter–segment insurance income	-	6,678	-	-	-	(6,678)	-
Total Insurance income	**-**	**227,378**	**-**	**-**	**-**	**(6,678)**	**220,700**
Net profit from insurance	**-**	**16,191**	**-**	**-**	**-**	**(5,987)**	**10,204**
Interest income	3,329	134,762	2,363	267	45	(19,082)	121,684
Interest expense	(9,500)	(55,103)	(16,027)	(47)	(24)	19,082	(61,619)
Net interest income	**(6,171)**	**79,659**	**(13,664)**	**220**	**21**	**-**	**60,065**
Gains from transactions with financial instruments from external clients	16,311	213,749	27	-	-	29,577	259,664
Inter-segment gains from financial instruments transactions	71	25,857	-	-	-	(25,928)	-
Total gains from transactions with financial instruments	**16,382**	**239,606**	**27**	**-**	**-**	**3,649**	**259,664**
Net profit from transactions with financial instruments	**16,076**	**30,749**	**(272)**	**-**	**-**	**29,834**	**76,387**
Administrative expenses	**(9,989)**	**(121,229)**	**(6,330)**	**(18)**	**(572)**	**2,924**	**(135,214)**
Negative goodwill	-	-	-	-	-	27,920	27,920
Other financial income/(expense)	(2,000)	43,066	(1,871)	(31)	(1)	(535)	38,628
Result from investments in equity accounted associates	5	314	8,089	(100)	-	-	8,308
Allocation to secured persons	-	16,919	-	-	-	-	16,919
Profit for the year before tax	**18,312**	**119,097**	**14,032**	**107**	**77**	**2,124**	**153,749**
Tax expenses	(1,940)	(7,912)	(712)	-	-	-	(10,564)
Net result for the period	**16,372**	**111,185**	**13,320**	**107**	**77**	**2,124**	**143,185**

Source: Chimimport

Liquidity and Capital Resources

Individual basis

The main capital requirements for Chimimport consist of the main needs of working capital, debt servicing, and funding of investments. The main sources of liquidity for the Company are the cash balance, the long-term and short-term borrowings, the temporary deposit of free cash of its subsidiaries and issuing of share capital (in 2006 and 2007). The fluctuations in foreign exchange rates and interest rates affect the liquidity and the capital resources of the company, but the influence of foreign exchange rates is insignificant in view of the relatively small share of operations in foreign currency.

Cash Flows

The following tables show the cash flows of Chimimport for the years ending on 31 December 2008, 2007 and 2006:

Cash flows	**2008 (Audited)**	**2007 (Audited)**	**2006 (Audited)**
		(BGN in thousands)	
Net cash flows from operations	(70,881)	(84,002)	(10,771)
Cash flows form investments	(94,716)	(237,930)	(25,044)
Cash flows form financial operations	174,727	388,366	51,624
Gains from foreign exchange differences	(135)	19	-
Net increase / decrease of cash	8,995	66,453	15,809
Net cash balance	92,845	26,392	10,583
End cash balance	101,840	92,845	26,392

Source: Chimimport

For the year ending on 31 December 2008, the Issuer used for its main activities over BGN 70 million in comparison to BGN 84 million a year earlier. In 2006 Chimimport used a net of BGN 10.8 million. This relatively low amount in 2006 is the result of the transferred trading operations of Chimimport’s subsidiaries.

Chimimport used BGN 94.7 million for investment activities in 2008 in comparison to BGN 237.9 million in 2007 and BGN 25.04 million in 2006. The decrease during the last year is mainly due to the decreased expenses for participations in subsidiaries and associates. The main proceeds from investment activities in 2008 came from the sale of fixed financial assets.

The main payments related to the financial activity are for loans and they went up in 2008 in comparison to the previous year, whereas the main revenues come from obtained long-term loans.

The positive cash flow in 2008 was formed primarily by obtained long-term loans, whereas in 2007 - mainly by the issuance of new shareholders’ equity in the second half of the year (and also in 2006) and by proceeds from loans.

The effect of the operations described above on the final condition of the cash funds of Chimimport is an increase in cash from BGN 92.8 million in 2007 to BGN 101.84 million in 2008, compared to BGN 26.39 million in 2006.

Consolidated basis

The main sources of liquidity for the Group are the cash balance, the long-term and short-term borrowed funds (including the issue of convertible bonds, placed in 2008) and the issue of share capital by Chimimport and its subsidiaries. The fluctuations in the foreign exchange rates and the interest rates have an impact on the liquidity and the capital resource of the Group, whereas the impact of the foreign exchange differences is insignificant considering the scope of the operations in foreign exchange.

Cash flows

The following table indicates the cash flows of the Group for the years, ending on 31 December 2008, 2007 and 2006.

Cash flows	**2008 (Unaudited)**	**2007 (Audited)**	**2006 (Audited)**
		(BGN in thousands)	
Net cash flows from operations	(150,858),	267,806	154,083
Cash flows form investments	(262,216)	(27,364)	(114,815)
Cash flows form financial operations	186,782	141,879	97,067
Gains from foreign exchange differences	(175)	-	-
Net increase / decrease of cash	(226,467)	382,321	136,335
Net cash balance	748,869	366,548	230,213
End cash balance	522,402	748,869	366,548

Source: Chimimport

In 2008 the Group spent on a net basis for main business over BGN 150 million in comparison to nearly BGN 268 million a year earlier. For the year, ending on 31 December 2006 the Group spent on a net basis BGN 154.1 million.

Chimimport spent on a consolidated basis BGN 262,2 million in investment activities for 2008, in comparison to BGN 27.4 million for 2007 and BGN 114.8 million for 2006. The decrease in 2007 is mainly due to the decreased expenses for interests in subsidiaries and associates. The main income from investment activity in 2008 is from the sale of long-term financial assets, and the remaining payments are for the acquisition of long-term financial instruments.

The main payments, concerning the financial activity are for obtained loans, whereas they increase in 2008 in comparison to the previous year and the main revenue is from obtained long-term loans.

The end state of the cash of Chimimport is a cash decrease to BGN 522.4 million in 2008, preceded by an increase to BGN 748.9 in 2007, compared with BGN 366.5 million in 2006.

Analysis of Chimimport's Financial Condition

Assets

The tables below show the main groups of Chimimport's assets as of 31 December 2008, 2007 and 2006, as well as the percentage of change for each position on an individual and consolidated basis. On an individual basis the data have been obtained from the audited individual financial statements of Chimimport for the respective year. On a consolidated basis the data have been obtained from the audited consolidated financial statements of the company for 2006 and 2007 and respectively from the unaudited interim consolidated statements as at 31 December 2008.

Individual Data

	As of 31 December			Change	
	2008 (Audited)	2007 (Audited)	2006 (Audited)	2008/2007	2007/2006
	(BGN in thousands)			(%)	
Non-current assets					
Property, plant and equipment	20,095	21,833	20,074	-7.96%	8.79%
Intangible assets	602	247	495	143.72%	-50.10%
Investment property	1,096	1,175	1,253	-6.72%	-6.23%
Investments in subsidiaries	391,454	359,783	151,995	8.80%	136.71%
Investments in associates	60,348	18,767	27,935	221.56%	-32.82%
Long-term financial assets	1,332	114	30,072	1,068.4%	-99.62%
Long-term receivables from related parties	157,634	81,469	1,000	93.49%	8,046.9%
Long-term receivables	6,462	14,164	11,847	-54.38%	19.56%
Deferred tax assets	6	-			
Total	639,029	497,552	244,671	28.43%	103.36%
Current assets					
Inventory	88	155	302	-43.23%	-48.68%
Receivables form related parties	57,914	25,011	20,216	131.55%	23.72%
Short-term financial assets	5,389	11,742	1,864	-54.10%	529.94%
Advance payments for purchase of financial instruments	-	61,289	-	-	-
Loans granted	121,279	74,499	9,037	62.79%	724.38%
Trade receivables	70,073	4,179	3,899	1576.79%	7.18%
Other receivables	18,851	10,705	7,274	76.10%	47.17%
Cash	101,840	92,845	26,392	9.69%	251.79%
Total	375,434	280,425	68,984	33.88%	306.51%
Total assets	1,014,463	777,977	313,655	30.40%	148.04%

Source: Chimimport

The total amount of Chimimport's assets grew by 30.40% for 2008 in comparison to 2007 and 148.04% in 2007 in comparison to 2006.

The Company's non-current assets grew by 28.43% in 2008 in comparison to 2007 and 103.36% in 2007 in comparison to 2006. The main components which have an impact on the change are the newly-acquired planes in 2006, the funds invested in subsidiaries and in increasing the capital of existing companies and also in acquiring control over new subsidiaries and long-term receivables (including from related parties). During last year the investments in associates increased with the highest rate, reaching BGN 60,348 thousand, followed by the long-term receivables from related parties, which increase by 93.49%.

Chimimport's current assets increased by 33.88% for 2008 and 306.51% in 2007 in comparison respectively to 2007 and 2006.

The main changes during the last year are in the commercial receivables and the receivables from related parties, whereas during the previous year can be found in the advances provided for the purchase of financial instruments which amounted to BGN 61.29 million in 2007 given the lack of such in previous years of the period under review. In 2008 no such advances were granted. The decrease in inventories continued as it is related to limiting Chimimport's trade operations by 43.23% in 2008 and 48.68% in 2007 in comparison respectively to 2007 and 2006.

There is an increase in the short-term loans provided – by 62.79% in 2008 in comparison to 2007 and by 724.38% for 2007 in comparison to 2006. During the historical period under review, there is also a significant increase in cash – by 9.69% for 2008 in comparison to 2007 and 251.79% in 2007 in comparison to 2006 to BGN 101.84 million.

Consolidated Data

	As of 31 December			Change	
	2008 (Unaudited)	**2007 (Audited)**	**2006 (Audited)**	**2008/2007**	**2007/2006**
		(BGN in thousands)		*(%)*	
Non-current assets					
Property, plant and equipment	581,646	434,285	201,454	33.93%	115.58%
Investment property	31,783	18,136	10,545	75.25%	71.99%
Goodwill	17,962	10,822	11,403	65.97%	-5.10%
Intangible assets	73,569	50,069	6,910	46.94%	624.59%
Investments in associates	133,367	26,272	26,445	407.64%	-0.56%
Long-term financial assets	961,255	674,587	479,185	42.50%	40.78%
Long-term receivables form related parties outside the Group	5,895	1,000	94	489.50%	963.83%
Deferred tax assets	1,824	1,930	412	-5.49%	368.45%
Total	1,807,301	1,217,101	736,448	48.49%	65.27%
Current assets					
Inventory	60,864	71,872	27,061	-15.32%	165.59%
Non-current assets held for sale	4,158	-	-	-	-
Short-term financial assets	498,087	438,884	358,961	13.49%	22.27%
Receivables form related parties outside the Group	41,794	35,522	6,210	17.66%	472.01%
Trade receivables	184,504	126,977	74,032	45.31%	71.52%
Other receivables	153,204	107,619	62,210	42.36%	72.99%
Cash	522,402	748,869	366,548	-30.24%	104.30%
Total	1,465,013	1,529,743	895,022	-4.23%	70.92%
Total assets	3,272,314	2,746,844	1,631,470	19.13%	68.37%

Source: Chimimport

On a consolidated basis Chimimport's total assets reach BGN 3 272 314 thousand, which is an increase on annual basis of 19.13% for 2008 and 68.37% for 2007, in comparison to 2007 and 2006 respectively.

The main factor for this growth rate is CCB's quick expansion and the new companies acquired during the period of comparison. The value of the non-current tangible assets owned by the Group increased significantly during the period of comparison as well as the long-term financial assets as a percentage. For 2008, the growth of the long-term receivables from related parties outside the Group and the investments in associates is the greatest. In total, the non-current assets grew by 48.49% in 2008 in comparison to 2007.

The current assets decrease by 4.23% in 2008 when compared to 2007. There is a considerable increase in percentage terms in the commercial and other receivables and a significant decrease in cash. At the same time, as an absolute number, the amount of short-term financial assets and cash remained the largest.

Equity and Liabilities

The tables below show the main groups of Chimimport's liabilities and equity structure as of 31 December 2008, 2007 and 2006, as well as the percentage of change for each position on an individual and consolidated basis. On an individual basis the data have been obtained from the audited individual financial statements of Chimimport for the respective year. On a consolidated basis the data have been obtained from the audited consolidated financial statements of the company for 2006 and 2007 and respectively from the unaudited interim consolidated statements as at 31 December 2008.

Individual Data

	As of 31 December			Change	
	2008 (Audited)	**2007 (Audited)**	**2006 (Audited)**	**2008/2007**	**2007/2006**
		(BGN in thousands)		*(%)*	
Non-current assets					
Property, plant and equipment	20,095	21,833	20,074	-7.96%	8.79%
Intangible assets	602	247	495	143.72%	-50.10%
Investment property	1,096	1,175	1,253	-6.72%	-6.23%
Equity					
Share capital	150,000	150,000	130,000	0	15.38
Capital not paid up	-	-	-	-	-
Increase of capital contributions	-	-	-	-	-
Share premiums	232,343	232,343	32,925	0	605.67
Other reserves	6,734	6,834	7,125	(1.46)	(4.08)
Retained earnings	148,708	66,225	36,709	124.55	80.41
Current financial result	86,011	82,483	29,236	4.27	182.13
Total equity	623,796	537,885	235,995	15.97	127.92
Liabilities					
Non-current liabilities					
Long-term bank loans	-	-	1,723	-	(100)
Long-term accounts payable	-	864	2,597	(100)	(66.73)
Long-term liabilities to related parties	292,439	178,597	7,760	63.74	2201.51
Finance lease liabilities	1,993	3,745	5,905	(46.78)	(36.58)
Deferred tax liabilities	-	-	539	-	(100)
Total	294,432	183,206	18,524	60.71	889.02
Current liabilities					
Current liabilities to related parties	58,678	12,405	27,976	373.02	(55.66)
Short-term bank loans	12,069	29,642	10,339	(59.2)	186.70
Trade payables	8,245	8,367	5,935	(1.45)	40.98
Finance lease liabilities	1,800	1,620	1,838	11.11	(11.86)
Tax payable	6,486	567	1,895	1,043.91	(70.08)
Liabilities to employees and insurance institutions	93	58	524	60.34	(88.93)
Other liabilities	8,864	4,227	10,629	109.69	(60.23)
Total	96,235	56,886	59,136	69.17	(3.80)
Total liabilities	390,667	240,092	77,660	62.72	209.16
Total equity and liabilities	1,014,463	777,977	313,655	30.40	148.04

Source: Chimimport

The long-term liabilities of Chimimport are formed from financings from related parties and liabilities under financial lease with a term of over one year.

The long-term obligations to related parties arose in 2006 in relation to a revolving credit line with Chimimport Invest. In 2008 these liabilities amount to BGN 292.44 million, which is an increase by 63.74% in comparison to the previous reporting period.

The short-term liabilities for the period of comparison remained almost unchanged in amounts, while the net change for the three-year period is from BGN 59.1 million in 2006 to BGN 96.24 million in 2008. The greatest growth is registered for tax liabilities and liabilities to related parties, whereas the latter increase by 373.02% in 2008.

There is a increase in Chimimport's equity, which grew by 15.97% in 2008 and 127.92% in 2007 when compared to 2006.

The change during the last year concerns mainly the accumulated profit, which increased by 124.55% to BGN 148.71 million. In 2006 and 2007 the increase in shareholders' equity up to BGN 150,000,000 and the premium reserve accumulated of BGN 232,343,000 after the public offering of shares in the autumn of 2006 and the capital increase against rights for the next year are the main contributors to the growth in equity.

Consolidated Data

	As of 31 December			Change	
	2008 (Unaudited)	**2007 (Audited)**	**2006 (Audited)**	**2008/2007**	**2007/2006**
		(BGN in thousands)		*(%)*	
Equity					
Equity owned by Chimimport's shareholders					
Share capital	150,000	150,000	130,000	0.00%	15.38%
Capital not paid up	-	-	-	-	-
Increase of capital contributions	-	-	-	-	-
Share premiums	232,343	232,343	32,925	0.00%	605.67%
Other reserves	(3,494)	3,678	3,199	-	14.97%
Financial result form preceding periods	243,752	124,587	70,617	95.65%	76.43%
Current financial result	127,729	119,110	53,330	7.24%	123.35%
	750,330	629,718	290,071	19.15%	117.09%
Minority interest	194,102	179,877	61,033	7.91%	194.72%
Total equity	944,432	809,595	351,104	16.65%	130.59%
Specialized reserves	97,575	59,608	38,122	63.69%	56.36%
Liabilities					
Non-current liabilities					
Liabilities to insured persons	82,563	70,722	40,061	16.74%	76.54%
Long-term financial liabilities	657,609	915,864	330,912	-28.20%	176.77%
Long-term liabilities to related parties outside the Group	168,470	146,709	7,760	14.83%	1,790.58%
Other non-current liabilities	5,147	18,109	7,921	-71.58%	128.62%
Deferred tax liabilities	12,041	11,274	1,349	6.80%	735.73%
Total	925,830	1,162,678	388,003	-20.37%	199.66%
Current liabilities					
Short-term financial liabilities	1,107,269	518,613	771,569	113.51%	-32.78%
Liabilities to related parties outside the Group	16,995	1,292	1,037	1,215.40%	24.59%
Accounts payable	180,213	195,058	81,635	-7.61%	138.94%
Total	1,304,477	714,963	854,241	82.45%	-16.30%
Total liabilities	2,230,307	1,877,641	1,242,244	18.78%	51.15%
Total equity and liabilities	3,272,314	2,746,844	1,631,470	19.13%	68.37%

Source: Chimimport

Liabilities under the consolidated statement of Chimimport amount to BGN 2,230,307 thousand in 2008 and BGN 1,877,641 thousand in 2007 against BGN 1,242,244 thousand for 2006.

The main source of liabilities in the consolidated statement of Chimimport is CCB, and at the same time there is a significant increase in the short-term financial liabilities and liabilities to related parties outside the Group. The Group's equity also increases significantly, reaching BGN 944,432 thousand in 2008, including BGN 750,330 thousand owned by Chimimport's shareholders and BGN 194,102 thousand owned by the minority interest in the group.

Working capital of the Group

Chimimport believes that the Group disposes with sufficient working capital to cover its current financial need; specifically the Group disposes with funds and other liquid resource, necessary to cover its liabilities on a timely basis.

Business segments

The following tables show the interest of the individual business segments in the assets and liabilities of the consolidated statement for the years 2006, 2007 and 2008. In order to make a comparative analysis, the consolidated assets and liabilities as at 31 December 2007 according to business segments have been presented according to the two adopted methods of classification – applied before and after 2007.

Business Segments 31 December 2006 (Audited)	Manufacturing BGN ’000	Commerce BGN ’000	Transport BGN ’000	Insurance BGN ’000	Banking BGN ’000	Finances BGN ’000	Pension funds BGN ’000	Consolidation BGN ’000	Group BGN ’000
Segment assets	135,740	92,891	147,484	80,127	1,131,987	439,570	49,856	(446,185)	1,631,470
Total consolidated assets	**135,740**	**92,891**	**147,484**	**80,127**	**1,131,987**	**439,570**	**49,856**	**(446,185)**	**1,631,470**
Specialized reserves	**-**	**-**	**-**	**37,787**	**-**	**-**	**335**	**-**	**38,122**
Segment liabilities	74,094	47,636	48,053	8,862	1,015,347	82,065	40,157	(73,970)	1,242,244
Total consolidated liabilities	**74,094**	**47,636**	**48,053**	**8,862**	**1,015,347**	**82,065**	**40,157**	**(73,970)**	**1,242,244**

Source: Chimimport

Business Segments 31 December 2007 (Audited)	Manufacturing BGN ’000	Commerce BGN ’000	Transport BGN ’000	Insurance BGN ’000	Banking BGN ’000	Finances BGN ’000	Pension funds BGN ’000	Consolidation BGN ’000	Group BGN ’000
Segment assets	496,191	116,352	339,421	126,259	1,556,880	1,012,859	99,086	(1,010,204)	792,882
Total consolidated assets	496,191	116,352	339,421	126,259	1,556,880	1,012,059	99,086	(1,010,204)	792,882
Specialized reserves	-	-	-	58,460	-	-	1,148	-	59,608
Segment liabilities	214,821	54,045	203,931	13,010	1,355,535	264,926	71,471	(300,098)	1,877,641
Total consolidated liabilities	214,821	54,045	203,931	13,010	1,355,535	264,926	71,471	(300,098)	1,877,641

Source: Chimimport

Business Segments 31 December 2007 (Audited)	Production BGN ’000	Financial Sector BGN ’000	Transport Sector BGN ’000	Real Estate BGN ’000	Construction and Engineering BGN ’000	Consolidation BGN ’000	Group BGN ’000
Segment assets	557,690	2,785,759	337,549	47,204	8,430	(1,016,060)	2,720,572
Investments in equity accounted associates	158	18,386	1,872	-	-	5,856	26,272
Total consolidated assets	557,848	2,804,145	339,421	47,204	8,430	(1,010,204)	2,746,844
Specialized reserves	-	59,608	-	-	-	-	59,608
Segment liabilities	264,987	1,704,897	203,931	1,713	2,211	(300,098)	1,877,641
Total consolidated liabilities	264,987	1,704,897	203,931	1,713	2,211	(300,098)	1,877,641

Source: Chimimport

Business Segments 31 December 2008 (Unaudited)	Production BGN ’000	Financial Sector BGN ’000	Transport Sector BGN ’000	Real Estate BGN ’000	Construction and Engineering BGN ’000	Consolidation BGN ’000	Group BGN ’000
Segment assets	555,591	3,289,807	613,354	45,108	8,435	(1,373,348)	3,138,947
Investments in equity accounted associates	4,498	60,359	10,500	1,760	-	56,250	133,367
Total consolidated assets	560,089	3,350,166	623,854	46,868	8,435	(1,317,098)	3,272,314
Specialized reserves	-	97,575	-	-	-	-	97,575
Segment liabilities	252,277	2,098,485	384,034	1,108	2,131	(507,728)	2,230,307
Total consolidated liabilities	252,277	2,098,485	384,034	1,108	2,131	(507,728)	2,230,307

Source: Chimimport

DESCRIPTION OF THE SHARES AND APPLICABLE BULGARIAN LEGISLATION

Introduction

The following is a description of the principal rights attaching to the Shares, certain material provisions of the Chimimport's articles of association, the Bulgarian Public Offering of Securities Act 1999 and the Commercial Act 1991 in effect as at the date of this document. The review examines both the regulation of and the provisions applicable to the Ordinary Shares and the holders of Ordinary Shares, and the special rules applicable to the Preferred Shares and the holders of Preferred Shares.

The Public Offering of Securities Act requires the shares issued by a public company to be in registered and uncertified form. Respectively the issue and transfer of the Shares take effect on the registration of the issue or transfer, as the case may be, with the Central Depositary, which is the Bulgarian registrar of book-entry securities.

Pursuant to the articles of association of Chimimport, the latter may issue: (i) ordinary (non-preferred) shares; and (ii) preferred shares (with or without voting rights) entitling their holders to guaranteed and/or additional dividend, to a redemption privilege, as well as to all other preferences allowed pursuant to the effective laws. Pursuant to the law Chimimport cannot issue preferred shares entitling their holders to more than one vote or to additional liquidation quota.

All Shares issued by Chimimport as of the date of this document are Ordinary (non-preferred) Shares, each of which entitles its holder to 1 (one) vote at a general meeting of shareholders, to dividends when declared, and to a liquidation quota, in the event of winding-up of Chimimport, proportional to its nominal value.

Scope of activities of Chimimport

The scope of activities of Chimimport, as set out in its articles of association, includes:

1) import, export, re-export and other commercial operations with oil, chemical, oil and petro-chemical products and all other goods, which are not prohibited by law;
2) commission, delivery and store activities, commercial representation and mediation;
3) sale of goods produced by the Issuer;
4) acquisition, management and sale of shares in Bulgarian and foreign companies;
5) acquisition, management and sale of bonds;
6) financing of the companies, in which the Company participates;
7) tourism activities – management of hotels, restaurants, tourist agency and additional tourist activities.

Share Capital

At the date of this document, the Issuer's issued and outstanding share capital was BGN 149,999,984 comprising 149,999,984 Ordinary Shares with voting rights of BGN 1 nominal value each. All the issued and outstanding Ordinary Shares are fully paid-up. After the successful completion of the Offering the Issuer's issued and outstanding share capital is expected to be BGN 239,999,984 allocated into 239,999,984 Shares of BGN 1 nominal value each.

The following table shows the issued and outstanding share capital and the number of issued Shares of Chimimport according to its articles of association at the dates indicated:

	Number of issued Shares	Paid-up share capital (BGN)
31 December 2004	20,000,000	20,000,000
31 December 2005	60,000,000	60,000,000
31 December 2006 [(1)]	130,000,000	130,000,000
31 December 2007	149,999,984	149,999,984
31 December 2008	149,999,984	149,999,984

[(1)] As of April 2006 the type of the Shares is changed – from physical registered shares to dematerialised shares.

Issuance of Shares

The issued share capital of a Bulgarian public company may be increased by:

- the subscription of shares pursuant to a rights issue;
- the issue of shares on conversion of a convertible bond; or
- the payment of a dividend *in specie* in the form of new shares in the relevant company.

Pursuant to the Commercial Act the resolution for an increase of the capital of a joint-stock company through the issue of new shares has to be adopted by the general meeting of shareholders. The articles of association of the joint-stock company may delegate authority to the Board of Directors or to the Management Board under a two-tier management system to increase the share capital through the issue of new shares for a period of not more than five years after the registration with the Commercial Register of the amendment of the articles of association by which the delegation of authority is made.

In accordance with the above the articles of association of Chimimport require that the share capital increase resolution is taken by a majority of 2/3 of the shares represented at the general meeting of shareholders. In addition, the articles of association of Chimimport contain authorisation of the Management Board, subject to approval by the Supervisory Board, to adopt decisions for increase of the Issuer's capital up to BGN 250 (two hundred and fifty) million within a five-year period since the date of registration with the commercial register of the amendment of the articles of association that introduces the delegation of authority (i.e. until 15 April 2014), through the issuance of ordinary and/or preferred shares (with respect to Issuer's resolution for the Capital Increase, refer to *"General information – Capital increase and approval of this Prospectus"*).

Rights Issue

A public offering of shares pursuant to a Rights issue requires the publication of a prospectus containing detailed information relating to both the company in question and the shares offered. The prospectus must be approved by the Financial Supervision Commission.

For more information, refer to *"Description of the Shares and Applicable Bulgarian Legislation—Pre-emption Rights"*.

Issue of Convertible Bonds

The procedure for a rights issue also applies to an issue of convertible bonds by a public company.

A resolution of the shareholders in the general meeting approving a new issue of convertible bonds is effective only upon the approval of the new issue of bonds by any holders of existing convertible bonds. The issue of convertible bonds may be adopted by the general meeting of the shareholders or if by the Management Board, subject to approval by the Supervisory Board, for a five-year term (starting from 22 October 2007) and up to EUR 100 million or equivalent in other currency.

Stock in Shares

The shareholders in a general meeting have the authority to resolve to issue new shares by declaring a dividend *in specie* in the form of new shares within three months of the adoption by the shareholders in the general meeting of the audited annual financial statements of the public company for the preceding financial year. The newly issued shares are distributed *pro rata* amongst the shareholders based on their existing shareIssuers prior to the capital increase. Only persons who hold or have acquired issued shares up to the date which is fourteen days after the General meeting of shareholders' resolution to increase the share capital, corresponding to the date for dividend right acquisition (the "**Ex-dividend date**") have the right to be issued with new shares.

Registration of Increases in Share Capital

An increase in the share capital effected by any of the above methods is effective at the date of the registration of the share capital increase at the Bulgarian Commercial Court. The new shares are issued at the date of the registration of the capital increase at the Central Depositary.

Pre-emption Rights

Each holder of Shares has pre-emptive rights to subscribe for any new shares within a share capital increase *pro rata* to its existing holdings of Shares. Under Bulgarian law, pre-emption rights of shareholders in public companies may not be misapplied in any way.

Pre-emption rights on a rights issue accrue to those persons registered as shareholders at the Central Depositary on the Ex-dividend date (Rights incorporated in the securities). If the share capital increase resolution has been adopted by the management body, the pre-emption rights instead accrue to those persons registered as shareholders at the Central Depositary on the 7th day after the publication in the State Gazette of the announcement of the offering of new shares and Rights related to them. On the business day following the ex-dividend date (or the seventh day after the announcement, as appropriate) the Central Depositary opens Rights accounts in the name of the relevant shareholders based on the register at the Central Depositary at such date.

Whenever the company has issued shares of different classes the abovementioned Rights are only attributable to the shareholders in the class of shares, in which the new shares are being issued. The shareholders in other classes may exercise pre-emption rights only as long as the shareholders in the class, in which the new shares are being issued, do not exercise their right to acquire new shares proportional to their holding in the share capital before the capital increase. Therefore the holders of New Shares shall only be entitled to participate in a future capital increase through the issue of new Ordinary Shares, if the holders of Ordinary Share do not exercise their pre-emption right to participate in any such future capital increase.

The first date on which Rights may be exercised to subscribe for new shares or traded on the BSE or transferred on the OTC market is required to be specified in the announcement of the rights issue. The final date for the exercise of the Rights must be between fourteen and thirty days from the initial Rights transfer date. All Rights not exercised within this time are offered to the public by means of an auction organised by the BSE on the fifth business day after the final date for the exercising of the Rights. This auction is open for a period of one day. Each Right acquired at the auction must be exercised within ten business days of the auction.

Rights on the New Shares

General

The New Shares shall have the status of mandatorily convertible preferred shares without voting rights. They shall give their holders the right of cumulative guaranteed dividend and a guaranteed liquidation share of the assets of the Company. Under certain conditions the New Shares may or will be converted into Ordinary Shares. Save for the rights and the regime applicable to the New Shares described in this sub-section and the other relevant sub-sections of this section, the New Shares shall be subject to the general rules of the Commercial Act 1991 and the Public Offering of Securities Act 1999, applicable to the shares of a public company.

Due to the specific rights that the New Shares give to their holders, they shall form a separate class of shares. In certain cases, defined by law and/or by the Articles of Association, the passing of certain resolutions by the Company may require the consent of the holders of New Shares (acting as a general meeting of the preferred shareholders). At any such general meeting of holders of New Shares each New Share shall give the right of one vote.

Voting rights

The New Shares shall not give voting rights to their holders. Accordingly, the holders of New Shares shall not be included in the composition of the General Meeting of the Issuer, but may participate in its sessions without the right to vote.

The New Shares shall obtain voting rights upon their conversion into Ordinary Shares.

By virtue of the law the New Shares shall also obtain voting rights (without having been converted into Ordinary Shares) in any case where a dividend due on the New Shares shall not have been paid out for one year and the delayed payment is not paid out in the next year together with next year's dividends. In such case each new Share shall obtain the right of one vote until the payment of the dividend due on any such share, and New Shares shall be taken into account when estimating required quorum and majorities. Accordingly, all provisions on the convention and holding of the General Meeting shall also apply to the New Shares (for as long as they shall have voting rights).

Because the New Shares do not give voting rights, the Commercial Act requires that the passing of resolutions by the Company that restrict the rights associated with the New Shares is done with the consent of the holders of New Shares. For this purpose the Company shall convene a separate general meeting of the holders of New Shares (a preferred shareholders general meeting). This meeting shall be valid, if at least 50% (fifty per cent) of the New Shares are represented. A resolution for giving preferred shareholders' consent shall be adopted by a majority of at least ¾ (three fourths) of the represented New Shares.

Cumulative guaranteed dividend

Instead of a Ordinary Share's dividend, each New Share shall give its holder the right of a cumulative guaranteed dividend at the amount of 9% (nine per cent) of the issue price of a New Share.

Unlike dividends on Existing Shares, due to the fact that the dividend on the New Shares is guaranteed, same shall be due by the Company, irrespective of whether during the relevant year the General Meeting shall have adopted a resolution for the distribution of dividends on Ordinary Shares. Because the guaranteed dividend is cumulative, it shall be due irrespective of whether the Company shall have formed distributable profit during the relevant year.

Similarly to the dividend payments on Ordinary Shares, dividend payments on all New Shares shall be made up to the amount of the profit of the Company for the respective year, the undistributed profit from previous years, the portion of the Reserve Fund and the other funds of the Company which exceeds the minimum amounts defined by the law or the Articles of Association, decreased by uncovered losses from previous years and the amounts designated for the Reserve Fund and the other funds that the Company is required to maintain in accordance with the law or its Articles of Association.

Where, in a particular year, the assets distributable as dividends, are not sufficient to cover the amount of the dividends due on all New Shares, the Company will distribute such assets on a pro rata basis among all holders of New Shares. The remaining amount of the dividends due for the respective year, which has not been paid out, will be carried over (cumulated) to the dividends due for the next year/years. Any guaranteed dividends which have not been paid at all because the Issuer has not made any distributable profit in the relevant year, will also be carried over (cumulated) to the dividends due for the next year/years.

The Issuer will pay dividends only if and when it is legally permitted to do so.

The amount of dividends payable for any period shorter than a year will be computed on the basis of a 360-day year consisting of twelve 30-days months. The dividends due for 2009 will be a proportional part of the annual guaranteed dividend, calculated on the basis of the days remaining to the end of 2009 as of (and including) the date of registration of the Capital Increase in the Commercial Register.

There is no sinking fund with respect to dividends. However, unless all accrued, cumulated and unpaid dividends for the New Shares are paid, the Issuer will not make any dividend payments or other distributions of assets on any Ordinary Shares or other junior securities.

With regard to the relevant date for determining the right of a particular person to receive dividends the general rules of the POSA shall apply (see *"Description of the Shares and the Applicable Bulgarian Legislation – Dividends"* below).

Guaranteed liquidation share

In the event of liquidation of the Company or the declaration of its insolvency the holders of New Shares shall be entitled to a guaranteed liquidation share of the assets due for distribution among the shareholders of the Company.

Unlike the liquidation share attributable to Ordinary Shares, the liquidation share on the New Shares is for a fixed amount. The amount of the liquidation share on each New Share shall be equal to the issue price of a New Share, as defined in this Prospectus, increased with all accrued, cumulated and unpaid declared dividends.

The guaranteed liquidation share shall be paid out to the holders of New Shares after the satisfaction of all creditors of the Company and before the payment of the liquidation shares of the holders of ordinary (non-preferred) shares. Since the holders of New Shares, in their capacity of shareholders of the Company, are satisfied after all creditors of the Company, investors should note that the remaining assets which are due for distribution between the shareholders (after the satisfaction of all creditors of the Company) may not be sufficient for the satisfaction of all holders of New Shares. In such case the available distributable assets shall be distributed on a pro rata basis between all holders of New Shares.

Conversion of New Shares into Ordinary Shares

Conversion events

The New Shares may or will be converted into Ordinary Shares ("**Conversion**") in any of the following events:

a) at the end of the seventh year as from the registration of the Capital Increase with the Commercial Register – mandatory conversion of all New Shares ("**Mandatory Conversion**") (for further information, see *"Mandatory Conversion"* below);

b) at the end of the third year of the registration of the Capital Increase with the Commercial Register and with regard to all New Shares - subject to a Issuer's Management Board resolution, if (i) the officially published closing price of the Ordinary Shares is at least 50% above the Issue Price of the New Shares on 20 trading days within the 30 consecutive stock exchange sessions, preceding the expiration of that 3-year period, and (ii) the Issuer's Management Board resolution is approved by the general meeting of the Preferred Shareholders, convened by the Issuer and held not later than one month before the end of the third year, by a majority of ¾ (three fourths) of the represented at the meeting New Shares ("**Conversion at Issuer's Option**")(for further information, see *"Conversion at Issuer's Option"* below);

c) at any time before the 7 years period under (a) above expires - at the request of any holder of New Shares, with regard to all or a part of such holder's New Shares ("**Conversion at the Option of a Holder**") (for further information, see *"Conversion at the Option of the Holder"* below);

d) at any time during the Conversion Period (as defined in *"Conversion at Issuer's Option"* below) with regard to all outstanding New Shares – further to an Issuer's Management Board resolution, if less than 10% of the aggregate nominal value of the Preferred Shares are still outstanding ("**Issuer's Clean-up Conversion**").

Conversion Rate

Upon Conversion one Ordinary Share will be delivered for each New Share aotstanding ("**Initial Conversion Rate**"). The Initial Conversion Rate is subject to certain adjustments, as laid down in the section "*Adjustments to the Conversion Rate*" below ("**Adjusted Conversion Rate**", and together with the Initial Conversion Rate, "**Conversion Rate**").

The Issuer will be required, as soon as practicable after adjustment of the Conversion Rate to provide notice of the adjustment to the Preferred Shares Holders through a press release, in the manner applicable to the disclosure of regulated information, or cause such notice to be provided in any other appropriate manner.

Conversion Date

The conversion date in respect of a Preferred Shareholder (the "**Conversion Date**") shall be the business day the Central Depository registers the Conversion, made on the basis of the Conversion Rate applicable as at the moment of filing with the Central Depository of the documents necessary to effect such registration.

The Issuer shall provide the entitled Preferred Shareholders, as soon as practicable, with the additional Ordinary Shares or fractional Ordinary Shares, to which such Preferred Shareholders are entitled as a result of an adjustment of the Conversion Rate, if after the Conversion Date (as defined in the preceding paragraph) the Issuer is obliged to provide such additional Ordinary Shares or fractional Ordinary Shares as a result of an adjustment of the Conversion Rate.

Fractional Ordinary Shares

In case of an Adjusted Conversion Rate, no fractional Ordinary Shares will be delivered to the entitled Preferred Shareholders upon Conversion. In lieu of any fractional Ordinary Shares due in respect of the aggregate number of converted New Shares of any Preferred Shareholder, that Preferred Shareholder will be entitled to receive an amount of cash (computed to the nearest stotinka) equal to the same fraction of the average of the daily closing price per Ordinary Share for each of the five consecutive trading days preceding the Mandatory Conversion Date, in case of Mandatory Conversion, the Issuer's Conversion Date, in case of Conversion at the Issuer's Option or the date the Conversion Notice if filed with the Conversion Agent, in case of Conversion at the Option of the Holder.

However, in case of an Adjusted Conversion Rate and if more than one New Share is subject to Conversion at one time by the same holder, the Issuer shall have the right to deliver for the fractions full Ordinary Shares (partly or in full) instead of cash. In that case, the number of full Ordinary Shares to be delivered upon Conversion thereof shall be computed on the basis of the aggregate number of New Shares subject to Conversion.

For the purpose of the preceding paragraph, the Issuer may, to the extent permitted under applicable Bulgarian law and in accordance therewith, keep available Ordinary Shares held in treasury, as well as the General Meeting may authorise the Management Board to issue new Ordinary Shares.

Conversion Expenses

Upon Conversion, Chimimport will pay (i) all issue, registration or other similar taxes and duties (if any) arising on the transfer or delivery of Ordinary Shares on exchange of the Preferred Shares which are payable or imposed in Bulgaria; and (ii) all charges of the Conversion Agent in connection therewith.

Rights arising upon Conversion

The Preferred Shareholders are entitled to receive all accrued, cumulated unpaid dividends as of the Mandatory Conversion Date (exclusive of such dividends due for the current year). The Issuer shall effect these dividend payments according to the applicable law and the respective rules and procedures of the Central Depository for dividend payments.

The Preferred Shareholders entitled to receive Ordinary Shares upon Conversion will be treated as record holders of such Ordinary Shares as of the date the Central Depository has registered them as record holders. Prior to that date the Preferred Shareholders will have no rights with respect to the Ordinary Shares delivered to them, including voting rights, rights to deceive dividends, etc., unless otherwise is provided for in the applicable law or this Prospectus.

Mandatory Conversion

At the end of the seventh year as from the registration of the Capital Increase with the Commercial Register, on the date specified in the *"Offering"* section (the "**Mandatory Conversion Date**"), Mandatory Conversion will occur automatically, without the need of specific Issuer's resolution or Preferred Shareholder's approval. Ten business day or the relevant longer period, as required by the applicable law or procedures, before the Mandatory Conversion Date the Issuer or, respectively, the Conversion Agent, shall file the necessary documents with the Central Depository to effect the Mandatory Conversion. The persons registered with the Central Depository as Preferred Shareholders at that moment will have their securities accounts credited with the number of Ordinary Shares according to the Initial Conversion Rate and will have their accounts debited with the corresponding number of Preferred Shares converted. As of that moment any certificates for Preferred Shares will become invalid. Certificates for the Ordinary Shares acquired upon Conversion may be issued according to the applicable rules and procedures of the Central Depository (instructions in this regard will be posed on the websites of the Issuer and the Conversion Agent).

In case of an Adjusted Conversion Rate, all cash payments or deliveries by the Issuer with respect to additional Ordinary Shares or respective fractions (apart from the delivery of one Ordinary Share for one Preferred Share according to the Initial Conversion Rate) due will be effected as soon as practicable, depending of the type of assets to be delivered by the Issuer and subject to the applicable law: cash will be paid according to the procedures of the Central Depository for dividend payments; treasury Ordinary Shares will be delivered and new Ordinary Shares will be issued according to the applicable law and the procedures of the Central Depository for transfer, respectively issue of shares.

Conversion at the Issuer's Option

At the end of the third year of the registration of the Capital Increase with the Commercial Register, on the date specified in the *"Offering"* section (the "**Issuer's Conversion Date**") the Issuer's Management Board may resolve all outstanding New Shares to be converted in Ordinary Shares, if the officially published closing price of the Ordinary Shares is at least 50% above the Issue Price of the New Shares on 20 trading days within the 30 consecutive stock exchange sessions, preceding the expiration of the 3-year period.

Such Issuer's resolution shall become effective in case it is approved by the general meeting of the Preferred Shareholders, convened by the Issuer and held not later than one month before the end of the third year. Such meeting will be valid if at least 50% (fifty percent) of all outstanding Preferred Shares are represented. The required majority for the general meeting of the Preferred Shareholders to give approval is ¾ (three fourths) of all New Shares. The Company shall notify the Preferred Shareholders about the exercise of this Conversion option with the notice for convening the general meeting of the Preferred Shareholders.

Ten business day or the relevant longer period, as required by the applicable law or procedures, before the end of the third year, the Issuer, or, respectively, the Conversion Agent shall file the necessary documents with the Central Depository to effect the Conversion at the Issuer's Option. The procedures followed within such Conversion, including with respect to the delivery of additional Ordinary Shares or the respective fractional Ordinary Shares due, will be identical to the procedure described in section *"Mandatory Conversion"* above.

Conversion at the Option of a Holder

The Conversion period for a Conversion at the Option of a Holder shall (i) begin on the 41st day (or, if this shall not be a business day, on the following business day) after the Capital Increase is registered with the Commercial Register; and (ii) end on the 15th business day (at the customary close of business) before the expiration of the 7-year period until the scheduled Mandatory Conversion (the "**Conversion Period**"), provided that Conversion at Issuer's Option has not occurred.

To exercise the Conversion Right attaching to any New Share, its holder must: (i) complete, execute and deposit a Conversion notice during the normal business hours on any business day during the Conversion Period at the specified office of the Conversion Agent; (ii) at the same time deposit certificate for ownership for the relevant New Share at the specified office of the same Conversion Agent (unless that Conversion Agent has agrees not to require such certificate for ownership); and (iii) provide the Conversion Agent with other documents and information it requires (according to the relevant instructions of the Conversion Agent with respect to the Conversion procedure and the Conversion notice). A Conversion notice once deposited shall not be withdrawn without the consent in writing of the Issuer. The form of the Conversion notice shall be published on the website of the Issuer and the Conversion Agent, together with instructions related to the Conversion procedure.

Upon exercise of the Conversion Rights, a Preferred Shareholder shall in the relevant Conversion notice specify an account with a bank to which any cash amount payable on or in respect of the exercise of Conversion rights by that Preferred Shareholder shall be credited and Chimimport shall pay such sum to the relevant Preferred Shareholder in accordance with any such directions.

Issuer's Clean-up Conversion

The Management Board of the Issuer may, at any time within the Conversion Period under the previous section, resolve on the conversion of all outstanding New Shares into Ordinary Shares, if less than 10% of the aggregate nominal value of the Preferred Shares is still outstanding. The procedures followed within such Conversion, including with respect to the delivery of additional Ordinary Shares or the respective fractional Ordinary Shares due, will be identical to the procedure described in section *"Mandatory Conversion"* above.

Adjustments to the Conversion Rate

Certain Definitions

The following terms, as used in any of the following sub-sections, shall have the following meaning:

"**Current Market Price**" means the arithmetic mean closing price of the last 5 (five) stock exchange sessions, preceding, but excluding the day of determining the Current Market Price.

"**Fair Market Value**" means the fair market value of the respective assets, as determined by an Expert.

"**Expert**" means an independent investment bank (investment firm) or an accountant, or an auditor of internationally acknowledged repute.

"**Subsidiary**" means, for the purpose of this section *"Adjustment to the Conversion Rate"*, a company, which (i) is controlled by another company (the latter company being referred to as the "**Controlling Company**") through interest in the share capital of the Subsidiary, further to an agreement or in other way and/or (ii) is consolidated in the financial statements of the Controlling Company.

Change of Control

Adjustment to the Conversion Rate

If and whenever a Change of Control shall occur, the Issuer shall forthwith give notice to the Preferred Shareholders (a "**Change of Control Notice**") in the manner applicable to the disclosure of regulated information, of such event and, in relation to each Preferred Share for which the Conversion Date occurs after the date of such Change of Control Notice but on or prior to the 60th day following the date of such Change of Control Notice, the Conversion Rate shall be equal to:

Exchange Date	Conversion Rate
On or before the end of the 1st year (May 2010)	1.18
Thereafter, but on or before the end of the 2nd year (May 2011)	1.15
Thereafter, but on or before the end of the 3rd year (May 2012)	1.11
Thereafter, but on or before the end of the 4th year (May 2013)	1.08
Thereafter, but on or before the end of the 5th year (May 2014)	1.05
Thereafter, but on or before the end of the 6th year (May 2015)	1.03
Thereafter, and until the end of the Conversion Period	1.00

For the purpose of this sub-section "Control" shall have the meaning under § 1, item 13 of the POSA.

Change of Control Notice

Any Change of Control Notice shall inform Preferred Shareholders of their entitlement to exercise their Conversion Right in accordance with these Terms and shall specify: (i) all information material to Preferred Shareholders concerning the Change of Control; (ii) the Conversion Rate in relation to each Preferred Share for which the Conversion Date occurs on the date of such notice to the Conversion Rate; and (iii) the Conversion Rate in relation to each Preferred Share for which the Conversion Date occurs after the date of such notice to the Preferred Shareholders but on or prior to the 60th day following the date of such notice to the Preferred Shareholders.

Dividends

Adjustment Event

If and whenever the Company shall distribute any dividends to the holders of Ordinary Shares, the Conversion Rate shall be subject to adjustment as follows.

Effective Date

For the purposes of this sub-section, the "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-dividends on the respective regulated market.

Adjustment to the Conversion Rate

If and whenever the Company shall distribute any dividends to the holders of Ordinary Shares, in relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by dividing the Conversion Rate in force immediately prior to the Effective Date by the following fraction:

(A – B)/A

where:

A = the Current Market Price of one Ordinary Share on the trading day immediately preceding the first date on which the Ordinary Shares are traded ex-dividends on the respective regulated market; and

B = the monetary value of the dividends paid in cash, or, respectively, the Fair Market Value of the dividends in kind (as long as the latter is applicable) on that date, attributable to one Ordinary Share.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Issues of Ordinary Shares within Increase of the share capital by own funds of the Company

Adjustment event

If and whenever the Company shall issue Ordinary Shares within a share capital increase by own funds of the Company, the Conversion Rate shall be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, the "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-rights (for being allocated new Ordinary Shares from the capital increase with own funds) on the relevant regulated market.

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by dividing the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

A/B

where:

A	=	the number of Ordinary Shares in issue immediately before the capital increase by own funds of the Company; and
B	=	the number of Ordinary Shares in issue immediately after the capital increase by own funds of the Company.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Alteration to Nominal Value

Adjustment event

If and whenever there shall be an alteration to the nominal value of the Ordinary Shares as a result of their consolidation or subdivision, the Conversion Rate shall be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, the "**Effective Date**" means the date on which such subdivision or consolidation becomes legally effective (the registration with the Central Depository, where applicable).

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by dividing the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

A/B

where:

A = the number of Ordinary Shares in issue immediately before such alteration; and

B = the number of Ordinary Shares in issue immediately after such alteration.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Ordinary Shares, Rights and Ordinary Ordinary-Share-related Securities Issued to holders of Ordinary Shares

Adjustment event

If and whenever the Company shall issue, grant or offer Ordinary Shares, Ordinary-Share-related securities, Rights in respect of Ordinary Shares or Rights in respect of Ordinary-Share-related securities to the holders of Ordinary Shares as a class by way of rights as a result of which, in each case, the holders of Ordinary Shares have the right to acquire Ordinary Shares at a consideration per Share which is less than 90 per cent. of the Current Market Price of the Ordinary Shares on the trading day immediately preceding the date of the first public announcement of such issue, grant or offer, the Conversion Rate shall be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, the "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-rights, ex-warrants or ex-options on the relevant regulated market.

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

(A + C)/(A + B)

where:

A = the number of Ordinary Shares in issue on the trading day immediately preceding the date of such announcement;

B = the number of Ordinary Shares which the aggregate consideration resulting from each of the events under this sub-section would purchase at such Current Market Price; and

C = (1) in the case of an issue, grant or offer of Ordinary Shares, the number of Ordinary Shares comprised in the issue, grant or offer; or

(2) in the case of an issue, grant or offer of Ordinary-Share-related securities or Rights, the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary-Share-related securities or Rights at the initial price or rate as specified in such Ordinary-Share-related securities or Rights.

Formula

If on the date (the "**Specified Date**") of issue, grant or offer of the relevant Ordinary-Share-related securities, Rights in respect of Ordinary Shares or Rights in respect of Share Related Securities the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Share Related Securities or Rights is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this sub-section, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Issue of Other Securities to holders of Ordinary Shares

Adjustment event

If and whenever the Company shall issue any securities (other than Ordinary Shares, Ordinary-Share-related securities, Rights in respect of Ordinary Shares or Rights in respect of Ordinary-Share-related securities) to all or substantially all of the holders of Ordinary Shares as a class by way of rights or the Company shall issue or grant any Rights in respect of any securities (other than Ordinary Shares, Ordinary-Share-related securities, Rights in respect of Ordinary Shares or Rights in respect of Ordinary-Share-related securities) or in respect of assets to all or substantially all of the holders of Ordinary Shares as a class, the Conversion Rate shall be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-rights, ex-warrants or ex-options on the relevant regulated market.

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

A/(A – B)

where:

A	=	the Current Market Price of one Ordinary Share on the trading day immediately preceding the date of the first public announcement of the terms of such issue or grant; and
B	=	the Fair Market Value on the date of such announcement of the portion of the Rights attributable to one Ordinary Share.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Issue of Ordinary Shares at Below Current Market Price

Adjustment event

If and whenever the Company shall issue, wholly for cash, any Ordinary Shares or Ordinary-Share-related securities or the Company shall issue or grant, wholly for cash or for no consideration, Rights in respect of Ordinary Shares or Rights in respect of Ordinary-Share-related securities as a result of which, in each case, persons to whom the Ordinary Shares or Ordinary-Share-related securities or Rights are issued or granted have the right to acquire Ordinary Shares at a consideration per Share which is less than 90 per cent. of the Current Market Price of the Ordinary Shares on the trading day immediately preceding the date of the first public announcement of such issue or grant, the Conversion Rate shall be subject to adjustment in accordance with this sub-section. However, if any such issue or grant also falls within the terms of sub-section "*Ordinary Shares, Rights and Ordinary-Share-related Securities Issued to holders of Ordinary Shares*" or constitutes an issue of Ordinary Shares consequent upon the exercise of Exchange Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Ordinary Shares, the Conversion Rate shall not be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, the "**Effective Date**" means the date of issue of such Ordinary Shares (their registration at the central Depository, when applicable), such Ordinary-Share-related securities or, as the case may be, the issue or grant of such Rights.

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

(A + C)/(A + B)

where:

A	=	the number of Ordinary Shares in issue on the trading day immediately preceding the date of the first public announcement of the terms of such issue or grant;
B	=	the number of Ordinary Shares which the aggregate consideration resulting from each of the events under this sub-section would purchase at such Current Market Price; and
C	=	(1) in the case of an issue of Ordinary Shares, the number of Ordinary Shares issued; or
		(2) in the case of an issue or grant of Rights, the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares and, if applicable, Ordinary-Share-related securities pursuant to the terms of such Rights and, if applicable, Ordinary-Share-related securities at the initial price or rate as specified in such Ordinary-Share-related securities or Rights.

Formula

If on the date (the "**Specified Date**") of issue or grant of the relevant Rights in respect of Ordinary Shares or Rights in respect of Ordinary-Share-related securities the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares and, if applicable, Ordinary-Share-related securities pursuant to the terms of such Rights and, if applicable, Ordinary-Share-related securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this sub-section, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Ordinary-Share-related Securities Issued other than to holders of Ordinary Shares

Adjustment event

If and whenever the Company or any of its Subsidiaries or (pursuant to arrangements with the Company or any of its Subsidiaries) any other person or entity shall issue, wholly for cash or for no consideration, any Ordinary-Share-related securities or shall grant to any existing securities so issued such Rights as to make such securities Ordinary-Share-related securities as a result of which, in each case, persons to whom the Ordinary-Share-related securities are issued or such Rights are granted have the right to acquire Ordinary Shares at a consideration per Share which is less than 90 per cent. of the Current Market Price of the Ordinary Shares on the trading day immediately preceding the date of the first public announcement of the terms of issue of such Ordinary-Share-related securities or the terms of the grant of such Rights, the Conversion Rate shall be subject to adjustment in accordance with this sub-section. However, if any such issue or grant also falls within the terms of sub-section "*Ordinary Shares, Rights and Ordinary-Share-related Securities Issued to holders of Ordinary Shares*", sub-section "*Issue of Other Securities to holders of ordinary Shares*" or sub-section "*Issues of Ordinary Shares at Below Current Market Price*", the Conversion Rate shall not be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, the "**Effective Date**" means the date of issue of the Ordinary-Share-related securities or the grant of the relevant Rights.

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

(A + C)/(A + B)

where:

A = the number of Ordinary Shares in issue on the trading day immediately preceding the date of the first public announcement of the terms of such issue or grant;

B = the number of Ordinary Shares which the aggregate consideration resulting from each of the events under this sub-section would purchase at such Current Market Price; and

C = the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary-Share-related securities at the initial price or rate as specified in such Ordinary-Share-related securities.

Formula

If on the date (the "**Specified Date**") of issue of the relevant Ordinary-Share-related securities or date of grant of such rights the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary-Share-related securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this sub-section, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Amendment of Terms of Rights or Ordinary-Share-related Securities

Adjustment event

If and whenever the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of any Rights or Ordinary-Share-related securities are amended (other than in accordance with their terms of issue (including terms as to adjustment of such rights)) so that following such amendment the consideration per Share is (1) reduced and (2) less than 90 per cent. of the Current Market Price of the Ordinary Shares on the trading day immediately preceding the date of the first public announcement of the proposals for such amendment, the Conversion Rate shall be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, "**Effective Date**" means the date of amendment of such rights.

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

(A + C)/(A + B)

where:

A	=	is the number or Ordinary Shares in issue on the trading day immediately preceding the date of the first public announcement of the terms of such amendment;
B	=	is the number of Ordinary Shares which the aggregate consideration resulting from such amendment would purchase at such Current Market Price; and
C	=	the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Rights or Ordinary-Share-related securities at the amended subscription, purchase or acquisition price or rate (but giving credit in such manner as shall be determined by an Expert to be appropriate for any previous adjustment under sub-section "*Ordinary Shares, Rights and Ordinary-Share-related securities Issued to holders of Ordinary Shares*", sub-section "*Ordinary-Share-related securities Issued Other than to holders of Ordinary Shares*" or this sub-section.

Formula

If on the date (the "**Specified Date**") of such amendment the maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Rights or Ordinary-Share-related securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this sub-section, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Spin-off or Demerger

Adjustment event

If and whenever the Company or any of its Subsidiaries or (pursuant to arrangements with the Company or any of its Subsidiaries) any other person or entity shall offer any securities in connection with which offer holders of Ordinary Shares as a class are entitled to participate in arrangements whereby such securities may be acquired by them, the Conversion Rate shall be subject to adjustment in accordance with this sub-section. However, if any such offer also causes the Conversion Rate to be adjusted within the terms of sub-section "*Ordinary Shares, Rights and Ordinary-Share-related Securities Issued to holders of Ordinary Shares*" or sub-section "*Issue of Other Securities to holders of Ordinary Shares*" (or would cause the Conversion Rate to be so adjusted if the relevant consideration per Share was less than 90 per cent. of the Current Market Price per Share on the relevant trading day), the Conversion Rate shall not be subject to adjustment in accordance with this sub-section.

Effective Date

For the purposes of this sub-section, the "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-rights on the relevant regulated market.

Adjustment to the Conversion Rate

In relation to each Preferred Share for which the Conversion Date has not occurred prior to the Effective Date, the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the Effective Date by the following fraction:

A/(A – B)

where:

A = the Current Market Price of one Share on the trading day immediately preceding the date of the first public announcement of such offer; and

B = the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Share.

Effect of adjustment

The Conversion Rate as adjusted pursuant to this sub-section shall apply, with effect from and including the Effective Date, to each Preferred Share for which the Exchange Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to this section.

Other Events; Contemporaneous Events

Adjustment event

If the Issuer determines that: (i) an adjustment should be made to the Conversion Rate as a result of one or more events or circumstances not referred to in sub-section "*Dividends*" to sub-section "*Spin-off or Demerger*" (even if the relevant event or circumstance is specifically excluded from the operation of sub-section "*Dividends*" to sub-section "*Spin-off or Demerger*"); or (ii) more than one event which gives rise or may give rise to an adjustment to the Conversion Rate has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result, one event which gives rise or may give rise to more than one adjustment to the Conversion Rate has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result, the Issuer shall, at its own expense, use all reasonable endeavours to procure that such adjustment (if any) to the Conversion Rate as is fair and reasonable to take account thereof and the date on which such adjustment should take effect shall be determined by an Expert, provided that the Conversion Rate may not be decreased pursuant to this sub-section.

Effective Date

Upon such determination, the Issuer shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided, however, that an adjustment shall only be made pursuant to this sub-section if the relevant Expert is requested to make such a determination not more than 21 days after the date on which the relevant event occurs or circumstances exist.

Certificate of Expert

If any doubt shall arise as to any appropriate adjustment to the Conversion Rate, the Issuer shall use all reasonable endeavours to procure that the appropriate adjustment shall be determined by an Expert and a certificate from the relevant Expert as to the appropriate adjustment to the Conversion Rate shall, in the absence of manifest error, be conclusive and binding on all concerned.

Minor Adjustments and No Adjustments

Rounding and adjustments of less than one per cent

On any adjustment of the Conversion Rate, the resultant Conversion Rate, if not an integral multiple of one cent, shall be rounded down to the nearest whole cent. No adjustment shall be made to the Conversion Rate where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Rate then in effect. Any adjustment not required to be made, and any amount by which the Conversion Rate has been rounded down, shall be carried forward and taken into account in any subsequent adjustment but such calculation of any subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

Employee share schemes

No adjustment shall be made to the Conversion Rate where Ordinary Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of the Company or any of its Subsidiaries or any associated company of the Company pursuant to any employees' share scheme or plan (including a dividend reinvestment plan).

Adjustments not permitted by law

The Conversion Rate may not be adjusted so that exercise of the Conversion Right would require Ordinary Shares to be issued in circumstances not permitted by applicable law.

Share Buy-backs

Chimimport may buy back its shares subject to the approval of two thirds of the votes cast at the General meeting of shareholders. The details of the redemption (including the maximum number of Shares to be redeemed, the procedure for redemption and the timetable, which may be up to 18 months) must be specified in the resolution. The shareholders’ resolution must be registered at the Bulgarian Commercial register.

A share buy-back may only take place if the Issuer's net asset value after the buy-back would be equal to or higher than the total of the Chimimport's issued capital, its reserves and all other funds which the Issuer is required to maintain pursuant to its articles of association.

As a public company, Chimimport may reduce its share capital by purchasing and cancelling its own shares. A public company may only buy back more than 3% of its issued shares during any calendar year by way of a tender offer. The public company is obliged to notify preliminary the Financial Supervision Commission and to disclose to the public pursuant to the regulated information disclosure requirements, information on the shares subject to buy-back within the 3% limitation.

The aggregated nominal value of the shares repurchased may not exceed 10% of Chimimport's issued share capital and the Company has to transfer any excess shares above the 10% limit within three years. If the Issuer holds more than 10% of its issued share capital at the end of that three year period, it must cancel shares until repurchased shares in its capital decrease to 10% or less.

Reduction of Share Capital

The shareholders in the General meeting may resolve to reduce the issued share capital of Chimimport. The Company's articles of association require a resolution to be passed by a majority of two thirds of holders of the Shares present at the meeting.

To reduce the Issuer's share capital, the shareholders' resolution must be announced in the Commercial register, cosidering that Chimimport is obliged to repay or secure its obligations towards any creditor which objects to the reduction in writing within three months. The reduction of share capital is required to be registered in the Bulgarian Commercial register after the end of this three-month period and is effective at the date of such registration. Payments to shareholders resulting from the reduction of share capital may be made only after this registration and the repayment or creation of security in favour of any objecting creditors.

The above provisions do not apply if the reduction of share capital is effected: (a) in order to cover losses; (b) by redemption of fully paid-up shares for no consideration; or (c) against payment not exceeding the sum of earnings for the relevant year, accumulated retained earnings and excess of reserves over mandatory requirements less retained losses and instalments which the Issuer is obliged to pay as reserves.

Transfer of Shares

Transfer of Shares becomes effective as of its registration with the Central Depository. Any agreement for purchase or sale of Shares, issued by a public company, may be concluded on a regulated security market (i.e. on the BSE) or on an OTC security market through a bank or an investment intermediary, holding the relevant license or by a bank or an investment intermediary having its seat in another member state that have notified the FSC pursuant to the rules set forth in the law of their intention to perform activities in Bulgaria through a branch or by means of free rendering of services.

Inheritance or endowment of Shares is effectuated through the transaction's registration with the Central Depository by a bank or an investment intermediary, acting as a registration agent. Shares may be subject to a special pledge, as well as to a pledge under the Financial Collateral Agreements Act of 2006. The protection of the rights of the pledgee is ensured through the registration of such pledges with the Central Depository.

Major Transactions and Related Party Transactions

Under the Public Offering of Securities Act 1999, persons who manage or represent a public company may not, without the prior shareholders' approval, enter into transactions as a result of which: (i) the company acquires, transfers, receives or grants for use or creates a security interest over the company 's fixed assets; (ii) the company incurs obligations to a person or a group of related persons; or (iii) receivables are due to the company from a person or a group of related persons, in each case, where the value exceeds:

- one-third of the lower of the value of the company 's assets in its last audited or its last prepared balance sheet (major transactions); or
- in the case of a transaction with an "interested party" - 2% of the lower of the value of the company 's assets in its last audited or its last prepared balance sheet;

For the purposes of the above, the following are considered to be "interested parties" (a) the members of the Management Board and the members of the Supervisory Board of the company, (b) any procurators of the company and (c) any person who directly or indirectly is entitled to at least 25% of the votes at the general meeting of shareholders of the company or who otherwise controls the company, when such person or a group of persons related to such person:

- is a party or an intermediary to the transaction, or the transaction is carried out for its benefit; or
- directly or indirectly is entitled to at least 25% of the votes at a general meeting of shareholders of a person who is a party or an intermediary to the transaction, or the transaction is carried out for its benefit, or controls a legal entity, which is a party or an intermediary to the transaction, or to the transaction is carried out for its benefit; or
- is a member of the Management or Supervisory Board, or a procurator of a legal person falling within the preceding paragraph.

In the case of a transaction to acquire or dispose of fixed assets, a majority of three quarters or more of the votes cast at the general meeting of shareholders is required and, in all other cases, a simple majority of the votes cast is required. Any interested parties-shareholders are not permitted to vote the decision for approval at the general meeting.

Transactions between a public company and interested parties which do not require prior General General meeting of shareholders' approval are subject to prior approval by the company's Management board, with any interested members of the Management board not permitted to vote.

In determining whether prior shareholder approval for transactions of considerable value or related party transactions is required, individual transactions of the public company with a person or related group of persons which individually are below the threshold for requiring shareholder approval are aggregated with other transactions with the same person or group of related persons in the previous three calendar years.

Any transaction involving an interested party has to be executed at market prices, in the interest of the public company.

Pursuant to the law a prior shareholders' approval of the transactions specified above is not required:

- for transactions effected in the ordinary course of the public company's business, including agreements for bank credits and collateral unless an interested party is involved or otherwise participates in such agreements;
- for loans from a holding company and for deposits from a subsidiary company, where the terms are not less favourable for the public company than those available in the domestic market;
- where there is a common enterprise agreement under the Public Offering of Securities Act 1999.

If a major transaction or a related party transaction requires prior shareholders' approval, the Management body of a public company is required to provide a report to the general meeting on the expediency and the transaction contemplated.

Any transaction with an interested party or major transaction which is entered into in breach of the requirements of the Public Offering of Securities Act 1999 is void.

Meetings of Shareholders

The general meeting of shareholders comprises only the shareholders who have voting rights, i.e. as of the present moment, only the holders of Existing Shares. The holders of New Shares may participate in the proceedings of the General Meeting without being entitled to vote. Therefore, the rules on shareholders' meetings reviewed below are only applicable to the holders of voting Shares. These rules may also be applicable to the New Shares, if they have acquired voting rights (for the events in which the New Shares acquire voting rights, refer to *"Rights on the New Shares – Voting Rights"* above).

Convening of a General Meeting of Shareholders

The Management Board and the Supervisory Board of the Issuer each have the power to convene a General Meeting of shareholders. Shareholders holding at least 5% of the Shares may ask from the regional court to convene the General Meeting or to authorise a representative of the shareholders to convene the General Meeting under an agenda specified by such shareholders. In addition, shareholders holding at least 5% of the Shares have the right to add items on the agenda of an already convened General Meeting.

An annual General meeting of shareholders is required to be held within six months of the end of the Issuer's fiscal year. An extraordinary General meeting of shareholders may be convened at any time by giving the requisite notice to shareholders. This notice must contain Chimimport's name and headquarters, the place, date and time of the meeting, the type of the meeting (i.e. annual or extraordinary), information of the formalities that must be complied with for participation at the meeting and for exercise of voting rights, the agenda of the General Meeting and the draft resolutions; information about the total number of shares and the voting rights in the General Meeting as of the date of the resolution for convocation of the General Meeting, including the total number of voting rights for each class of shares, as well as about the right of the shareholders to participate in the General Meeting; information about the right of the shareholders to include items on the agenda of the General Meeting and to make proposals for resolutions on matters which are on the agenda and about the deadline for exercising such right, except where these rights are described in detail on the Chimimport's website, in which case it is sufficient to specify only the place on the website where the rights are described and the deadline for their exercising; information about the rights of the shareholders to ask questions during the General Meeting; information about the rules for voting through a proxy, the forms which are used for voting through a proxy and the ways through with Chimimport may be notified about authorisations made in electronic form; information about the rules for voting through correspondence or through electronic means, if the Issuer has adopted such rules, as well as an indication of the website on which such rules have been published; the Voting Record Date (as defined below) with an indication that only the persons registered as shareholders entitled to voting rights on that date have the right to participate and vote at the General Meeting; an indication of the place and manner of receiving the written materials for the agenda of the General Meeting. As of the date of this Prospectus the Issuer has not adopted any rules for voting though correspondence or electronic means.

The convocation invitation has to be published in the commercial register and, together with the material for the General Meeting, published by the information agency through which Chimimport discloses regulated information to the public, at least 30 days before the date of the General Meeting. Within the same deadline the Company has to send the invitation and the other documents related to the agenda of the General Meeting to the FSC and to publish them on its website for the time from the publication of the invitation in the commercial register to the closing of the General Meeting. The materials related to additions to the agenda of the General Meeting at the request of a shareholder holding more than 5% of the shares, together with the updated invitation for the General Meeting have to be published by the Company as well, in the manner described above with regard to the initial invitation, not later than the end of the business day following the day of receipt of the notification from the respective shareholders of the addition of the relevant items on the agenda of the General Meeting. The General Meetings of shareholders are held in Sofia, where the seat of Chimimport is located.

Each Existing Share confers the right to cast one vote at the General meeting. Public companies are prohibited from issuing preference shares entitling their holders to more than one vote. The right to vote at the General meeting is conferred on those persons registered at the Central Depositary as shareholders 14 days prior to the date of the meeting (the "**Voting Record Date**"). A purchaser of Existing Shares registered at the Central Depositary after the Voting Record Date is not entitled to vote. The Central Depositary submits a list of the shareholders, who are entitled to vote on the respective General meeting to Chimimport. The entry of the persons in this list is the only prerequisite to their participation in the general meeting of shareholders and to the exercise of the voting rights attaching to their Existing Shares. Persons entitled to vote may attend the meeting in person or through an authorised proxy who is granted a power of attorney. The power of attorney to the proxy must be explicit and to comply with the other legal requirements applicable thereto. The Issuer is obliged to submit a paper or electronic /where appropriate/ form of the written power of attorney together with the other documents related to the agenda or upon request after the convening of the general meeting. A member of the Supervisory Board or the Management Board may act as a shareholder's proxy at the General Meeting, only if his power of attorney explicitly specified the how he has to vote on each item on the agenda. Provided they are not shareholders, members of the Management Board and Supervisory Boards may attend and speak at a general meeting of shareholders and may vote only in the cases under the preceding sentence.

Quorum

The Articles of association of Chimimport provide that the shareholders in the general meeting can pass resolutions if the holders of at least one half of the capital are represented at the meeting. In the event that a quorum is not present, the meeting is adjourned and a new meeting may be scheduled not earlier than 14 days from the date of the adjourned meeting. The re-convened meeting may pass resolutions irrespective of the number of Shares represented at the meeting.

Majority

The Articles of association of Chimimport provide that the following shareholders' resolutions require the approval of two-thirds of the voting shares present at the meeting:

- any amendment to, or supplementing of, the Articles of association;
- an increase or reduction in the share capital;
- termination of the company.

The approval of three-quarters of the shares represented at the General Meeting is required for the approval of transactions for acquisition of and disposal with fixed assets of a value representing over 1/3 of the Issuer's assets and in case of participation of related party – over 2% of the assets. Also, the approval of three-quarters of the Existing Shares voted at the general meeting of shareholders is required to resolve to pay a dividend *in specie* in the form of new shares, and for resolution for transfer of the whole trade enterprise of Chimimport. In accordance with the provisions of the Commercial Act, the approval of three-quarters of the shares represented at the general meeting of shareholders is also required for transformation of the Issuer.

All other shareholders' resolutions may be passed by a simple majority of the shares voted at the General Meeting.

Any transformation of the Issuer requires the prior written approval of the Financial Supervision Commission. The Financial Supervision Commission has the power to issue a "stop order" or a compulsory instruction or injunction to the Issuer if any resolution of the shareholders in the general meeting or resolution of the Management Board or Supervisory Board is found to be illegal. The Financial Supervision Commission may make such an order if a resolution of the Management Board or Supervisory Board would be detrimental to the interests of shareholders or other investors.

Amendments of and supplements to the Articles of association and the winding-up of the Issuer are effective as of the registration of the resolution at the Bulgarian commercial court. Any increase or reduction of capital, transformation transactions, appointment or removal of a member of the Management Board or the Supervisory Board and the appointment of a liquidator only take effect for third parties at the date of the registration of the relevant resolution at the Bulgarian Commercial Court.

Dividends

The dividend rights, attributable to the Ordinary Shares and the New Shares, are different. The rules reviewed below are only applicable to the Ordinary Shares of Chimimport. As a part of the specific rights on the New Shares, the dividend rights which the New Shares give their holders, are described in *"Rights on the New Shares – Cumulative Guaranteed Dividend"* above.

A resolution relating to the distribution of earnings in the form of dividends is subject to the approval of the shareholders in the General meeting following the approval of the audited annual financial statements for the relevant financial year. Distribution and payment of interim dividends is not permitted.

Dividends may only be paid if the Issuer's total assets less long-term and current liabilities and less the proposed dividend is not less than the sum of the Issuer's issued capital and reserves, each as set out in the Issuer's audited annual financial statements. Payment of dividends may be made up to the sum of earnings for the relevant financial year, accumulated retained earnings and the excess of reserves over mandatory requirements less retained losses and instalments which Chimimport is obliged to pay to reserves. A Company is obliged to commence payment of approved dividends to its shareholders within three months from the date of the general meeting of shareholders at which the resolution approving the annual financial statements and for distribution of the earnings in the form of a dividend is passed.

Each Ordinary Share entitles its holder to a dividend based on the Share's nominal value. The right to receive a dividend is held by each person registered at the Central Depositary as a shareholder at the Ex-dividend date. The Central Depositary submits a list of the shareholders at this date to the Issuer. The entry of the persons in this list is the only prerequisite to payment of a dividend. Persons who are entitled to receive dividends but who fail to exercise their right within five years from the due date for payment forfeit their right to payment.

Liquidation

Chimimport may be wound-up by:

- the approval with two-thirds majority from the holders of all issued shares present at the General meeting;
- when Chimimport has been declared bankrupt; or
- a resolution of the court of a procedure initiated by the public prosecutor if (i) the objects of the Issuer are illegal, (ii) the Company's total assets less long-term and current liabilities are less than the issued capital for a period of one year during which no resolution for a reduction of the issued capital, transformation or winding-up is passed by the shareholders in general meeting, or (iii) the number of members of the Supervisory Board or the Management Board falls below the minimum legal requirement for six consecutive months.

Following the winding-up of the Issuer (other than in the case of bankruptcy proceedings) a liquidation procedure is followed. A liquidator is appointed and its remuneration is approved by the shareholders in the General meeting (other than in the case of compulsory liquidation). A liquidator is obliged to give effect to the Issuer's current transactions, to collect the receivables of the company, and to sell the Issuer's assets and to satisfy the claims of creditors. A liquidator is obliged to invite creditors to claim against Chimimport by an announced in the Commercial register invitation and by a notice sent to all known creditors. Distribution of the Issuer's assets, if any, to its shareholders may be made only after six months from the date of the invitation announcement and the satisfaction of all creditors' claims.

The right to a liquidation share is different for the holders of Ordinary Shares and the holders of New Shares. The rules reviewed below are applicable to the Ordinary Shares. As a part of the specific rights on the New Shares, the liquidation share right which the New Shares give their holders, are described in *"Rights on the New Shares – Guaranteed Liquidation Share"* above.

Each Ordinary Share entitles its holder to participate in the liquidation *pro rata* to the Share's nominal value. This right arises only if, after the liquidation of the Issuer and satisfaction of all other creditors' claims, assets are available for distribution to the shareholders. Bulgarian public companies are not permitted to issue preference shares entitling their holders to preferential rights on liquidation.

The Supervisory Board and the Management Board

The articles of association of Chimimport provide for a two-tier Management system consisting of a Supervisory Board and a Management Board. Members of the Supervisory and Management Board may be either individuals or legal entities.

The Supervisory Board

Bulgarian law and the Issuer's Articles of association provide that a Supervisory Board must consist of at least three and not more than seven persons. The members of the Supervisory Board may be appointed and dismissed by a resolution passed by a simple majority of the present shares at the General meeting. The shareholders in the General meeting set their remuneration and approve the financial guarantee which each member of the Supervisory Board must give as a security for his or her obligations. Under Bulgarian Public Offer of Securities Act at least one third of the members of the Supervisory Board of the Issuer should be independent (i.e. they cannot be: (i) employees of

Chimimport; (ii) shareholders that hold directly or indirectly through related parties at least 25% (twenty five percent) of the voting rights in the general meeting, or are parties related to Chimimport; (iii) persons having a long-term commercial relationship with Chimimport; (iv) members of Management or controlling body, procurators or employees of a commercial company or other legal entity falling under (ii) and (iii) above; (v) persons related to another member of one of the Boards of Chimimport).

The main powers of the Supervisory Board are the appointment and dismissal of the members of the Management Board, the approval of the resolutions of the Management Board to delegate the power to represent Chimimport to one or more of its members – executive directors and the on-going supervision of the activities of the Management Board. The approval of the Supervisory Board is also required for resolutions of the Management Board for:

- capital increase through issuance of new Ordinary Shares or preferred shares;
- the issue of bonds, including convertible;
- closing or transfer of enterprises, or significant parts thereof;
- material change in the Issuer's activities;
- material organisational changes;
- long-term collaboration of a significant meaning for the Issuer or termination of such a collaboration;
- opening of branches.

The Articles of association of Chimimport require a quorum of at least half of all members of the Supervisory Board and provide for resolutions to be passed by simple majority unless the law require otherwise.

The Management Board

Bulgarian law and the articles of association of Chimimport provide that the Management Board should consist of at least three and not more than nine persons. The members of the Management Board may be appointed and dismissed by the Supervisory Board. The remuneration and the guarantees for the management of members of the Management Board are approved by the General meeting of shareholders.

The articles of association of the Issuer provide that a quorum of at least half of all Management Board members is necessary for a valid meeting and for passing of resolutions. A simple majority of the members of the Board present at the meeting is sufficient for passing resolutions unless the law or the articles of association require otherwise. The Management Board can, with the approval of the Supervisory Board, authorise one or more Executive Directors to represent the Issuer and to take responsibility for its operative management. Board members may be re-elected without limitation and be dismissed at any time by the Supervisory Board. The members of the Management Board and of the Supervisory Board of the Issuer: (i) must not have been convicted of certain crimes; (ii) must not have been a member of the Management or supervisory body or unlimited liability partner in a company terminated by reason of bankruptcy if there were any unsatisfied creditors.

Certain Disclosure Requirements

Pursuant to the Public Offer of Securities Act, each shareholder who has acquired or transferred directly and/or indirectly (in the cases provided for by the law) voting rights in the general meeting of the Issuer, shall be obliged to inform the Issuer and the Financial Supervision Commission if: (1) as a result from the acquisition or transfer his or her voting rights reach or fall below 5% or increases or decreases by 5% or a multiple of 5%; (2) his or her voting rights reach or fall below the limits set in item (1) as a result from circumstances related to changes in the total voting rights based on the information disclosed by Chimimport upon each change in the capital pursuant to Art. 112д of the POSA.

The voting rights are calculated on the grounds of the total number of the voting Shares notwithstanding the limitations of the execution of the voting rights. The calculation is made separately in respect of each class of Shares.

In some cases the requirements for disclosure do not apply, for instance in respect of the voting rights attached to Shares that are acquired solely for the purpose of implementation of the clearing and settlement within the frames of the common settlement cycle (the latter cannot be longer than 3 business days after execution of the transaction) as well as in respect of Shares held by custodians if they are authorized to exercise the voting rights attached to the Shares only in accordance with the order of the client given in writing or in electronic form.

The obligation for disclosure has to be implemented immediately, but not later than 4 business days after the day that follows the day in which the shareholder or the beneficiary owner of the voting rights: (1) learns the fact of the acquisition, transfer or the possibility to exercise the voting rights, or as the case may be, following the day on which he was obliged to learn such fact, irrespective of the date on which the acquisition, the transfer or the possibility to exercise the voting rights has occurred; (2) is notified that his or her voting rights has reached or fallen 5% or a multiple of 5% of the voting rights at the general meeting as a result from circumstances related to changes in the total number of the voting rights based on the information, disclosed pursuant to Art. 112д of the POSA. The persons who own directly or indirectly financial instruments entitling them to acquire voting shares at their own discretion and on the grounds of a contract in writing are also obliged to disclose the above information.

Chimimport is obliged to disclose to the public the information received pursuant to this section within 3 business days after the day, in which it has been notified.

The members of the Management Board and the Supervisory Board of Chimimport are obliged to declare to the Company, the Financial Supervision Commission and to BSE: (i) the legal entities in which they own, directly or indirectly, 25% or more of the voting rights or over which they exercise control; (ii) the legal entities in which they participate in the supervisory or management bodies or are appointed as procurators; and (iii) the present and future transactions in respect of which they believe that they could be qualified as "interested" parties. Failure to comply with the above requirements is an administrative offence under Bulgarian law.

THE REPUBLIC OF BULGARIA

The information contained in this section is taken from documents and other publications released by, various official and other public and private sources, including participants in the capital markets and financial sector in Bulgaria. There is not necessarily any uniformity of views among such sources as to the information provided therein. Accordingly, Chimimport only accepts responsibility for accurately reproducing such extracts as they appear in this section. It accepts no further or other responsibility in respect of such information.

General

Bulgaria is a parliamentary republic located in the Balkans occupying an area of 110 thousand square kilometres. Bulgaria has a population of approximately 7.7 million people. Approximately 85% of the population consists of ethnic Bulgarians, and 9% of the overall population being of Turkish origin. Approximately 86% of the population is Christian and the official language is Bulgarian, a Slavonic language written in the Cyrillic alphabet. The largest city in the country is Sofia with population of more than 1.2 million is the capital of Bulgaria. Plovdiv, a city in south central Bulgaria with a population of approximately 400,000 people, and Varna, a port in the Black Sea with a population of approximately 350,000 people, are the two largest cities after Sofia. Bulgaria is divided into 28 regions for administrative purposes (administrative areas).

Political Overview

Following the Second World War, a communist pro-Soviet regime was established in Bulgaria. In November 1989, after the collapse of the communist (socialist) system, Bulgaria became a parliamentary republic. From 1989 until 1997, despite changes introduced by conservative, centrist and left-wing governments, the Bulgarian Socialist Party (the former Communist Party) maintained a certain influence over political developments in the country. Following the severe banking and economic crisis of 1996 and 1997, the interim government (as provided by the Bulgarian constitution) of Stefan Sofiansky began a wide-ranging economic reform programme, which was continued by the government of the Union of Democratic Forces (the "UDF") — a broad anti-communist coalition, which won a majority of the seats in parliament in mid-1997. By the end of 1999, political support for the UDF becomes eroded, which delaying the implementation of the necessary structural measures required for the reform of the Bulgarian economy.

In April 2001, the former king of Bulgaria, Simeon Saxe-Coburg-Gotha, formed the Simeon II National Movement (the "SNM") and won a majority of seats in the parliamentary elections in June 2001. The SNM formed a coalition government along with the Movement for Rights and Freedom (the "MRF"), a party that represents the interests of Bulgaria's Turkish minority. In November 2001, Georgi Parvanov, the candidate supported by the Coalition for Bulgaria (a coalition led by the Socialist party) was elected as president for a five-year term, defeating the country's former president Petar Stoyanov, whose re-election was endorsed by the SNM and the UDF. In June 2005, the Coalition for Bulgaria (a coalition headed by the Socialist party) won 82 parliamentary seats out of a total of 240, with the SNM and the MFR winning 53 seats and 34 seats, respectively. As the Coalition for Bulgaria did not gain the control of a majority of votes, a wider coalition government was formed later in 2005 with the Coalition for Bulgaria joining forces with representatives of the SNM and the MRF, with Sergei Stanishev, the leader of the Bulgarian Socialist party, being elected as Prime Minister. Georgi Parvanov won a second five-year term in October 2006. The next presidential elections are due in October 2010, while the next parliamentary elections are due in June 2009.

The current government led by Sergei Stanishev has announced a comprehensive economic reform programme, the main objectives of which are further European integration, stimulation of economic growth and social responsibility.

The legislative system in Bulgaria follows the continental model. The Bulgarian constitution has supremacy over all other legislative acts. The Bulgarian Constitutional Court main duty is to review the consistency of parliamentary legislation with the Bulgarian constitution. All international agreements ratified according to constitutional procedure and published in the State Gazette have binding force and have supremacy over national law. The recognition of foreign judgments by the courts depends upon both establishing reciprocity and the observance of the mandatory guidelines of the Civil Procedure Code.

Bulgaria was invited to join NATO at the NATO summit in Prague on 22 November 2002. On 18 March 2004 the Bulgarian Parliament ratified the North Atlantic Treaty and Bulgaria was officially recognised as a member of the alliance on 29 March 2004. In 2004, Bulgaria completed negotiations to join the EU. The accession treaty was signed in Luxembourg on 25 April 2005 and Bulgaria became a member of the EU on 1 January 2007. Despite Bulgaria's EU membership, the European Commission will continue to monitor Bulgaria's progress in reforming the judiciary and fighting corruption. For the Bulgarian citizens have been introduced even greater restrictions for working abroad, than those imposed on nationals of countries from the previous wave of EU entrants.

The Bulgarian Economy

Contemporary History

Before 1989 Bulgaria had a centrally planned economy oriented towards the Council for Mutual Economic Assistance ("COMECON") countries. The collapse of COMECON in 1991 devastated the Bulgarian economy. In the early 1990s, the government embarked on an ambitious economic reform programme, whose progress was stalled by political instability and lack of decisiveness in economic policy. In the mid-1990s, the increasing losses of Bulgarian corporations and banks, coinciding with increased domestic debt payments and Bulgaria's weak current account position, led to significant currency outflows resulting in a severe financial crisis in 1996. The value of deposit in banks decreased by $7.4 billion to less than $1.8 billion (at March 1997) inflation peaked at a monthly rate of 242.35% in February 1997. The Bulgarian economy emerged from the crisis in 1997 after reaching an agreement on support from the International Monetary Fund (IMF).

The Currency Board Arrangement

As part of the reforms proposed by the IMF in July 1997 was introduced in the system through a currency board at the Bulgarian National Bank. The Lev was pegged to the Deutsche mark at the rate of DEM 1 = BGN 1,000. Following the introduction of the Euro and the denomination of the Lev, the Lev was pegged to the Euro at an exchange rate of BGN 1.95583 to €1.00. The Lev is a fully convertible currency, secured by foreign exchange and gold reserves of the BNB. Following the implementation of the Currency Board arrangement up to the date of this document, the Lev has not been subject to any significant speculative pressures.

The Currency Board arrangement stipulates a strict set of policies and procedures to facilitate the stability of the exchange rate. Fundamental principle of the system of the board is to secure at all times the money supply with corresponding on value of foreign currency reserves held by the BNB. The Central bank has no right to finance public sector deficits unless increased levels of international reserves back an increase in the money supply. BNB also has no right to participate in repurchase agreements in the Bulgarian government bonds. Lending to the banking system by BNB is restricted to cases of a liquidity crisis and and the amount of the excess of the value of foreign reserves over money. Because of those restrictions is reduced BNB's ability to act as a lender of last resort for the banking system. The sole monetary policy instrument available to BNB is setting the mandatory reserve rate for commercial banks.

In February 2009 the Bulgarian government stated its intention to keep the Currency Board until Bulgaria's admission to the Eurozone. In the same month leading opposition parties also shared the opinion that it is necessary to keep the Currency Board and the current fixed BGN – Euro exchange rate until Bulgaria's entry into the Eurozone. In March 2009 the president of the BNB stated before the investment community that irrespective of the adaptations that the Bulgarian economy will have to make as a response to the global financial and economic crisis, any such adaptations will be made within the existing Currency Board system and at the current BGN – Euro exchange rate of 1.95583, and stressed that Bulgaria will not make any experiments and speculate with its currency regime, which is the cornerstone of the Bulgarian macroeconomic and financial stability.

Gross Domestic Product

Following the financial crisis of 1996-1997, GDP has grown steadily since 1998 mainly as a result of increased consumer demand, domestic and foreign direct investments and increased exports. It is expected that in the coming years the actual increase in the GDP will be maintained, despite the impact of the financial crisis of 2008 on the Bulgarian economy.

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Nominal GDP (BGN million)	26,753	29,709	32,402	34,628	38,823	42,797	49,3615	56,520	66,728
Real GDP growth rate (%)	5.4	4.1	4.5	5.0	6.6	6.2	6.3	6.2	6.0
Nominal GDP per capita (BGN)	3,274	3,754	4,118	4,426	4,989	5,529	6,411	7,379	8,712

Source: National Statistical Institute

The GDP of Bulgaria is evenly balanced between the industry and services sectors, though there is an underlying growth trend in the weighting of the services sector. In 2008, services sector accounted for 51.1% of GDP, industry sector accounted for 25.1% and forestry and agriculture for 6.0%.

In 2008, the gross domestic product (GDP) registered a growth of 6.0% in real terms and its value reached BGN 66,728 million in current prices. The added value generated in the economy in 2008 reached BGN 54,851 million through an annual increase of 6.1%, which is one of the highest compared to previous periods.

The agricultural sector marked the greatest growth of added value during the year. The actual growth of its added value reached 24.6% for the entire year. The sector's share in the GDP increased by nearly 1 percentage point, from 5.1% to 6.0% in the end of 2008. In the services sector an actual growth of 5.9% on an annual basis of the added value was observed, whereby the sector's share in the GDP reached 51.1%, with 50.5% in 2007. The growth of the added value in the industry was shrinking throughout the past year and decreased to 3.0% for the entire 2008. The sector's share in the GDP decreased to 25.1%, compared to 26.5% in 2007.

In 2008 retail consumption slowed down its actual growth to 3.9%, compared to 4.9% in 2007. This was caused mainly by the shrinking of collective consumption, which decreased by 1.4% in 2008, while individual consumption expenses rose by 4.5% throughout the year. In the final structure of the used GDP the retail consumption takes a relative share of 84.4% of the GDP. Investments in base capital rose by an actual rate of 20.4%, thus reaching 33.4% of the GDP.

Compared to 2007 the actual growth of export rose by 2.9% in 2008, and that of import – by 4.9%. In 2008 the foreign trade balance is negative, at -22.8% of the nominal GDP.

In the fourth quarter of 2008 the actual growth of the GDP slowed down to 3.5%, compared to the same period of the previous year. In nominal terms the GDP for the quarter reached BGN 18,691 million in current prices.

The gross added value produced by the sectors of the national economy in the last quarter of 2008 amounts to BGN 15,394 million in current prices. Compared to the fourth quarter of 2007, the gross added value marked an actual growth of 2.5%.

The growth of the GDP in the fourth quarter of 2008 was due primarily to the high increase rate of the added value in the agricultural sector, which was high by 26.7% than the fourth quarter of the agriculturally unfavourable 2007. Compared to the last quarter of 2007, the actual growth of the added value in the services sector was 3.8%, while in the industry sector the gross added value decreased by an actual 3.7%.

The added value produced in the agricultural sector amounts to 4.5% of the aggregate added value in the economy. The relative share of the industry sector is 28.9%, while the services sector forms the greatest part of the aggregate added value – 66.6%.

With regard to the finally used GDP, the expenses for individual consumption in the fourth quarter of 2008 realised increase by 1.8%, while the expenses for collective consumption decreased by 1.5%, compared to the fourth quarter of 2007. The investments in base capital actually increases by 15.8%. In the structure of the final use of GDP, final consumption occupies 87.2 percent of GDP, while investment in fixed capital have a share of 36.9 percent of GDP.

The valuation of the index of the physical volume of the export of goods and services shows an actual decrease by 6.0%, while the index of the import of goods and services shows a decrease of 3.2%. The foreign trade balla**n**ce for the quarter is negative, at -26.3% of the GDP *(Source: National Statistical Institute).*

Inflation

Following the stabilisation of hyperinflation that emerged following the banking crisis in 1996 and 1997 and the implementation of the currency board arrangement, annual inflation has been relatively low. Annual (end of period) inflation for 2001, 2002 and 2003 was 4.8%, 3.8% and 5.6% respectively. Bulgaria ended 2004 with annual headline consumer price inflation of 4%. In 2005, inflation increased to 6.5% as a result of increasing fuel prices and rising food prices following severe flooding during the year.

Sharp increases in excise duties on alcohol and tobacco at the beginning of 2006 caused by accelerate the process of alignment of the goods from EU. An additional aggravating factor was the upward movement of world oil prices. As a result, at the end of 2006 inflation stood at 6.5%. Average inflation for 2006 was 7.3%.

Inflation for the period January – December 2007 in comparison to the same period in 2006 was 8.4%. In 2007, the inflation went up to 12.5%. The annual increase in the prices of the group of food was 20.8% while non-foods went up 4.9%. The annual increase as a whole for the group of market services was 10.8% while the annual change in controlled prices was 6.6%.

The harmonised index of consumer prices, the average increase in consumer prices from the beginning of the year (December 2007 in comparison to December 2006) was 11.6%.

The accrued inflation for the period January – December 2008 was 7.8%. In the last two months of 2008 the index of consumer prices marked a decrease on a monthly basis, with the deflation for November towards October 0.1% and that for December towards November – 0.2%. The annual average value of the index of consumer prices for 2008 was 12.3%.

The greatest price rise and the greatest contribution to the dynamics of the inflation from the beginning of 2008 lies with the "Public Food" sector (14.8%) and "Services" sector (10.4%). **Accumulated** inflation for foodstuffs for 2008 was 6.3%, while that for non-foodstuffs was 6.1%. The effect of the raise of the excises on alcoholic and tobacco products continued to influence the prices of these goods, and their recorded rise in the end of 2008 amounts to 14.7%, compared to the end of 2007.

Employment, Wages, and Pensions

The restructuring of state-owned enterprises and a significant downsizing of the public sector contributed to high unemployment rates immediately after the 1996-1997 crisis. Reaching 17.9% at the end of 2001, unemployment has been falling steadily, to reach 16.3% at the end of 2002, 13.5% at the end of 2003, 12.2% at the end of 2004, 10.7% at the end of 2005, 9.1% at the end of 2006, 6.9% at the end of 2007, and 6.3% at the end of 2008, thus remaining at one of its lowest levels in the past seventeen years. This drop is due to increased demand for labour on the primary labour market.

According to the National Statistical Institute during the fourth quarter of 2008 the number of people engaged in the economy of the country has continued to increase on an annual basis (by 1.7% towards the last quarter of 2007). The data still does not show any significant impact of the global financial crisis on the dynamics of the employment in the economy, but it should be noted that the growth of the number of people employed has begun to slow down during the last quarter of 2008.

The increasing number of the employed persons is the main reason for the significant increase of the coefficient of economic activity of the population, which has reached 53.3% in the end of 2008, thus being 0.5% higher compared to the same period of 2007. The good development of employment in the past year was due to the creation of jobs in the private sector of the economy and the increased level of participation of the population in the work force. The increased availability of labour was associated with the return to the group of economically active people of certain categories of people who had been inactive during previous periods.

The tendencies of fast growth of the number of people employed and the economic activity of the population observed in 2006 and 2007 continued in 2008 as well. The increased growth of the employment results mainly from the increased economic activity of the private sector. It is possible to explain partly the growth of the employment in the private sector by the continuing process of “legalisation” of the grey labour market, which has developed mainly in 2007 as a result of the reduction of the taxes and social security payments owed by the employers. As a result of the increased demand of labour and the growing number of jobs on the primary labour market, the unemployed in the economy continued to decrease, with the unimpolyment rate reaching 5.8% in the end of September 2008, which is the lowest rate since the middle of 1991.

In the end of December 2008 the number of unemployed, who were seeking employment through the labour offices amounted to 232,289 people, which was 7.1% higher than the previous month, yet 9.2% lower than December 2007. The increase of unemployed people in December was associated with the termination of seasonal employment in industries such as agriculture, tourism, construction, etc., the closing of projects within activity programs of the Ministry of Labour and Social Policy, which provided temporary and seasonal employment, as well as economic difficulties resulting from the global economic crisis.

Since 2000 the average salary levels have been rising steadily. The average monthly salary in the country was BGN 292 in 2004, BGN 324 in 2005, BGN 355 in 2006, BGN 431 in 2007 and reached BGN 516 in 2008.

The average monthly wage, as reported by the National Statistics Institute, is usually higher in the public sector than in the private sector. Widespread perception is that official data on the income of Bulgarian households have been underestimated because a substantial proportion of unaccounted income, as they do not take into account significant proceeds arising from the operation of the informal economy.

The pension system was reformed in January 2000 with the aim to stabilize the current system of cost-type covering, as he introduced a scheme of compulsory supplementary pension scheme managed by private pension funds. Bulgaria has a pension system based on three pillars - the state compulsory pension, private compulsory pension insurance and voluntary private pension schemes.

Balance of Payments, Foreign Trade and Foreign Direct Investments

In 2008 Bulgaria’s current account deficit amounts to EUR 8,278.4 million (24.3% of the GDP), with EUR 6,303.4 million (21.8% of the GDP) for the same period of 2007. Worsening is due to the higher trade deficit and the increased balance of the Income item, as a result of the increased payments related to direct foreign investments. The net income from services remained almost unchanged, despite the 11% growth of the revenues in the tourism sector. At the same time a considerable growth of the spending for travels of Bulgarians abroad is observed.

The trade balance for the period January – December 2008 is negative, at the amount of EUR 8,832.8 million (26% of the GDP), with a negative balance of EUR 7,302.8 million (25.3% of the GDP) for the same period of 2007. In December 2008 the negative balance of the current account of the payment balance amounts to EUR 802.7 million, thus decreasing by 14.7% compared to the same month of the previous year. The positive development of the balance on the current account in the end of the year is due to the improvement of the balance of the goods and the services. The foreign trade turnovers marked a nominal decrease, which is largely due to the price drop in the energy resources and the metal sectors. Because the value of the import is higher than the value of the export, the price variations had a positive effect on the overall balance. The retention of relatively low price levels of the energy resources and the metals on the international markets as well as the expectations for a lower local consumption will have a positive impact on the formation of the deficit on the current account.

Bulgaria’s trade deficit reached a record level of 26.1% of GDP, compared to 25.3% a year earlier.

In 2008 the value of import (FOB) was EUR 24,105.5 million, which is an increase of 15.8% towards 2007. The main reason for the import’s growth in 2008 was the crude oil and natural gas group, although the import of crude oil in the end of the year decreased considerably in nominal terms, as a result of the drop of oil prices on the international markets. On the quantitative scale the import of crude oil in December 2008 remained unchanged compared to December 2007. Increased imports throughout the year were also observed in the groups: machines, devices and appliances; food, beverages and cigarettes; cast iron, iron and steel; transport vehicles. On an annual scale imports decreased for food production raw materials, as well as for the groups: textile materials; other fuels; ores, with December noting a considerable decrease of the import of copper ores.

The export of goods in 2008 reached EUR 15,272.8 million, growing by 13.0% compared to 2007. The main contribution to growth of exports in 2008 is groups of food production, raw materials; oil products; non-ferrous metals; machines, devices and appliances. On an annual data the export of the groups clothing and shoes; wood, paper and cardboard; textile materials; cast iron, iron and steel decreased. In December 2008 the export of oil products decreased by 49.2% in nominal terms, and by 10.8% in quantitative terms, as the low prices of the energy resources on the international markets lead to smaller value of the export. In the second half of the year, in actual terms, the industrial copper group of goods slowed down the growth on export, due to the lower price, as well as the smaller demand from the international markets.

According to the latest revision of historical data of the balance of payments for the period 2000 – 2007, the attracted foreign investment have covered the entire current account deficit (103.4% of the current account deficit for 2007). Particularly, the growing investor interest in the country has generated the necessity for import of investment goods and raw materials and in the same time, by ensuring income to Bulgarian citizens, has stimulated the import of consumer goods.

In 2008 the direct investments covered 65.6% of the current account deficit, as the investment interest for Bulgaria had decreased. The influx of direct foreign investments for the year amounts to EUR 5.43 billion, compared to EUR 6.52 billion for 2007. It should be noted that the data for 2008 are due to be revised. The largest amount of investment have been attracted by the sector operations with real estates, the renting, the business services and the financial intermediation, although these are also the sectors which marked the greatest decrease compared to the previous year.

The aggregate balance for 2008 is positive, at the amount of EUR 674.2 million, with a positive aggregate balance of EUR 3,163.7 million for the same period of 2007. In 2008 the current account deficit was covered by the positive balance on the financial account, at a value of EUR 10,176.3 million.

Selected items from the balance of payment of Bulgaria for the listed years:

	2001	2002	2003	2004	2005	2006	2007	2008
	(EUR in millions)							
Imports	7,492.6	7,940.9	9,093.8	10,938.4	13,876.1	17,574.1	20,814.7	24,105.5
Exports	5,714.2	6,062.9	6,668.2	7,984.9	9,466.3	12,011.9	13,511.9	15,272.8
Trade Balance	(1,778.3)	(1,878.0)	(2,425.6)	(2,953.5)	(4,409.7)	(5,562.3)	(7,302.8)	(8,832.8)
Current Account	(855.2)	(402.5)	(972.3)	(1,306.9)	(2,705.7)	(4,490.4)	(6,303.4)	(8,278.4)
Financial Account	755.0	1,842.9	2,325.1	2,294.9	3,739.4	6,843.2	10,627.4	10,176.3
Foreign investments in Bulgaria	903.4	980.0	1,850.5	2,735.9	3,152.1	6,005.6	6,516.9	5,430.2
Overall Balance of Payment	425.3	717.1	630.3	1,414.6	569.3	1,785.6	3,163.7	674.2

Source: Bulgarian National Bank

Public Finance

Since 2003 the government has pursued a sustainable policy of accumulating budget surpluses to curb the balance of trade deficit and the deficit in the current account of the balance of payments. Despite the long period of implementation, this policy has failed as yet to produce the desired results – deficits are on a steady upward trend and the economy bears an extra tax and social security burden which limits its export potential. In the past year public finance was characterized by stability and the persistence of major trends established in previous periods.

Among these are: the increased actual quota of reallocation through the budget, sustained chronic budget surpluses.

In July 2008, interest payments under the agreement for settling Bulgaria's receivables from Iraq were credited to the republican budget. The sum to the amount of BGN 286.6 million was recorded in the non-tax revenue which contributed to the highest extent to the accumulated of surplus over the month.

In the end of 2008, the accrued surplus on the consolidated budget amounted to BGN 2 billion, which is 5.2% less compared to the previous year. The revenues went up by 13.5% reaching BGN 27.3 billion, while the expenses increased by 15.2% up to BGN 24.6 billion. The primary and internal balance increased by 5.7% and 6.0% respectively. The payment for the budget of the European Union made in 2008 amounted to BGN 720.1 million.

Economic stagnation was its impact on budget revenues in the end of 2008 through higher revenues in January 2009 due to the resulting tranches of EU funds, but nevertheless remained below the norm set out in the fiscal program. To compensate for an infringement of the revenue budget, the government budget freeze salaries, as is very likely to be taken and other steps to preserve the balance of the state budget.

Indebtedness

Bulgaria's gross external debt in the end of 2008 amounted to EUR 36,648.3 million, increasing by EUR 7,794 million (27%) compared to the end of 2007 (EUR 28,854.3 million). As a percentage of the GDP, the gross external debt is 108.4%, increasing by 8.6 percentage points compared to 2007 (99.8% of the GDP). Compared to the end of November 2008 (EUR 37,264.7 million), the gross external debt has decreased by EUR 616.4 million by the end of the year.

The increase in the gross external debt is directly related to the increased capital inflow in the country. The private unsecured debt reached 96.4% of GDP in the end of 2008, being 85.7% in the previous year. The greatest share in this growth belonged to the increase of the indebtedness of the banking sector and inter-company loans. In the end of 2008 the debt of banks amounts to EUR 9,077.6 million (26.9% of the GDP), increasing by EUR 3,306.8 million (57.3%) compared to the end of 2007 (EUR 5,770.8 million – 20% of the GDP). Compared to the end of November 2008 (EUR 9,636.4 million), by the end of the year the debt of the sector has decreased by EUR 558.8 million (5.8%).

In the same time the external debt of the public sector continued to decrease down to 12.1% of the GDP, from 14.2% in 2007, 18% in 2006 and 23.8% in 2005.

In the end of 2008 the long-term indebtedness amounts to EUR 23,303.9 million (63.6% of Bulgaria's gross external debt), increasing by EUR 4,182.5 million compared to the end of 2007. Compared to the end of November 2008, it has dropped by EUR 37.4 million (0.2%).

As at 31 December 2008 the short-term indebtedness amounts to EUR 13,345.5 million (36.4% of Bulgaria's gross external debt and 39.5% of the GDP), increasing by EUR 3,611.5 million (37.1%) compared to the end of 2007 (EUR 9,733.9 million – 33.7% of the GDP). The growth of the short-term indebtedness is mainly due to the greater weight of the banking sector (an increase of EUR 2,707.7 million, out of which the increase of the deposits of non-residents amount to EUR 2,054.7 million) *Source: National Statistical Institute (preliminary data for 2008).*

NATO and European Union Accession

Bulgaria was invited to join NATO at the NATO summit in Prague on 22 November 2002. On 18 March 2004, the Bulgarian Parliament ratified the North Atlantic Treaty and Bulgaria was officially recognised as a full member of the alliance on 29 March 2004.

Bulgaria established diplomatic relations with the EU in 1988. In 1993, the European agreement on association was signed before entering into force in 1995. In December 1995, Bulgaria submitted its application for EU membership, and two years later preliminary negotiations were launched. The Commission presented its first regular report on Bulgaria's progress towards accession in November 1998. The second report, released in 1999, recommended that formal negotiations be opened.

Accession negotiations between Bulgaria and the EU started on 15 February 2000. Bulgaria concluded its accession talks on 15 June 2004, six months ahead of schedule. The technical closure of talks on the final two negotiating chapters had been completed on 14 June 2004.

In April 2005, the European Parliament gave its overwhelming support to Bulgaria's EU bid. On 25 April 2005, Bulgaria signed the country's EU Accession Treaty, which was ratified by parliament on 11 May. In October 2005, the Commission's monitoring report said that Bulgaria must serve six months of further probation and until April or May 2006 it must "take immediate and decisive corrective action" in the fields of judiciary reform and fighting high-level corruption.

In the next monitoring report, dated 16 May 2006, the Commission confirmed that Bulgaria had been in continuously fulfilling the political criteria laid down in Copenhagen, and that the country was a functioning market economy. At the same time, on account of a total of six policy areas which continue to give rise to "serious concern," the Commission decided to review Bulgaria's reform progress in October 2006 and to decide based on that review whether the originally scheduled January 2007 accession date was still feasible. In its final monitoring report on 26 September 2006, the Commission gave the green light for Bulgarian accession in 2007, but insisted on further reforms. If the requirements are not met, the Commission can invoke safeguard measures, which could lead to the suspension of funds.

The final monitoring report by the Commission indicates tougher conditions on Bulgaria's entry in 2007. The country will be closely monitored on the remaining areas of concern. These include the justice system, the fight against corruption, politic co-operation and the fight against organised crime, money-laundering, integrated administrative control system for agriculture (IACS), transmissible spongiform encephalopathies (TSE), and financial control.

If these requirements are not met, the Commission has the right to invoke safeguards. Under the Accession Treaty, there are three types of safeguard measures: economic, internal market and JHA safeguards, which can be invoked up to three years after accession. These could involve food export bans and cuts to EU funds, such as agricultural and structural funds, as foreseen in the report. In addition, there are transitional arrangements, such as the restriction of free movement of workers from new member states. Also the Commission can take remedial measures to ensure the functioning of EU policies. This concerns the areas of food and air safety, agricultural funds, the judiciary and the fight against corruption.

Although the discussed possibility of imposing safeguard measures in some of the above mentioned areas, they were not imposed and Bulgaria was granted full membership in EU as of January 1st 2007.

The following aim of the central bank and the Bulgarian government is the entry of the country in the European Exchange Rate Mechanism 2 and implementation of the Maastricht criteria within 2-year term, which is a necessary condition on accession to the Economic and Monetary Union and introduction of the Euro. The expectations that the entry in ERM 2 shall coincide with the accession to the EU fell short and the negotiation process continues up to now. According to many analysts' expectations Bulgaria shall be included in ERM 2 in 2008 but this shall depend to a great extent on the opinion of Ecofin on the steady development of the economy as a whole. After entry in ERM 2 the main challenge that the country shall face shall be compliance with the inflation criterion.

On 17 October 2007, the European Commission took a decision to open six punitive procedures against Bulgaria for breach if *Community law of the European Union*. The reason for the procedures is the incorrect application of the European acts or the delay in the implementation of commitments made by the country. The infringement procedure is of preventive nature and starts with the sending of a letter of formal notice to the respective Member State. The latter has two months to submit its observations and notify the Commission about any measures undertaken. The Commission refers the matter to the Court of Justice of the European Communities after an additional two-month term. The specific problem areas for Bulgaria are: (1) measures in relation to the reduction of carbon gases in the atmosphere and implementation of the Kyoto Protocol; (2) incorrect application of the special Directive on waste management in Sofia Municipality; (3) delay in the introduction of the European emergency telephone number 112; (4) delay in the introduction of biometric data in passports; (5) inconsistency of the Bulgarian legislation concerning the requirement for Bulgarian citizenship of notaries public; and (6) Bulgaria's failure to comply with the requirements for building waste management capacities for shipping waste. If the Court of Justice of the European

Communities confirms the infringements and Bulgaria fails to comply with the decision for eliminating them, the Commission will have the right to commence an action for the imposition of financial penalties.

On 23 July 2008 the regular report of the European Commission to the European Parliament and the Council for the progress of Bulgaria according to the Mechanism for Cooperation and Verification was published. Together with the positively evaluated new legislation which aimed optimisation of the work in the judicial system, as well as the fight with organised crime, the report made conclusions for unsatisfactory results in three main directions: (i) the reform in the judicial system in the field of law enforcement (particularly at the phase of pre-court proceedings); (ii) the fight against high level and municipality-level corruption; (iii) the fight against organised crime.

On 9 February 2009 an interim report of the European Commission on Bulgaria's progress in the fields of law enforcement and internal affairs was published. The report keeps European Commission's criticizing tone towards the country, however clearly recognising the efforts and the results, achieved by the Bulgarian institutions responsible for the functioning and the reforms in the fields of law enforcement and internal order. Accordingly, the report outlines the problems on which all the attention and all the efforts should be concentrated in the coming months. The main failings mentioned in the report are, again, related to the lack of sufficient results in the fight against organized crime and corruption. An explicit recommendation is made for a clearer delimitation of the authorities of the National Security State Agency and the Ministry of Interior, as well as for definition of the role of the parliamentary control over the security and public order agencies. The European Commission has again criticised the slow court procedures and, particularly, the continuing procedural delays in the pre-court phase of the proceedings and the return to the prosecution bodies of important lawsuits because of minor omissions. The report also notes the lack of adequate legislation controlling the financing of political parties and the confiscation of assets acquired through criminal activity.

BULGARIAN SECURITIES MARKET INFORMATION

Capital Markets

The Bulgarian Stock Exchange

The trading of public securities is conducted on the Bulgarian Stock Exchange, which is currently the only regulated stock market in Bulgaria. As of 31 December 2008 the market capitalisation of the companies traded on the BSE is 18.67% of Bulgarian GDP according to preliminary data for 2008. For the previous years the percent is 51.29% in the end of 2007 and 31.02% in the end of 2006, respectively.

The Bulgarian Stock Exchange was created following the merger of the largest stock exchanges in Bulgaria and was licensed in October 1997. The Bulgarian government controls 44% of the Bulgarian Stock Exchange's capital. Ownership of 20,000 shares in the Bulgarian Stock Exchange gives a shareholder the right to membership of the exchange.

In general terms, the Official Market is aimed at large public companies with high market capitalisation and high volume of trade in their shares, whilst the Unofficial Market targets smaller, less well established companies. However, many Bulgarian blue chip companies have chosen to list on the Unofficial Market where the regulations are easier. The Exchange also organises a "primary market" for IPO's and a "privatisation market" for the sell-off of residual state-owned shares.

Despite strong growth in capitalisation and liquidity during the last years, the Bulgarian Stock Exchange is still considerably smaller and less liquid than other European stock exchanges. During the last years efforts have been made to provide the Bulgarian Stock Exchange with transparency, equal treatment of all parties, market price information, remote trading, a T+2 settlement period and information disclosure and dissemination requirements.

According to BSE data as of 31 December 2008, the following numbers of issues of securities are registered for trading on the different segments:

Compensation Instruments Market	3
Unofficial Market of Bonds	87
Official Market of Bonds	2
Collective Investment Schemes Market	60
Special Purpose Investment Companies Market	67
Unofficial Market of Equities Segment B	167
Unofficial Market of Equities Segment A	148
Official Market of Equities Segment B	18
Official Market of Equities Segment A	4

In addition to domestic equity securities, a variety of financial instruments can be traded on the Bulgarian Stock Exchange, including corporate, government, municipal and mortgage-backed bonds and foreign securities through the trading of Bulgarian depositary receipts. In addition, "compensatory instruments", a type of security issued by various public bodies to persons who did not receive restitution of nationalised assets after 1990, had been listed on the Bulgarian Stock Exchange since 2002. As at the date of this document, 3 issues of compensation instruments are listed on the BSE – housing compensation notes under the Compensation of Owners of Nationalised Property Act; registered compensation vouchers under the Ownership and Use of Farm Land Act and Restoration of Ownership of Forests and Forest Fund Land Act; and compensation notes under the Compensation of Owners of Nationalised Property Act.

Significant interest has been demonstrated in 2007 and 2008 by a number of foreign stock exchanges in the acquisition of the government-owned stake in the Bulgarian Stock Exchange or simply in establishing partnerships with the Bulgarian bourse. Several of them, including the Nordic operator OMX, Deutsche Boerse, Borsa Italiana, Warsaw Stock Exchange, Athens Stock Exchange and Vienna Stock Exchange, have officially announced to be potential bidders if the government decides to open a privatisation procedure for the state stake. In the same time, the Bulgarian Stock Exchange already has co-operation agreements with the Vienna, Athens, Istanbul, Skopje, Bucharest and Zagreb stock exchanges. The Bulgarian Stock Exchange also frequently participates in specialised events, organised by the Federation of Euro-Asian Stock Exchanges and the Federation of European Stock Exchanges.

At 31 December 2007, the market capitalisation of the companies traded on the Bulgarian Stock Exchange was BGN 8,537.5 million on the Official Market and BGN 20,449.2 million on the Unofficial Market. At 31 December 2008, the market capitalisation of the companies traded on the Bulgarian Stock Exchange was BGN 3,459.3 million on the Official Market and BGN 7,331.61 million on the Unofficial Market and BGN 1,431.15 million on the Special Purpose Investment Companies Market.

The total stock exchange turnover for the year ended 31 December 2007 was BGN 9,640.57 million, of which 8,310.80 realized on a regulated market and 1,329.77 realized OTC. The total turnover for the year ended 31 December 2008 was BGN 2,903.93 million, of which 2,129.13 on a regulated market and 774.80 OTC[4].

At 31 December 2008, 404 companies of equity securities were registered for trading on the Bulgarian Stock Exchange, of which 22 companies were registered for trading on the Official Market, 315 on the Unofficial Market and 67 on the Special Purpose Investment Companies Market.

The table below sets out the turnover and capitalisation of equities on the Bulgarian Stock Exchange for the years 2000 to 2008.

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Official Market Equities									
Turnover (*BGN millions*)	8.6	4.4	14.4	60.9	476.0	370.2	843.5	1,279.8	874.7
Market capitalisation *(BGN millions*	283.5	195.0	252.9	986.7	1,374.9	2,148.3	5,642.5	8,537.5	3,459.3
Unofficial Market Equities									
Turnover *(BGN millions*)	23.6	37.8	69.6	120.0	184.8	929.6	1,449.9	6,506.2	881.8
Market capitalisation *(BGN millions)*	1,003.0	909.0	1,122.3	1,742.0	2,658.3	6,285.7	9,671.5	20,449.2	7,311.6

Source: Bulgarian Stock Exchange

The Development of Bulgarian Capital Markets

In the last decade, most of the efforts in the Bulgarian capital markets field have been concentrated on the stabilisation of the legal framework, the trading infrastructure and the institutions involved.

In 1995, more than 20 stock exchanges were operating in Bulgaria. However, these stock exchanges were unregulated and lacked effective supervision over insider trading. In July 1995, Parliament adopted the Securities, Stock Exchanges and Investment Companies Act, and in 1996 the government appointed members to Bulgaria's Securities and Stock Exchange Commission.

The development of the Bulgarian capital markets in the period from 1996 to 1999 demonstrated the need for more extensive regulation. In December 1999, the Bulgarian parliament adopted the Public Offering of Securities Act, which came into effect in February 2000. The Public Offering of Securities Act was aimed at providing protection to

[4] The data before 16 June 2008 take into consideration the block and other negotiated transactions.

investors, developing a stable, transparent and efficient capital market and ensuring equal access and treatment for all participants. After the adoption of the Public Offering of Securities Act, the Securities and Stock Exchange Commission was renamed the National Securities Commission. Further developments to improve securities regulation, notably corporate governance provisions, shareholders' approval of significant transactions, directors' duties and continuing disclosure obligations for public companies were introduced in June 2002.

During the last few years in the EU accession process both the Bulgarian parliament and the Bulgarian securities regulator accomplished much work in order to harmonise Bulgarian capital market legislation with the EU directives on market abuse, prospectuses, transparent reporting obligations, investment services, UCITS and other relevant capital markets directives. The amendments of the Public Offering of Securities Act in May 2005 constituted a further step in that direction. From 1 January 2007 amendments to the Public Offering of Securities Act came in effect with the purpose of implementation the provisions of Council Directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) 85/611/EEC; Directive 97/9/EC of the European Parliament and of the Council on investor-compensation schemes; Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC; and from 3 July 2007 also the provisions of Directive 2004/109/EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, and Directive 2004/25/EC of the European Parliament and of the Council on takeover bids.

In 2007 the efforts for harmonization of the Bulgarian law with the European continue by adoption of the Markets of Financial Instruments Act which implements the provisions of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC; Commission Directive 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, and Directive 2006/49/EC of the European Parliament and of the Council on the capital adequacy of investment firms and credit institutions (recast).

At the end of 2002, the Financial Supervision Commission was created, taking over the regulatory functions of the National Securities Commission, the Insurance Supervision Agency and the Social Insurance Supervision Agency. The legislation to introduce this change entered into force on 1 March 2003 and the members of the Financial Supervision Commission were nominated by the Bulgarian parliament shortly thereafter.

The Financial Supervision Commission is an independent state body, whose seven members are elected by the Bulgarian parliament for the term of six years. The Financial Supervision Commission's members are the chairman, three deputies in charge of the three areas which the Financial Supervision Commission supervises (namely, capital markets, insurance markets and social insurance activities) and three other members.

The Financial Supervision Commission regulates public offerings of, and trading in, securities and the conduct of the securities markets, investment intermediaries, the Central Depositary and investment companies. Under the Public Offering of Securities Act the Financial Supervision Commission must approve any public offering of securities. Following the approval of the Financial Supervision Commission, the board of the Bulgarian Stock Exchange resolves on listing of equity securities.

The Financial Supervision Commission exercises control over listed companies, issues and withdraws licences, gives confirmations and approvals, carries out inspections of the operation of banks in connection with their activities as investment intermediaries and depositaries and exchanges information with the BNB, other state institutions and bodies, and non-governmental organisations related to the securities market.

Prior to 1 March 2003, the National Securities Commission was a member of the International Organisation of the Securities and Stock Exchange Commissions. This membership passed to the Financial Supervision Commission on 1 March 2003.

Types of markets organised by the BSE

The markets organised on the Exchange are as follows:

1. Official Market of Equities:
    a) Segment A;
    b) Segment B;
2. Official Market of Bonds;
3. Unofficial Market of Equities:
    a) Segment A;
    b) Segment B;
4. Unofficial Market of Bonds;
5. Special Purpose Investment Companies Market;
6. Compensation Instruments Market;
7. Collective Investment Schemes Market;
8. Subscription Rights Market;
9. IPO Market;
10. Privatisation market.

The Official Market and Unofficial Market

General

Securities may be traded on the Bulgarian Stock Exchange either on the Official Market or on the Unofficial Market, but not on both markets simultaneously. Since 1 December 2006, the Unofficial Market of Equities of BSE-Sofia was split into A and B segments. Under the Public Offering of Securities Act, all securities publicly offered and traded on the Bulgarian Stock Exchange must be in dematerialised form or made immobile according to the respective order, registered at a depository institution and freely transferable. In addition, the Bulgarian Stock Exchange rules provide that the issuer of the securities must not be in a bankruptcy or liquidation procedure or in the process of transformation. The issuer must comply with the requirements of the Public Offering of Securities Act in all other respects.

Eligibility at the Official Market

The Rules of the Bulgarian Stock Exchange provide eligibility criteria depending on whether admission is sought for the securities to be admitted to Segment A or Segment B of the Official Market.

Segment A of the Official Market

To be eligible for admission to Segment A of the Official Market, the equity securities in question must have been:

- traded for at least one year on Segment B or for at least two years on the Unofficial Market; and
- the relevant company must have been in business for at least five years and must have registered profits in at least 3 of the last 5 years; and
- there must be at least a 25% free-float or the total amount of the free-float must be at least BGN 20 million; and

- the average monthly turnover on the Stock Exchange in this issue for the last 6 (six) months should be at least BGN 1,000,000; and
- the average monthly number of trades at the Stock Exchange in the issue for the last 6 (six) months should be at least 500;
- the issuer has obliged to perform activities in accordance with the National Corporate Governance Code, approved by the Bulgarian stock exchange;
- the issuer is not in a bankruptcy or liquidation procedure.

Segment B of the Official Market

To be eligible for admission to Segment B of the Official Market, the equity securities in question must have been:

- traded for at least one year on the Unofficial Market;
- the relevant company must have been in business for at least five years and must have registered profits in at least 2 of the last 5 years; and
- there must be at least a 25% free-float or the total amount of the free-float must be at least BGN 5 million; and
- the average monthly turnover on the Stock Exchange in this issue for the last 6 (six) months should be at least BGN 500,000; and
- the average monthly number of trades at the Stock Exchange in the issue for the last 6 (six) months should be at least 200;
- the issuer has obliged to perform activities in accordance with the National Corporate Governance Code, approved by the Bulgarian stock exchange;
- the issuer is not in a bankruptcy or liquidation procedure.

Eligibility to trading on the Unofficial Market

All shares that do not comply with one, several or all of the above mentioned quantity or quality criteria to be listed on one of the Official Market segments, are eligible to trading at Segment A of the Unofficial Market.

Shares, for which the average monthly turnover on the Stock Exchange in the issue during the last 6 months was less than BGN 4,000 or the average monthly trades were less than 5, are eligible at Segment "B" of the Unofficial Market.

Nevertheless, in case an issue does not comply with the eligibility criteria to be admitted to trading on the respective market, the Board of Directors of the Bulgarian stock exchange shall put the respective issue under observation for a 3 months term. Where after the expiration of this term the issue continues to not comply with the respective listing requirements, the Board of directors of the stock exchange resolves on moving the issue on another market or segment, respectively for termination of its registration when the issue does not comply with the requirements of any market or segment.

In the end of 2008 the management of the Stock Exchange resolved on the elimination of the Unofficial Market segmentation, and all the issues, which as of 30 June 2009 does not comply with the minimum listing criteria of Segment "A" of the Unofficial Market, namely the average monthly turnover in the issue during the last 3 months to be not less than BGN 4,000 and the average monthly trades during the last 3 months to be not less than 5, will be put under observation for a 3 months period. Where after the expiration of this term the issue in question does not comply with the above minimum requirements, its registration on the Stock Exchange shall be terminated, as the termination will not affect the public statute of the issuer. In case the company has a contract, concluded with a market-maker according the order provided for in the Rules of the BSE, its registration shall not be terminated even though it does not comply with the minimum criteria.

Official and Unofficial Market of Bonds

Eligibility criteria for admission to the Official Market of Bonds

Issues which comply with the following quantitative criteria are eligible for admission to trading on the Official Market of Bonds:

- The time left to the maturity of the bonds is not less than 1 (one) year or the issue is not subject to a time limit;
- The unamortised value of the principal at the time of submission of the application is not less than the equivalent of BGN 5,000,000 (five million leva);
- The number of bonds in the issue at the time of submission of the application is at least 5,000 (five thousand);
- Liquidation or bankruptcy proceedings are not pending against the issuer of the issue.

Eligibility criteria for admission to the Unofficial Market of Bonds

Issues which comply with the following quantitative criteria are eligible for admission to trading on the Unofficial Market of Bonds:

- The time left to their maturity is not less than 1 (one) year;
- The unamortised value of the principal at the time of submission of the application is not less than the equivalent of BGN 1,000,000 (one million leva);

Other markets

Special Purpose Investment Companies Market

Eligibility for admission to trading on the Special Purpose Investment Companies Market is limited to issues of shares in special purpose investment companies within the meaning of the Special Purpose Investment Companies Act and they may not be admitted to trading on another market segment.

Compensation Instruments Market

Admission to trading on the Compensation Instruments Market is limited to compensation instruments complying with the requirements of the Transactions in Compensation Instruments Act. The admission is effected by the Exchange *ex officio*.

Collective Investment Schemes Market

Admission to trading on the Collective Investment Schemes Market is limited to issues of financial instruments issued by investment companies, mutual funds and unit trusts. The financial instruments issued by collective investment schemes may not be admitted to trading on another market or market segment.

Subscription Rights Market

Admission to trading on the Subscription Rights Market is limited to rights from the increase of capital of public companies subject to the condition that the issue of shares concerned has been admitted to trading on the BSE as well as of special investment purpose companies, including upon an initial increase in their capital.

IPO Market

Issues of financial instruments which are offered for subscription by their issuer or an authorised investment intermediary with the exception of the cases of underwriting may be admitted to the IPO Market. No shares of initial increases in the capital of special purpose investment companies may be admitted to this market.

Trading

Trading on the Bulgarian Stock Exchange is made through the trading platform of Deutsche Boerse – XETRA.

On 30 October 2007, the BSE signed an agreement for the implementation of a new trading system – XETRA. According to the agreement, the German Exchange will organise the trading and assume the technological control over it. XETRA was developed for the Frankfurt Stock Exchange in 1997 and users from 19 countries have access to it. The new system started working in the middle of June 2008.

The decision of the Bulgarian Stock Exchange to implement Xetra® is based on the awareness of the necessity for internationalisation and integration with leading capital markets. This means that, on the one hand, the main technical requirements will be in place so that the current participants in trading through Xetra® will have a direct access the Bulgarian market. On the other hand, the Bulgarian participants will have the opportunity to trade in more than 17,000 financial instruments listed on Xetra® in accordance with the principle of common entry point after meeting the membership requirements.

Xetra® is one of the most powerful trading platforms and is a synonym for the electronisation and internationalisation of securities trading. The Vienna Stock Exchange has been using Xetra® since November 1999 and the Irish Stock Exchange – since June 2000. In addition, trading on Eurex Bonds and Eurex Repo as well as electricity trading on the European Energy Exchange in Leipzig runs entirely through Deutsche Boerse technology. The Shanghai Stock Exchange, which is the largest one in China, also intends to use Xetra® technology as the core element of its future trading platform.

XETRA's market model includes 2 main forms of trading – auction and continuous trading. In addition, XETRA offers functionalities for initial public offerings (IPO) and over-the-counter trading (OTC).

Any transactions in financial instruments admitted to trading on the exchange are concluded on the basis of the sell and buy orders entered by the exchange members (order driven market) and the quotes of market makers.

The duration of a trading session varies depending on the specific type of instrument and the market where it is listed. Low liquidity instruments registered for trading are traded in through two expressly pre-defined auctions while all other instruments are traded in continuously in combination with an intraday auction.

Any transaction concluded on the exchange ends in keeping with the principle of delivery against payment, that is the transfer of the financial instruments is simultaneous with and interrelated to the payment under the transaction. These activities are performed by Central Depository AD through a non-cash settlement.

The trading fees are paid to the exchange by each party to the transaction and they are set as a percentage of the value of the respective transaction.

The transactions in financial instruments admitted to trading on the exchange are concluded on the basis of the buy and sell orders entered by the exchange members and the quotes of market makers. The orders and quotes are a firm commitment to purchase or sell a certain volume of financial instruments at a certain or market price and in accordance with additional parameters.

Main types of orders

Market orders – buy and/or sell orders for a certain volume of financial instruments at the best price on the exchange market as of the time of their entry into the exchange trading system.

Limit orders – buy and/or sell orders for a certain volume of financial instruments at a specified limit price.

Market-to-limit orders – market orders which are to be executed at the best limit in the order book; if there is no order on the other side at the time of entry or if only counter market orders are live, a market-to-limit order is rejected by the system.

Additional types of orders

Stop orders which can be:

a) Stop market order – when the stop price is reached or exceeded for stop buy orders or fallen below for stop sell orders, the stop order is automatically placed in the order book as a market order;

b) Stop limit order – when the stop price is reached or exceeded for stop buy orders or fallen below for stop sell orders, the stop order is automatically placed in the order book as a limit order.

Iceberg orders – limit orders valid for the day which are characterised by an overall volume and a peak volume and for which only the remaining part of the peak volume is visible in the system at any time.

When an order is introduced in the system, *ex officio* it is assigned a priority and unique number. The priority of the orders introduced on the exchange is as follows: 1) first priority – price; 2) second priority – time of entry if the respective orders have the same price. Price priority means priority of: 1) buy orders with a higher price in comparison to those with a lower price, respectively sell orders with a lower price than those with a higher; 2) market orders before limit orders. The priority of the time of introduction means priority of the orders introduced earlier if they have the same prices. Only the priority of time of introduction applies to market orders.

The COBOS System

The Bulgarian Stock Exchange owns the intellectual property rights to its own internet-based application for secure and authorised real-time access to the trading systems of the Unofficial Market, known as the Client Order-Book Online System ("**COBOS**"). Orders are submitted to the trading system through COBOS and are identical to all other orders. Use of COBOS is restricted to investment intermediaries, their clients and the administrators of COBOS.

Disclosure

The Markets Misuse with Financial Instruments Act provides that listed companies are required to disclose price-sensitive information by the end of the business day following the day the event occurs or the company becomes aware of it. This information must be disclosed simultaneously to the Financial Supervision Commission and to the public.

Public companies are required to file their annual and quarterly reports (which set out their annual and quarterly financial statements) with the Financial Supervision Commission and to disclose the same information to the public. The annual report is also required to contain details of and changes in a company's auditors for the preceding three years, risk factors relevant to the company or its industry sector, an overview of the company's investments and business, an analysis of the most significant trends in production, sales and inventory, a discussion of the company's prospects for the current financial year, information about members of the Management and supervisory boards, senior management and employees upon whose work the company is dependent, any major shareholders and any related party transactions.

Settlement

Transactions executed on the Bulgarian Stock Exchange are considered finalised after the securities have been transferred and payment received. This is certified by a registration document issued by the Central Depositary.

Transactions are settled on a gross basis. Since June 2003, the settlement cycle has operated on a T+2 basis when the Real-Time Interbank Gross Settlement System (known as "RINGS") was introduced. RINGS is a computerised book-entry system that operates on a "delivery versus payment" basis, which means that the transfer of securities occurs simultaneously upon payment.

The Bulgarian Stock Exchange maintains a fund in order to secure payments relating to trades made on the Bulgarian Stock Exchange. This is funded by the members of the Bulgarian Stock Exchange. Each member of the Bulgarian Stock Exchange is required to make an initial payment of BGN 1000 (EUR 511) and monthly payments of 0.005% of the average total value of the transactions executed by such member during the previous calendar month (excluding cross transactions and bonds transactions). When the value of the fund reaches 0.5% of the total value of all the trades executed on the Bulgarian Stock Exchange during the last twelve months, no further instalments are required to be made until the next calendar year.

Indices

The first official index for the Bulgarian Stock Exchange was SOFIX. SOFIX was established on 20 October 2000 with an initial index value of 100. Its daily value is calculated as its base value multiplied by the ratio of the sum of the market capitalisations of all issues in the index portfolio as of the current moment, corrected by the divisor, the weight factor and by the free-float of each company, towards the sum of the corrected by the weight factor and the free-float market capitalisations as of the base moment. The market capitalisation of a company for the purpose of calculating the index is the product of the number of shares in issue and the volume weighted average price per share at the end of the trading session, but the market capitalisation of no company in the index portfolio can exceed 15% of the total SOFIX capitalisation.

The SOFIX index only includes the most liquid companies on the Bulgarian Stock Exchange markets. To be included in the index, a company must meet certain eligibility requirements: (i) its shares must have been traded on a market, organized by the Stock Exchange for at least three months, (ii) the market capitalisation of each issue must be at least BGN 50 million, (iii) the relevant company must have at least 500 shareholders, (iv) there must be at least 10% free float, (v) the value traded in each issue during the last 12 months should exceed BGN 5 million and (vi) the number of trades in each issue during the last 12 months should exceed 1,000 transactions. The number of the companies within the SOFIX portfolio could vary from 5 to 50, and as of the date of this Prospectus it is 20 companies. In 2006 SOFIX advanced strongly by approximately 48%, from 825.53 on the last trading day of 2005 to 1,224.12 on 22 December 2006. The same trend continued during 2007 – 1,767.88 for the last trade session of the year. In the end of 2008 SOFIX was at a level of 358.66.

On 1 February 2005 a second Bulgarian Stock Exchange index, BG40, was launched. It was also established with an initial index value of 100. The index comprises the shares of the forty companies traded most frequently during the previous six months. Unlike SOFIX, BG40 is price-weighted. In 2006 BG40 increased 50% from 133.42 in end-of December 2005 to 199.88 on the last trading day of 2006. In 2007 the index grew with 159% to 518.06. As of the end of 2008 BG40 was at a level of 107.81.

The Stock Exchange launched two new indexes in September 2007. The first one, BG TR30 is based on the change in the prices of the shares included in it, as each one of the issues included is with an equal weight, while the second one – BG REIT, is a sector index, based on the market capitalization, corrected with the free-float and consists of the shares of special investment purpose companies for securitization of real estates or land. The initial index value of BG TR30 is 1 000, while the initial index value of BG REIT was 100.

Currency Legislation in Bulgaria

The 1999 Bulgarian Currency Act (last amended in July 2006) sets out the legal regime for transactions and payments between local and foreign entities, cross border transfers and payments and the import and export of Bulgarian Leva and foreign currency. The provisions of Regulation (EC) 1889/2005 of the European Parliament and the Council apply in respect of imports and exports of cash. The discussion below sets out those aspects of the legal regime relevant to foreign nationals who invest in the Shares.

Pursuant to provisions of Regulation (EC) 1889/2005 (implemented by Ordinance No. 10/2003 of the Ministry of Finance), Bulgarian citizens or foreign nationals are allowed to import and export cash up to 10,000 Euro or its equivalent in other currency freely, without any obligation for declaring of the sums to the customs authorities. Imports and exports by local and foreign persons in excess of 10,000 Euro or its equivalent in other currency are required to be declared to customs authorities. The declaration contains data about the owner of the amounts and the recipient, the amount and type, the origin and purpose, and the type of the transportation and the route.

In addition, any person who exports sum in excess of BGN 25,000 or its equivalent in other currency has to submit a certificate issued by the National Incomes Agency certifying that this person has no overdue tax liabilities. Such a declaration shall not be required from foreign nationals who export a sum not exceeding the sum which they have declared to the customs authorities upon their last entry in the country.

A foreign national or entity transferring income (made up of capital gains and dividends) in excess of BGN 25,000 or the equivalent resulting from an investment in Bulgaria (including investments in shares and other securities and derivatives over securities issued by Bulgarian companies) or from the sale of such an investment is required to present documents evidencing the investment, its sale and all the payment of all due taxes thereon to the Bank effecting the transfer.

TAXATION

General Information

The general information set out in this section regarding some taxes payable in the Republic of Bulgaria, applies to the holders of Shares including residents and non-residents of Bulgaria for tax purposes.

Residents legal entities are legal entities and non-personified companies registered in Bulgaria, as well as European joint-stock companies (Societas Europaea), incorporated according to EU Regulation 2157/2001 and European cooperations (European Cooperative Society) incorporated according to EU Regulation 1435/2003, which seat is in Bulgaria and are entered into a Bulgarian register.

Residents natural persons are individuals, regardless of their citizenship, whose permanent residence is Bulgaria or who reside in Bulgaria for more than 183 days in each 365-day period. A resident is also a person whose centre of life interests (which is determined by the family, the property, the place of activities or the place of management of the property) is placed in Bulgaria, as well as a person, who is sent abroad by the Bulgarian State, its bodies and/or organizations, from Bulgarian enterprises, and the members of his/her families.

The residents legal entities and natural persons are jointly referred to below as "**Bulgarian Holders**".

Non-residents (legal entities and natural persons) are persons, who do not comply with the above definitions. Together they are referred to as "**Non-Bulgarian Holders**".

The following summary is not comprehensive and is intended only as a general guide; therefore, it is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder of Shares. Accordingly, Chimimport recommends to and urges potential investors to consult their own tax advisers as to the overall tax consequences, including, the consequences under Bulgarian law and the treatment by Bulgarian authorities, in their individual circumstances of the acquisition, ownership and disposal of the Shares, including the conversion of the Preferred Shares into Ordinary Shares.

The information set out below, complies with the legislation in force at the date of issuance of this Prospectus and Chimimport shall not carry out any liability about following amendments in the legislation and the normative order of the taxation of incomes from Shares.

Dividends

Payments of dividends by Chimimport to Bulgarian Holders (except for Bulgarian commercial companies and sole merchants) and to Non-Bulgarian Holders (except for foreign legal entities, which are residents for tax purposes in a member state of the European Union or in an EEA state) are subject to a 5% withholding tax levied on the gross amount of the dividend distributed. Payments of dividends to Bulgarian commercial companies and sole merchants are not adjusted for tax purposes and are deducted from the tax financial result of these Bulgarian Holders pursuant to the provisions of the Corporate Income Taxation Act 2006 and the Natural Persons Income Tax Act 2006.

The taxation of dividends paid by Chimimport to Non-Bulgarian Holders legal entities, which are residents for tax purposes in a member state of the European Union or in an EEA state, shall be governed by the tax laws or the respective member state of the European Union or in an EEA state.

Capital Gains

There is no capital gains tax on sales of Shares on the Bulgarian Stock Exchange or in relation to a tender offer under the Public Offer of Securities Act, or with respect to analogous transactions in another member state of the European Union or in an EEA state.

This tax exemption does not apply to gains arising from sales of Shares in transactions which are executed "off-market" and/or other transactions, which according to the rules of the Bulgarian Stock Exchange are subject solely to public announcement by means of their registration in the electronic trading system of the Bulgarian Stock Exchange ("**Off-Market Transactions**"). Capital gains realized by non-Bulgarian Holders of Shares from Off-Market Transactions in Bulgaria are subject to Bulgarian tax rules. Unless an income tax convention is applicable, a 10% withholding tax is applicable upon the positive difference between the sale price and the proven acquisition price. Capital gains realized by Bulgarian Holders of Shares from Off-Market Transactions are subject to taxation pursuant to the general rules of the Corporate Income Taxation Act 2006 and the Taxation of the Individuals' Income Act 2006.

Conversion

On the basis of the current laws and practice of the Bulgarian tax authorities the Issuer believes that the conversion of the Preferred Shares into Ordinary Shares is not taxable.

Transfer Taxes

There is no Bulgarian stamp duty or other similar tax payable upon a transfer of Shares.

SUBSCRIPTION AND SALE

The Offering

Chimimport has resolved to increase its capital with up to 90,000,000 New Shares offered for public subscription within the terms and conditions set forth in this Prospectus (the "**Offering**", respectively the "**Capital Increase**"). The Capital Increase shall be deemed to be successful if at least 63,000,000 New Shares are subscribed for. As resolved by the Issuer, if due to rounding up of the Rights to New Shares ratio to subscribing investors (see "*Pre-emptive rights*" below) the issue of more than 90,000,000 New Shares becomes necessary, the capital of Chimimport shall be increased with the nominal value of all New Shares offered, i.e. with BGN 90,000,000, plus the aggregate nominal value of the additional New Shares issued as a result of such rounding.

Pursuant to the Public Offering of Securities Act 1999 and this Prospectus, "subscription" of New Shares means the unconditional and irrevocable explicit statement for acquisition of New Shares made by an investor. The subscription for New Shares shall be deemed to be completed after payment of their Issue Price by the investor.

Under Bulgarian law the New Shares shall be deemed issued only after entry of the Capital Increase at the Commercial Register and the registration of the New Shares at the Central Depository. Immediately following these registrations and the subsequent registration of the New Shares at the Financial Supervision Commission the Issuer and/or some of the Managers shall apply for admission of the New Shares for trading on the BSE.

The Offering shall be managed by UniCredit Bulbank (the "**Lead Manager**") and the co-manager Central Cooperative Bank (the "**Co-Manager**" and together with the Lead Manager, the **"Managers"**). The Managers shall perform functions in compliance with the requirements set forth in the Bulgarian law and regulations in respect of public companies, and in accordance with the mandate agreement entered into by and between UniCredit Bulbank, Central Cooperative Bank and the Issuer (the "**Mandate Agreement**").

The Managers undertake to render their best efforts for promoting the Offering and facilitating investors who want to subscribe for the New Shares. The Lead Manager shall accept subscription orders from investors and shall perform certain procedural and technical actions within the Offering, as provided for in the Bulgarian law and this Prospectus.

The Mandate Agreement contains the following further provisions:

1. The Issuer shall pay the Managers a commission fee calculated as a percentage of the sum, which is specified as equal to the total issuance value paid against the subscribed New Shares. The applicable percentage negotiated by the Lead Manager and the Issuer is 1%, while the applicable percentage negotiated by the Co-Manager and the Issuer is 0.25%. According to the Mandate Agreement, the Lead Manager may receive additional 1% incentive fee under separate agreement at the sole discretion of the Issuer and, respectively, the Co-Manager may receive additional 0,25% incentive fee.

2. The Mandate Agreement provides for certain requirements to be met as a pre-condition for the obligations of the parties to become effective. These conditions are typical for an agreement of this nature and include, amongst others, the accuracy of the representations and warranties under the Mandate Agreement (see item 3 below) and that this Prospectus having been approved by the Financial Supervision Commission prior to the Offering. The Managers will be able to terminate the Mandate Agreement in certain circumstances that are typical for an agreement of this nature. These circumstances will include the occurrence of certain material changes in the condition (financial or otherwise), business prospects, business affairs or earnings of the Issuer and certain changes in financial, political or economic conditions in the Republic of Bulgaria.

3. Chimimport will give customary representations and warranties, including in relation to the business, the accounting records and the legal compliance of the Issuer, in relation to the New Shares and in relation to the contents of this Prospectus.

Issue Price

The Management Board of Chimimport, in accordance with the law and the authorization provided for in the Articles of association, has determined an Issue Price of BGN 2.22 per New Share. The Issue Price is based on a reference price, increased with a premium amounting to 22% of that reference price, rounded up to the second decimal number. The reference price is determined as a volume weighted average price per Ordinary Share on the Bulgarian Stock Exchange for the last 10 trading days prior to the date of filing this prospectus at the Financial Supervision Commission for approval (the day of filing inclusive).

Information on the highest and lowest price of the Chmimport's shares for certain periods starting from the initial date of trading in the shares on the Bulgarian Stock Exchange up to now are listed here-in-below:

Prices of the Shares of Chimimport on BSE

	Highest *(BGN)*	**Lowest** *(BGN)*	**Avarage** *(BGN)*
From 30 October 2006 (the admission of the Shares on the BSE) up to 26 September 2008	19.00	3.878	10.962
For the year 2006	7.533	3.878	6.386
For the year 2007	19.00	7.368	12.532
For the year 2008	15.50	1.660	7.862
For the 1st quarter of 2009	2.168	1.140	1.466

Source: Bulgarian Stock Exchange

Subscription for the New Shares

General

Place and Addressees of the Offering

The New Shares shall be offered to the public only in Bulgaria. Both local and foreign investors may participate in the Offering, save as when such participation is prohibited by the applicable law; US nationals could take part in the Offering only to the extent such participation is allowed by Regulation S. Foreign investors who intend to subscribe for the New Shares should consider the applicable law according to their jurisdiction.

Apart from the restrictions above Bulgarian and foreign investors (to the extent it is possible for the latter according to the preceding paragraph) may subscribe for New Shares on equal footing and within the terms and conditions set forth here-in-below.

Pre-emptive Rights

The existing shareholders of Chimimport possess by virtue of law pre-emptive rights to subscribe for the New Shares in proportion to the number of the Shares held by them prior to the Capital Increase. These pre-emptive rights are incorporated in securities - Rights, which shall be allocated to the existing shareholders. The Rights can either be sold or exercised by means of subscribing for New Shares. Within the Offering one New Share shall be subscribed against 1.6666665 Rights. Each person can subscribe at least one New Share and not more than such number of Shares, which is equal to the number of the allocated and/or purchased Rights, divided by 1.6666665, rounding toward full figure as follows: rounding down, if the first decimal is lower than 5; rounding up, if the first decimal is equal to or higher than 5. Only whole number of New Shares can be subscribed.

If the existing shareholders do not want to exercise by subscription, in whole or partially, the allocated Rights, they can offer for sale these Rights on the BSE during the Rights trading period and within the terms and conditions specified below. The Rights which are not exercised until the end of the Rights trading period shall be offered for sale on an open auction organized *ex officio* on BSE. Investors who are not existing shareholders or who are existing shareholders, wanting to subscribe for more New Shares than being entitled to by their pre-emptive rights, can buy Rights on the BSE or through a bank/investment firm off-exchange during the Rights trading period and/or on the BSE open auction (presuming that such Rights will be available for sale).

Others

Chimimport and the Managers have not and do not intend to specify tranches and quantities of New Shares for distribution among specific categories of investors. It is not envisaged within the Offering more than 90,000,000 New Shares to be offered and issued, except in the case of issuance of additional New Shares, due to the rounding up of the Rights to New Shares ratio to subscribing investors (see "*The Offering*" above).

Depending on investors' interest in the Offering the Major Shareholder will consider the number of New Shares to subscribe for. The Major Shareholder shall subscribe for more than 5% of the New Shares; the concrete number New Shares to be acquired by Chimimport Invest will depend on the investors' interest toward the Offering.

Commencement of the Offering. Rights Issue

Pursuant to the Public Offering of Securities Act the pre-emptive rights to participate in the Capital Increase shall pertain to the persons who are existing shareholders of Chimimport (i.e. who own Existing Shares registered at their personal or client sub-accounts at the Central Depository) on the 7^{th} day following the date of the publication of the public offering announcement for the New Shares in the State Gazette and in the central daily newspaper (the "**Offering Announcement**" or the "**Announcement**"). The Offering Announcement may be published only after this Prospectus is approved by the Financial Supervision Commission. Chimimport expects the Announcement to be published in the State Gazette and in Pari newspaper on or around 28 April 2009. This publication indicates the commencement of the Offering.

On the business day following the expiration of the above 7-day term after the Offering Announcement publication the Central Depository shall allocate Rights to the shareholders by opening accounts for Rights in the name of the shareholders of Chimimport according to the data in its register for shareholdings in the Issuer. Under Bulgarian law one Right shall be issued and allocated for each existing Share.

Rights Trading Period. First Stage of the Subscription

The initial date for transfer of Rights and subscription of New Shares through the Lead Manager is the first business day following the expiration of 7 days after the release of the Offering Announcement. In case the Offering Announcement is published on different dates in the State Gazette and in Pari newspaper, the initial date shall be the second business day after expiration of 7 days from the second publication. The initial date of the subscription and trading in rights on the BSE is expected to occur on or around 7 May 2009.

The Rights trading deadline is the first business day following 14 days as of the Rights trading period initial date (expected date: on or around 22 May 2009). Pursuant to the Rules of the Bulgarian Stock Exchange the last date for execution of BSE transactions with Rights is 2 business days prior to the Rights trading deadline specified in the previous sentence (expected date: on or around 20 May 2009).

End of the First Stage of the Subscription: the owners of Rights, either allocated or purchased on BSE may subscribe for New Shares not later than the Rights trading deadline (expected date: on or around 22 May 2009), see the paragraph above. All Rights not exercised by subscription of New Shares until expiration of the Rights trading deadline shall be offered for sale on an *ex officio* open auction organized by BSE.

Second Stage of the Subscription

A BSE Open Auction shall be organised on the fifth business day following the Rights trading deadline (expected date: on or around 29 May 2009). On the open auction will be offered for sale *ex officio* all Rights, which have not been exercised by subscription of New Shares until expiration of the Rights trading deadline.

The end of the second stage of the subscription (and of the subscription as a whole) shall be the first business day following the expiration of 15 business days as of the day, on which expires the Rights trading deadline (expected date: on or around 12 June 2009). Until the end of the subscription the persons who have purchased Rights via the open auction can exercise such Rights by subscription of the corresponding number of New Shares.

Subscription of New Shares before or after the subscription period shall be void.

Prolongation of the Subscription

The Issuer is permitted by law to prolong once the term of the subscription by up to 60 days, after making the respective amendments to this Prospectus, notifying the Financial Supervision Commission and disclosing information on the prolongation as required by law. Chimimport does not intent to prolong the term of the subscription.

Terms and Conditions for Transfer of Rights

The transfer of Rights through purchase and sale transaction (Rights trading) is effected on the special market for trading of Rights for capital increases of public companies organized by BSE. Persons who want to sell Rights need to place sell orders with the investment firm where they have their Rights account opened. Persons who want to buy Rights need to place buy orders with an investment firm – member of the BSE. The provisions of the rules of the Central Depository shall apply to acquisition of Rights by other ways (e.g. swap or inheritance).

On the fifth business day after the deadline for transfer of Rights Chimimport, through the Lead Manager, shall place for sale by the open auction these Rights which have not been exercised by subscription of New Shares until expiration of the Rights trading deadline. Chimimport shall distribute the proceeds from the sale of the unexercised Rights, reduced by the expenses for the sale, in proportion between the holders of the Rights. The proceeds from the sale of the Rights are credited to a special account opened with the Central Depository and cannot be used until entry of the Capital Increase at the Commercial Register. At the beginning of each business day during the subscription the Central Depository shall announce information about the Rights, which have been exercised until the end of the preceding business day.

Terms and Conditions for Subscription of Shares

Subscription Orders

The holders of Rights may subscribe for New Shares by placing subscription orders ("**Subscription Orders**" or "**Orders**") with the banks and non-banking investment firms (jointly "**Investment Intermediaries**") – members of the Central Depository, where they have their Rights accounts opened. If the investors have their Rights in accounts with the Lead Manager UniCredit Bulbank or the Co-Manager CCB, the Orders can be submitted at the addresses listed below.

The Investment Intermediaries that have accepted Subscription Orders of New Shares will have to notify immediately the Lead Manager on this circumstance, within the terms and conditions provided for in the law.

The investors who have received Rights credited to their personal accounts at the Central Depository will have to apply for transfer of the Rights to sub-accounts opened at the Managers or other Investment Intermediaries before exercising the Rights.

The acceptance and execution of the Orders shall be made in accordance with the terms of each specific agreement between the investor and the respective Investment Intermediary.

Validity of the Subscription Order

The subscription for New Shares shall be deemed to be valid only if made by a shareholder owning Rights or by other person who has purchased and is in possession of the Rights at the moment of the subscription, up to maximum possible number of New Shares in accordance with the ratio Rights/New Shares specified above, and if the total Issue Price of the subscribed New Shares is paid within the terms and conditions as specified below.

Upon partial payment of the Issue Price only such number of New Shares in respect of which the total Issue Price is fully paid up will be deemed to be subscribed. The Issue Price shall be credited to a special bank account opened in the name of Chimimport with UniCredit Bulbank the details of which will be specified in the Offering Announcement. The Issue Price shall have to be credited to the special bank account at the latest on the final date of the subscription (the subscription deadline as specified above).

Irrevocable Subscription Orders

Under Bulgarian law the investor is not allowed to withdraw his/her Subscription Order but is entitled to a refusal of the subscribed New Shares within the terms and conditions set out in the Public Offering of Securities Act.

Placement of Orders via Proxy

A Subscription Order may be submitted in person or by a representative who proves its identity with an ID document, if being a natural person or by means of indicating a Unified Identification Code (*EIC*) or a certificate of good standing (for legal entities and sole proprietors who have not been re-registered with the Company Register kept by the Registry Agency with the Ministry of Justice), an act of registration or other analogous documents (depending whether it is a national or foreign legal entity) and submits also an express power of attorney for the subscription for New Shares.

In compliance with the applicable law and their general terms and practice, the Lead Manager and the Investment Intermediaries, with which the Orders are filed, will be authorised to refuse to accept an Order, if they are not satisfied by the type, form, validity or other circumstances related to the documents submitted.

Offices of the Managers, where Orders Can be Placed

The investors who own Rights at accounts opened with the Lead Manager and the Co-Manager can file Subscription Orders of New Shares at the following addresses of the Managers:

UniCredit Bulbank – in the branches of the bank or at the following address: 6 Vitosha Street, 2nd floor, Sofia 1000, Capital Market Origination Sector.

Central Cooperative Bank:

- Asenovgrad , at the address: 8, Rechna Street, Asenovgrad
- Blagoevgrad, at the address: 13 Vassil Levski Street, Blagoevgrad
- Burgas, at the address: 4 Count Androvanti Street, Burgas
- Varna, at the address: 58A Saborni blvd., Varna
- V. Tarnovo, at the address: 4 N. Gabrovski Street, V. Tarnovo
- Vidin, at the address: 4 Acad. St. Mladenov Street, Vidin
- Vratza, at the address: 5 Lukashov Street, Vratza
- Gabrovo, at the address: 54 Brjanska Street, Gabrovo
- Dobrich, at the address: 1 Bulgaria Street, Dobrich
- Kazanlak, at the address: 3, 23 PSH polk Street, Kazanlak
- Kostenetz, at the address: 11A Targovska Street, Kostenetz
- Kardjali, at the address: 47 Repoublikanska Street, Kardjali
- Lovech, at the address: 10 Prof. Ishirkov Street, Lovech
- Montana, at the address: 59, 3 March Street, Montana
- Nessebar, at the address: 23 Struma Street, Nessebar

- Pazardjik, at the address: 7 Esperanto Street, Pazardjik
- Pleven, at the address: 150 Vassil Levski Street, Pleven
- Plovdiv, at the address: 5 Beethoven Street, Plovdiv
- Plovdiv – Maritza, at the address: 44 Yanko Sakazov Street, Plovdiv
- Razgrad, at the address: 7 Stefan karadja Street, Razgrad
- Russe, at the addres: 1 Khan Kubrat sq. Russe
- Samokov, at the address: 33 Targovska Street, Samokov
- Svishtov, at the address: 5A Tzar Osvoboditel Street, Svishtov
- Sevlievo, at the address: 4 Stoyan Bachvarov Street, Sevlievo
- Silistra, at the address: 1 Rakovsky Street, Silistra
- Sliven, at the address: 1 Al. Stambolijski sq., Sliven
- Smolyan, at the address: 11 Bulgaria blvd., Smolyan
- Sofia – west, at the address: 442 P. Vladigerov Street, Sofia
- Sofia City, at the address: 103 Rakosky Street, Sofia
- Sofia, at the address: 3 Vazrajdane sq., Sofia
- Sofia, at the address: 2 Stefan Karadja Street, Sofia
- Sofia, at the address: 23 Emine Street, Sofia
- Sofia, at the address: 37 Madrid blvd., Sofia
- Sofia, at the address: 7B Knjaz Al. Dondukov, Sofia
- Sofia, at the address: 156 Alexander Stambolijski blvd., Sofia
- Sofia, at the address: 51 McGeehan, Sofia
- Sofia, at the address: 18 Gurguljat Street, Sofia
- Stara Zagora, at the address: 54 Kljo Ganchev Street, Stara Zagora
- Troyan, at the address: 44 G.S. Rakovsky Street, Troyan
- Targovishte, at the address: 5 V. Levski Street, Targovishte
- Haskovo, at the address: 1 Skopje Street, Haskovo
- Shumen, at the address: 13A Slavjanski blvd., Shumen
- Yambol, at the address: 7 Osvobojdenie sq., Yambol

Contents of the Subscription Order

The Subscription Orders shall have at least the following contents:

1) Full name, unique client number of the investor and of his/her attorney, and if such numbers are not specified: full name, Personal Identity Number, seat and the address, respectively business name, Unified Identification Code (*EIC*) (or Unified Identification Code (*EIC*) as per BULSTAT for legal entities and sole proprietors who have not re-registered with the Company Register kept by the Registry Agency with the Ministry of Justice), seat and registered office address of the investor and its representative or attorney, and if the investor is a foreign person – similar identification data, including personal/security number of the individual and registration number or other similar number of the legal entity;

2) issuer (Chimimport);

3) number of the Rights that are exercised;

4) number of the subscribed New Shares subject to the Order;

5) date, hour and place of the Order placement;

6) signature of the person placing the Order or of its legal representative or proxy.

The Investment Intermediaries that accept Orders are entitled to prepare and request the completion of particular Order forms containing the above data, as well as additional data specified by them.

Documents Enclosed to the Subscription Order

Enclosed to the Subscription Order shall be the details of the investor's bank account, where the amounts paid shall be returned in event the Offering is terminated and/or is unsuccessful. The Investment Intermediaries accepting Orders from their clients are entitled to request additional information, declarations or other documentation from the persons who file the Orders when it is provided for in the law and/or in the their internal rules.

Terms and Conditions for Payment of the Issue Price

General

The payment of the New Shares shall be made in BGN.

Pursuant to the requirements of the Measures against Money Laundering Act the Managers, as well as the other Investment Intermediaries, banks and the other financial institutions, receiving and realising payment transfers shall or in certain circumstances are entitled to identify the investors and collect, record or disclose to the relevant state authorities information concerning the transfers made and the monies' origin in compliance with the requirements of law and their internal applicable rules.

In case of subscription of Shares through an Investment Intermediary the transfer of the money may be made by the respective Investment Intermediary for the account of the investor who is its client.

Terms of Payment

The deadline for payment of the Issuance Value of the subscribed New Shares will be the end of the final date of the subscription procedure (the deadline for subscription of shares). The payment shall be deemed to be made upon crediting the respective sum to the special bank account of Chimimport opened with the Lead Manager.

Form of Payment

The payment shall be made in cash or via a bank transfer, including electronic. In all cases, the document (including the electronic document) certifying the payment (payment order, note or similar) shall contain at least name/business name of the investor, the name of the Issuer - Chimimport and the total number of the subscribed New Shares that are paid for.

Bank Account

The Issue Price of the subscribed Shares shall be credited to a special capital bank account opened in the name of Chimimport with the Lead Manager. The details of the bank account shall be announced in the Offering Announcement that shall be released in the State Gazette and in the central daily newspaper "Pari" and may be received at any time after the release from the Lead Manager. Pursuant to the law the sums credited to this account shall be blocked and cannot be disposed of by the Issuer before the entry of the Capital Increase at the Commercial Register; in case the Offering is unsuccessful they are returned to the investors within the terms and conditions set out here-in-below.

Completion of the Subscription Procedure Prior to Expiration of its Term

If all 90,000,000 New Shares are subscribed and paid before the final day of the subscription, Chimimport shall announce its termination; notify the FSC within 3 business days and undertake all necessary measures for entry of the Capital Increase at the Commercial Register and for registration of the issue at the Central Depository, FSC and BSE.

The capital increase through Rights issue excludes the possibility for subscription of more than the offered number of New Shares except in the case of issuance of additional New Shares, due to the rounding up of the Rights to New Shares ratio to subscribing investors (see "*The Offering*" above).

Public Announcement of the Results from the Offering

Chimimport shall notify FSC within a term of 3 business days after completion of the subscription procedure about the implementation of the latter and the results thereof, including any difficulties, disputes and similar events in relation to the Rights trading and the subscription of the Shares.

Within a 7-days term after the completion of the Offering the Issuer shall submit to the FSC and BSE a notification on the results from the Offering, containing information on date of completion; total number of the subscribed New Shares; funds accumulated against the subscribed New Shares; amount of the commission fees and other expenses for the Offering, including fees paid. The Issuer shall enclose to the notification the documents as required by the law. Within the same term an announcement of the said circumstances shall be released in Pari newspaper and on the web-sites of Chimimport and the Lead Manager.

Unsuccessful Completion of the Subscription

If until the final day of the subscription procedure all New Shares offered are not subscribed, but at least 63,000,000 New Shares are subscribed and paid-in, then the capital of Chimimport shall be increased by the sum of the subscribed and paid-in New Shares, and the Capital Increase in this amount shall be registered at the Commercial Register, the Central Depository, the FSC and the BSE.

If until the final date of the subscription procedure the minimum number of 63,000,000 New Shares is not subscribed, the Capital Increase shall be considered to be unsuccessful. In this case the sums paid by the investors together with accrued interest (if any) shall be returned to the investors by the Lead Manager to the bank accounts specified in the the Subscription Orders or to other bank accounts, specified in addition, within a 30-day term after the Public Announcement of the results from the Offering. In case of refusal of entry of the Capital Increase at the Commercial Register, the Issuer shall announce this circumstance in an announcement, which shall be released as provided for the announcement of the results from the Offering (see "*Public Announcement of the Results from the Offering"*), within a 3-day term after entry into force of the refusal of entry at the Commercial Register and shall return the received sums within a 30-day term after the announcement within the terms and conditions set out in the previous sentence.

Cancellation or Postponement of the Offering

The Issuer retains the right, after consulting with the Lead Manager, to cancel or postpone the Offering according to the conditions below. The resolution for cancellation or postponement of the Offering shall be taken by the Management Board. The Issuer shall be obliged to notify the FSC and the BSE for such cancellation or postponement of the Offering without delay and in no case later than the next business day following the day when that resolution is taken, and make the respective public announcements as laid down in "*Public Announcement of the Results from the Offering*" above.

Before the commencement of the subscription, the Offering may be cancelled or postponed by the Issuer, without explaining the reason for that.

Not later than the second stage of the subscription (the last date for subscribing for New Shares) the Offering may be cancelled or postponed by the Issuer, after consulting with the Lead Manager, in case of occurrence of certain unfavourable events, including force majeure events, which affect the success of the Offering (e.g. financial markets' collapse, terrorist actions and others).

Selling Restrictions in Certain Jurisdictions

The distribution of this document and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction, other than Bulgaria, which would permit a public offering of the New Shares, or possession or distribution of this document or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the New Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Shares, including those in paragraphs above. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or buy any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Bulgaria

No shares may be offered to the public in Bulgaria within the meaning of the Public Offering of Securities Act prior to the approval of a prospectus in relation to the offer of those shares by the Bulgarian Financial Supervision Commission. After such approval, shares may be traded within the meaning of the Public Offering of Securities Act as well as the Bulgarian Markets in Financial Instruments Act 2007. The Managers have declared and agreed that they shall neither perform public offering of Shares in Bulgaria nor participate in trading in the Shares except for in full compliance with the Bulgarian law.

European Economic Area

Offering of Shares shall not be made to investors in any member state of the European Economic Area that has implemented the Prospectus Directive ("**Member State**") except for in cases when the Offering of the Shares falls within the scope of the following exemptions under the Prospectus Directive and these exemptions are present in the Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose main corporate purpose is to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than € 43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Shares shall result in a requirement for the publication by Chimimport or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of any shares to the public" in relation to any New Shares in any relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase any New Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant Member State.

The United States

The New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States of America and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

SETTLEMENT AND DELIVERY

Issuance of New Shares and admission to trading on the Bulgarian Stock Exchange

If the Offering is successful, UniCreditBulbank will provide Chimimport with a list, indicating the number of New Shares subscribed for and paid by each person; that list will be submitted by Chimimport to the Commercial Register and the Central Depository. Upon entry of the Capital Increase and the New Shares into the Commercial Register, on or about 16 June 2009 the Central Depository will register the New Shares and will open new accounts or will credit the existing Shares accounts of the investors with the New Shares, subscribed for and paid by them. The New Shares will be credited in investors' accounts with the Investment Intermediaries, through which the Rights were exercised.

Upon investors' request they will receive certifying documents (depository receipts) for the New Shares owned by them. The Central Depository will issue depository receipts, which will deliver to investors via the Investment Intermediary according to the rules of the Central Depository and the internal rules of the Investment Intermediary.

Immediately following the entry of the Capital Increase into the Commercial Register, the Issuer will apply for registration of the New Shares into the FSC's register; then the Issuer and/or the Lead Manager will apply with the BSE for admission of the New Shares for trading. Dealing with the New Shares may begin on the date determined by the board of directors of BSE. Trading with the New Shares is expected to commence on or about 22 June 2009.

The Issuer has not negotiated with Investment Intermediaries to act as liquidity providers for the Shares or to maintain 'ask' / 'bid' quotes (market makers).

The BSE trading with the New Shares will be accomplished in accordance with the rules and procedures of the BSE and the Central Depository as described below.

Secondary Trading of the Shares

The transactions with shares, issued by a public company, registered in Bulgaria, are settled in details in the Public Offering of Securities Act 1999 and its secondary legislation, in the rules of the BSE and in the rules of the Central Depository. On 1 November 2007 POSA was amended with the entry into effect of the Market of Financial Instruments Act 2007, implementing the requirements of Directive 2004/39/EEC about the markets of financial instruments, in particular the provision transactions with shares of public companies to be executed only on a regulated securities market is revoked.

Sale and Settlement

Transactions with Shares on the secondary market shall be concluded and/or registered via Investment Intermediary and are settled through the Central Depository. In case of transactions, concluded on the BSE, the share prices are quoted in Bulgarian Leva, and settlement takes place on a T+2 basis. The transfer of the Shares shall be deemed executed as of the moment of registration of the transaction at the Central Depository.

Investment Intermediaries

The investors may only engage in secondary trading of securities listed on the BSE through an Investment Intermediary. The role of the intermediary is to receive a buy or sell order from the investor, execute it on the BSE (if possible) and to register the transaction with the Central Depository, which carry out settlement. A transfer of securities resulting from a donation or inheritance is registered with the BSE and settled through the Central Depository with the assistance of an Investment Intermediary acting as a registration agent. Investment firms are required to provide their clients with information about the types of orders that may be placed on the BSE, the details of any active orders or executed transactions made on behalf of that client, and the expenses, fees and commissions payable to that intermediary, to the BSE or to the Central Depository (if applicable).

The Clearing System

The Central Depository was established as a special joint-stock company in August 1997 under specific provisions of the Bulgarian securities legislation. BNB and the Bulgarian Ministry of Finance own an aggregate of 41.9% of the share capital of the Central Depository. The remaining percentage of the Central Depository's share capital is spread between the major Bulgarian commercial banks and those investment firms that play an active role in the conduct of the BSE. The operations of the Central Depository are supervised and regulated by the Financial Supervision Commission, BNB and the Bulgarian Ministry of Finance. Settlement of securities through the Central Depository can only be effected through a member of the Central Depository. Only investment firms, financial institutions and certain other market participants may become members of the Central Depository.

Payment of Dividends

When the Central Depository receives cash to be distributed as a dividend in relation to a security, the Central Depository will credit the cash accounts of the members who act for the persons registered in the Central Depository's book-entry records as the shareholders of that security at the relevant date. These members are usually Investment Intermediaries, who upon receipt distribute the dividend amounts to the relevant shareholders in accordance with their shareIssuers. The Central Depository will distribute dividends only in accordance with its rules and procedures and any applicable legislation or regulations.

DILUTION

Though the New Shares are separate class of Shares (with rights different from the rights attached to the Ordinary Shares), both the New Shares and the Ordinary Shares form the capital of the Company. Since the Issue price of the New Shares is lower than the net tangible book value per Share (as defined below), current shareholders of Chimimport will be subject to dilution as laid down below.

As of 31 December 2008 Chimimport's net tangible book value was approximately BGN 830 million. **"Net tangible book value"** is calculated on the basis of the consolidated balance sheets of Chimimport as follows:

- Chimimport's total tangible assets excluding goodwill; *minus*
- The sum of Chimimport's total liabilities and minority interest.

As of 31 December 2008, Chimimport`s net tangible book value per Share was approximately BGN 5.53. **"Net tangible book value per Share"** is:

- Chimimport's net tangible book value; *divided by*
- The number of Shares outstanding.

"Dilution of net tangible book value per Share" is:

- The amount paid per Share by purchasers of New Shares in the Increase of Capital; *minus*
- Chimimport's net tangible book value per Share immediately after the issuance of such New Shares.

After giving effect to the issuance of New Shares as if such Shares were issued on 31 December 2008, Chimimport's net tangible book value per Share as of 31 December 2008 would have been BGN 4.29. These calculations assume an Issue Price BGN 2.22 per New Share and 90 million New Shares issued (without deducting the Offering expenses).

These figures represent an immediate accretion in net tangible book value per Share to investors purchasing New Shares and an immediate dilution in net tangible book value per Share to existing investors of BGN 2.07 or 37.4%.

The following table summarizes such calculations:

	BGN, except %
Offer Price per New Share……………………………………………..	2.22
Net tangible book value per Share as of 31 December 2008	5.53
Decrease in the net tangible book value per Share attributable to the Increase of Capital, as if such New Shares were issued on 31 December 2008	(1.24)
Net tangible book value per Share immediately after the Increase of Capital, as if such New Shares were issued on 31 December 2008……………..……………………………………………………..............	4.29
Dilution per Share to existing shareholders	
- in BGN	2.07
- in percentage	37.4%

Source: Chimimport

INCORPORATION BY REFERENCE

This Prospectus refers to (incorporates by reference according to Article 28 of Regulation (EC) 809/2004[5]) to the following documents, which are regarded to be part of the Prospectus:

(1) Consolidated interim financial statements of Chimimport for the period ended 31 December 2008, including:

- Consolidated interim statements of income for the year ended 31 December 2008;
- Consolidated interim balance sheets as of 31 December 2008;
- Consolidated interim statements of changes in equity for the year ended 31 December 2008;
- Consolidated interim statements of cash flow for the year ended 31 December 2008;
- Notes to the financial statements.

(2) Audited consolidated financial statements of Chimimport for the year ended 31 December 2007, including:

- Report of independent auditors;
- Statements of income for the year ended 31 December 2007;
- Balance sheets as of 31 December 2007;
- Statements of changes in equity for the year ended 31 December 2007;
- Statements of cash flow for the year ended 31 December 2007;
- Notes to the financial statements.

(3) Audited consolidated financial statements of Chimimport for the year ended 31 December 2006, including:

- Report of independent auditors;
- Statements of income for the year ended 31 December 2006;
- Balance sheets as of 31 December 2006;
- Statements of changes in equity for the year ended 31 December 2006;
- Statements of cash flow for the year ended 31 December 2006;
- Notes to the financial statements.

(4) Audited individual financial statements of Chimimport for the year ended 31 December 2008, including:

- Report of independent auditors;
- Statements of income for the year ended 31 December 2008;
- Balance sheets as of 31 December 2008;
- Statements of changes in equity for the year ended 31 December 2008;
- Statements of cash flow for the year ended 31 December 2008;
- Notes to the financial statements.

(5) Audited individual financial statements of Chimimport for the year ended 31 December 2007, including:

- Report of independent auditors;
- Statements of income for the year ended 31 December 2007;
- Balance sheets as of 31 December 2007;
- Statements of changes in equity for the year ended 31 December 2007;
- Statements of cash flow for the year ended 31 December 2007;
- Notes to the financial statements.

[5] Commission Regulation (EC) 809/2004 implementing Directive 2003/71/EC of the European Parliament and Council on the prospectus to be published when securities are offered to the public or admitted to trading.

(6) Audited individual financial statements of Chimimport for the year ended 31 December 2006, including:

- Report of independent auditors;
- Statements of income for the year ended 31 December 2006;
- Balance sheets as of 31 December 2006;
- Statements of changes in equity for the year ended 31 December 2006;
- Statements of cash flow for the year ended 31 December 2006;
- Notes to the financial statements.

(7) Management reports of Chimimport for each of the three years ended 31 December 2008, 2007 and 2006.

(8) The Articles of Association of Chimimport.

(9) The declaration under Art. 81, Para 5 of the Public Offering of Securities Act on the information contained in this Prospectus from the members of the Management Board of Chimimport, the persons, responsible for the preparation of the financial statements of Chimimport and the registered auditor.

The above documents, incorporated by reference, which are submitted to the FSC and are considered by virtue of law as part of this Prospectus, will be available for inspection during normal business hours on any weekday (Saturday, Sunday and public holidays excepted) at the office of Chimimport at 2 Stefan Karadja Str, Sofia, Bulgaria and on the web page of the Issuer www.chimimport.bg from the date of publication of this Prospectus and during the period of its validity. The financial statements of the Issuer are available to the public on webpage of X3 News (which is the specialized media used by Chimimport to disseminate regulated information) www.x3news.com. Some of the above documents are available also through the public register kept by the Financial Supervision Commission, at its address or on www.fsc.bg.

The audited consolidated financial statements of Chimimport for the year ended 31 December 2008, together with the auditor's report, as well as subsequent financial statements of Chimimport and the corresponding auditor's reports, if any, will be available to the public for inspection (without being incorporated by reference to this Prospectus), after their preparation and publication, as specified in the paragraph above.

With the exception of the above document incorporated by reference, the contents of the Chimimport's website do not form part of this Prospectus.

GENERAL INFORMATION

1. Chimimport

1.1. The foundation meeting of the shareholders of Chimimport was held on 19 October 1989. Chimimport was registered with the Sofia City Court pursuant to court resolution dated 24 January 1990 under court file No. 2655/1989, batch No. 66, volume 1, page 173 as a foreign trade joint stock firm under Decree No 56 on Economic Activity. Pursuant to § 8 of the Transitional and Final Provisions of the Commercial Act 1991 the registration of companies under Decree 56 remains valid and joint stock firms are deemed ex lege joint stock companies, thus respectively the Issuer's trade name changed to Chimimport AD. No other amendments have been made in the trade name of the company. Chimimport was registered as a holding company under the meaning of Art. 277 of the Commercial Act pursuant to the Sofia City Court resolution dated 21 January 1998. Chimimport is re-registered in accordance with § 4 of the Transitional and Final Provision of the Company Register Act with the Company Register kept by the Registry Agency with the Ministry of Justice with a Unified Identification Code (*EIC*) 000627519. Chimimport is duly incorporated and validly existing under the laws of Bulgaria. The existence of Chimimport is not limited by term.

1.2. On 29 September 2006 Chimimport became a public company pursuant to Art. 110, Para 2 of the POSA upon the registration of the increase of its capital to BGN 130 million. The capital increase was carried out through an initial public offering of 11,083,914 Shares. The shares of Chimimport were registered for trading on the official market, segment "B", of the Bulgarian Stock Exchange on 30 October 2006. Chimimport is registered as an issuer of public offered shares in the register of the public companies and other issuers of securities, kept by the Financial Supervision Commission under registration No 704 as of 8 September 2006, patch No 05-1285.

1.3. The seat and address of management of Chimimport is Bulgaria, Sofia 1080, Sredetz region, 2 Stefan Karadza Str., phone number: +359 2 981 86 00, email: dzhilev@chimimport.bg, and web page: www.chimimport.bg.

1.4. The principal legislation under which Chimimport operates is the Commercial Act 1991 and the Public Offer of Securities Act 1999. Subjects of importance for the investors regarding the public offering of the shares of Chimimport are regulated in the following acts: Financial Instruments Markets Act; Regulation No 809/2004/EC implementing Directive 2003/71/EC on prospectuses; Corporate Income Tax Act; Natural Persons Income Tax Act; Currency Act; the provisions of Chapter 11, Section I of the POSA and the Ordinance No. 39/21.11.2007 for revealing of share participation in public company, regulating disclosure of major participation in the Company. The arrangements concerning the transactions with Chimimport's own shares are stipulated under Art. 111, Para 2 and 5 of the Public Offering of Securities Act and the Commercial Act. Obligatory tender offerings are provided for in Art. 148g, Art. 150-157e of the POSA, in Ordinance No. 41/11/06.2008 for the requirements to the contents of the rationale of the price of the stocks of public company, including to the application of valuation methods in the cases of transformation, contract for joint enterprise and tender offering, as well as in the Ordinance № 13/22.12.2003 for tender offering for buying and exchange of shares. The terms and procedure of delisting of the company from the Public Companies and other Securities Issuers register under Art. 30, Para 1, Item 3 of the FSC Act are provided for in Art. 119 of the POSA and in the Ordinance No. 22 on establishing terms and procedure for recording and delisting of public companies, other issuers of securities and issues of securities in the register of the Financial Supervision Commission.

2. Real Estate

Following is a list of Chimimport's major real estate:

Location	Purpose	Built-up area *(m²)*
2 St. Karadzha Str., Sofia	administrative building	4,464
2 St. Karadzha Str., Sofia	land	1,067
Voenna Rampa, Industrial Zone, Sofia	land	18,884
277 Vladislav Varnenchik Blvd., Varna	administrative building	4,280
277 Vladislav Varnenchik Blvd., Varna	administrative building	1,377
277 Vladislav Varnenchik Blvd., Varna	administrative building	463
East Industrial Zone, Russe	administrative building	105
East Industrial Zone, Russe	2 manufacturing warehouse	720
Mulheim, Germany	administrative building and warehouse	568
Offenbach, Germany	shop	568
Hanau, Germany	residential building with restaurant	462
Deggendorf, Germany	residential building	398
Frankfurt, Germany	office building	192
Frankfurt, Germany	5 apartments	546
Munich, Germany	4 apartments	184
Amsterdam, the Netherlands	apartment	118
Amstelveen, the Netherlands	apartment	84
Paris, France	office	116
Madrid, Spain	office	39
Madrid, Spain	2 apartments	236

Source: Chimimport

3. Share Capital

3.1. Chimimport's share capital as of the date of this document is:

Number of Shares	Class	Amount (BGN)	Par value per Share
149,999,984	Ordinary	149,999,984	BGN 1

Upon the incorporation of Chimimport the share capital registered in the company register is BGN 10,000,000 (before denomination) distributed in 10,000 ordinary registered shares with par value of BGN 1,000 each.

Starting from 25 May 1993 until now the following changes have been made to Chimimport's share capital:

3.1.1. On 25 May 1993, in accordance with a decision of the general meeting of shareholders of 22 September 1992, 41,118 ordinary registered shares were issued, and the increase of capital was carried out with the value of the property sold by the state (BGN 33,297,000 – before denomination) at the expense of the retained earnings (BGN 7,016,000 – before denomination) and the par value of the remaining newly issued shared, paid up in cash (BGN 805,000 – before denomination); on 22 September 1993, in accordance with a decision of the general meeting of shareholders of 6 August 1993, 550 ordinary registered shares were issued with par value of BGN 550,000 (before denomination), of which BGN 500,000 are paid up in cash, and BGN 50,000 are at the expense of the capital of the shareholder VIHVP – Plovdiv, in accordance with Order №

RD 16-187/04.08.1993 of the Ministry of Commerce; on 23 September 1998, in accordance with decision of the General Meeting of Shareholders of 2 June 1998 were issued 3,461,756 ordinary registered voting shares, with par value of BGN 1000 (before denomination) each, and the increase of capital was financed with own funds, of which BGN 3,410,088,000 (before denomination) – retained earnings and BGN 51,668,000 (before denomination) – additional reserves; on 22 November 2000 a denomination of the capital of the company was entered from BGN 3,513,424,000 to BGN 3,513,424, distributed in 3,513,424 ordinary registered shares with par value of BGN 1 each; on 15 April 2002, in accordance with decision of the Management Board of 17 December 2001, 6,486,576 ordinary registered shares were issued with par value of BGN 1 each, whose total par value amounting to BGN 6,486,576 was paid up in cash; on 13 February 2004 were 10,000,000 ordinary registered voting shares were issued with par value of BGN 1 each, whose total par value of BGN 10,000,000 was paid up in cash; on 7 January 2005 were issued 5,000,000 ordinary registered voting shares, with par value of BGN 1 each, whose total par value of BGN 5,000,000 was paid up in cash; on 20 May 2005 were issued new 35,000,000 ordinary registered voting shares, with par value of BGN 1 each, whose total par value of BGN 35,000,000 was paid up in cash; on 10 April 2006, in accordance with a decision of the general meeting of shareholders of 15 February 2006 the type of shares was changed, and all shares in Chimimport become dematerialized, and 58,916,086 ordinary shares with the right to one vote were issued, with par value of BGN 1 each. The capital was increased under the terms and conditions of Art. 193 of the Company Code, with an in-kind contribution of receivables of the shareholder Chimimport Invest AD from the Issuer. The in-kind contribution was evaluated under the terms and procedure of Art. 72 of the Company code, and the valuation was approved with Ruling of 14.02.2006 under company case № 38/2006 of Sofia City Court, Company Division, 7-th panel. The monetary valuation of the receivables paid as an in-kind contribution determined by the court experts amounts to BGN 58,916,086. The monetary valuation of the receivables approved by the General Meeting of Shareholders of 15.02.2006 amounts to BGN 58,916,086. On 29 September 2006, the Sofia City Court registered a new capital increase of the issuer as a result of an initial public offering of 11,083,914 ordinary voting shares, each share having a nominal value of BGN 1. The latest capital increase as of the date of this document was made in October 2007 through the issuance after a public offering of 19,999,984 new ordinary voting shares with a nominal value of BGN 1 each.

3.2. Besides what is indicated in paragraph 3.1 above:

3.2.1. Starting from 27 April 2006 until now, Chimimport's share capital has never been increased in exchange for cash or in-kind contributions;

3.2.2. Starting from 27 April 2006 until now, Chimimport has not provided any commission fees, discounts or fees as special conditions in connection with the subscription to or the payment of Chimimport's share capital.

3.2.3. As of the present moment there is an active purchase option contract on 11,574,550 Shares in the capital of Chimimport owned by Chimimport Invest, and the maturity of this contract is 20.08.2015.

3.3. As of the date of this document all shares issued by Chimimport are ordinary, but its Articles of Association allow for the issuing of preference shares (with or without voting power) with a guaranteed and/or additional dividend, with a redemption options, as well as with any other privileges permitted under the existing legislation. The Issuer may not issue preference shares giving the right to more than one vote or to an additional liquidation share. Outside what is specified in this document, rights under the Shares are not materially restricted by the rights granted by other securities issued by Chimimport or contracts it has entered into. Chimimport does not plan to issue instruments or enter into an agreements that would limit the rights under the Shares.

3.4. Chimimport's Shares are dematerialized, and exercising the rights under the Shares does not require shareholders to be issued depositary receipts by the Central Depository.

4. Increase of Capital and Approval of the Prospectus

This document was approved by the Management Board of Chimimport with a decision of 27 April 2009. Any approval, authorizations or other instructions required by Chimimport's Articles of Association or the existing legislation in Bulgaria have been given or received with regard to the Offering, subscription and sale of New Shares.

The shareholders in Chimimport, at their meeting on 11 March 2009, has authorized, by an amendment of the Articles of Association, the Management board, with the approval of the Supervisory Board, to take decisions for increasing the capital of the Issuer until reaching a total par value of BGN 250 million within a term of 5 years, since the date of registration of the articles of association's changes, by means of issuing new ordinary or preference shares (Art. 17, para. 9 of Chimimport's Articles of Association).

In pursuance of this decision of the shareholders and the rights given to it by the Articles of Association, on 15 April 2009 the Management Board took a decision to increase the capital of Chimimport by means of an issue of up to 90,000,000 New Shares, subject to the Offering under the present prospect and under its terms and conditions. This decision was approved by the Supervisory Board 16 April 2009. With the mentioned decisions were determined (respectively approved) UniCredit Bulbank as Lead Manager and Central Cooperative Bank as Co-manager of the Offering. With a subsequent decision of 27 April 2009 of the Management Board, approved with a decision of the Supervisory Board as of the same date, the Management Board`s resolution dated 15 April 2009 about the capital increase was updated (amended and completed), including the exact amount of the issue value of the New Shares was determined. The Management Board has determined a lower limit of 63,000,000 shares, whose issuance will be considered a successful Increase of Capital of the Issuer, and which also represent the minimum number of New Shares offered for subscription.

5. Legal Disputes

Chimimport is not a party and has not been a party under court, arbitrage or administrative proceedings (including proceedings of the aforementioned nature that are pending or may be initiated) over the last 12 months preceding the date of this document, that may have or have had material effect on the financial position or profitability of Chimimport, see also *"Business Overview – Legal proceedings"*.

6. Members of the Supervisory and Management Board of Chimimport

6.1. Interest in the share capital

The following members of the Supervisory and Management Board own Shares in the capital of Chimimport:

Name	**Number of shares owned**	**% of the capital / votes in the General Meeting:**
Chimimport Invest – member of the Supervisory Board (1)	115,278,971	76.8526%
Ivo Kamenov - member of the Management Board	309,925	0.2066%
Marin Mitev - member of the Management Board	309,924	0.2066%
Alexandar Kerezov – member of the Management Board	95,000	0.0633%
Mirolyub Ivanov - member of the Management Board	55,666	0.0371%
Nikola Mishev - member of the Management Board	36,464	0.0243%
Tsvetan Botev – Chairman of the Management Board	0	0.0000%

(1) Including owned directly 109,138,676 (72.7591%). See also "Principal Shareholders"

Source: Chimimport

Some of the members of the Management Board and Supervisory Board of Chimimport, as well as other employees, intend to acquire some Offered Shares in the Offering or afterwards. Besides, members of the Management Board and Supervisory Board may decide in some future moment to accept shares options or a share purchase program in connection with an additional stimulation of the member of the Management Board and Supervisory Board of Chimimport, the senior management and other staff.

6.2. After the Offering some members of the Supervisory Board and the Management Board of Chimimport will continue to hold an interest in Chimimport's share capital. It is possible that after the offering management staff may hold interest in Chimimport's share capital.

6.3. There are no active agreements and there are no plans to conclude agreements between members of the Supervisory Board, the Management Board or management staff of the Issuer or its subsidiary, providing for a payment of compensation upon termination of the contractual relations.

6.4. Participation in the management of other companies.

Outside their activities as members of the management and supervisory bodies of Chimimport, the members of the Supervisory Board and the Management Board of the Issuer have principal positions outside the Issuer and interests held in the last 5 years in the following companies:

Name	Current positions/ interests held	Previous positions/ interests held
Chimimport Invest AD	Member of the SB of CCB Group EAD; member of the BD of Metrik AD	-
CCB Group EAD	Member of the BD of Chimimport Invest AD	-
Mariana Bajdarova	Member of the BD of Plovdiv Commodity Exchange and Technoimpex AD; manager of Bliasak EOOD	Manager of Dessislava 2001 EOOD (2000 – 2005)
Tsvetan Botev	Member of the MB of Central Cooperative Bank AD, member of the BD of Chimimport Group EAD, member of the MB of Chimimport AD; Executive Director of Chimiport Pharma AD and manger of the following companies: Chimimport Orgachim OOD, Chimimport Oil Trade OOD, Chimtrans OOD, Bulchim Trade OOD and Dializa Bulgaria OOD.	He has taken part in the management of the following companies: Chimco AD, Vratsa, Neftochim AD, Burgas, Plastchim, Botevgrad, Zavod za Kuhennska Mebel, Cherven Bryag as Chairperson of the Board of Directors (1990-1995), he was member of the Board of Directors of Commercial Bank Biochim AD (1991-1992).
Alexandar Kerezov	Manager of accounting company HGH Consult OOD, member of the Management Board of Central Cooperative Bank AD and of the Management Board of Insurance Joint Stock Company Armeec, member of the Supervisory Board of Pension Insurance Joint Stock Company CCB Sila, member of the Management Board of CCB Group EAD and member of the Management Board of Bulgarian River Shipping AD, Ruse, member of the Board of Directors of Bulgarian Aviation Group EAD, member of the Board of Directors of Chimimport Oil AD and Procurator of Bulgaria Air AD and Hemus Air EAD.	-
Ivo Kamenov	Executive Director of Chimimport Invest AD, Chairman of the Management Board of CCB Group EAD, Chairman of the Management Board of Oil and Gas Exploration and Production AD, Chairman of the Board of Directors (BD) of Bulgarian Aviation Group EAD, Member of the BD of Bulgaria Air AD, Member of the BD of Chimimport Group EAD, Member of the BD of Chimsnab AD, Procurator of Capital Management ADSIC	
Marin Mitev	Chairman of the SB of CCB Group EAD, member of the SB of Central Cooperative Bank AD, member of the BD of Chimimport Invest AD, member of the SB of Technoimportexport AD, Executive director of Varna Sport Complex AD, Golf Shabla AD and Mustang Holding AD. Mr. Mitev is a Procurator of Oil and Gas Exploration and Production AD	
Nikola Mishev	Executive Director of Chimimport Group EAD, Member of the Supervisory Board of Pension Insurance Company CCB Sila AD and Manager of the following companies: Chimimport Rubber OOD, Chimimport Fertilizers OOD, Chimimport Chimtseltex OOD, Bulchim Trade OOD and Chimimport Trade OOD. As of this year, he is procurator of Asenova Krepost AD. Mr. Mishev represents Chimimport AD in the capacity of the latter of Chairperson of the Supervisory Board of Insurance and Re-insurance Joint Stock Company Armeec.	Member of the Board of Directors of CCB Group Assets Management EAD (2002 – 2005) and Chimsnab AD (1994 – 2004)
Mirolyub Ivanov	Member of the Board of Directors of Chimimport Group EAD; Manager of Chimimport Lega Consult OOD, Chimsnab AD and Anitas 2003 EOOD; Manager and Partner at Satelit X OOD and Chimimport Finances OOD; Executive Director of Metrik AD; Member of the Supervisory Board of Pension Insurance Company Lukoil Garant – Bulgaria AD	Executive Director of Balkan Hemus Group EAD (2003 – 2007), Manager of Bulgarian Shipping Company EOOD (2005 – 2007) and Chimimport Bimas AD (2006); Member of the Management Board of Bulgarian River Shipping AD (2007); Member of the Board of Directors of Pension Insurance Company Saglasie AD (2005 – 2006), Executive director of

Name	Current positions/ interests held	Previous positions/ interests held
		Zarneni hrani Bulgaria AD (2008)

6.5. Court sentences, interests in companies in bankruptcy, enforcement measures

Within the period of five years preceding the date of this document none of the members of the Supervisory Board or the Management Board or senior managers:

- has had any convictions in relation to fraudulent offences;
- has been a member of a management or a supervisory body of any company at the time of any bankruptcy, receivership or liquidation of such company;
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) in relation with his activity as a member of a management body or conduct of the affairs of a company or has been disqualified by a court from acting as a director of a company; or
- has not been related in some other way with a bankruptcy procedure, procedure for declaring bankruptcy or liquidation procedure.

6.6. Conflicts of interest

None of the Members of the Supervisory Board or Management Board or senior managers has any present or potential conflicts of interests between their duties to the Issuer and their private interests or other duties.

Information on the remuneration of the Lead Manager and the Co-Manager and the dependence of the said remuneration from the success of the public offering has been disclosed in "*Subscription and sale – The Offering*". The remuneration of other consultants of the Issuer in relation with the Offering does not depend on its success.

6.7. Compensation and pension insurance contributions

In the financial year ended 31 December 2008 the aggregate total remuneration paid to each of the Members of the Supervisory Board and Management Board is BGN 168 thousand. For 2007 the key management personnel remunerations amounts to BGN 144 thousand. The expenses for social insurances of the management personnel amounts to BGN 14 thousand for 2008 and BGN 13 thousands for 2007.

7. Subsidiaries and associates

Chimimport owns directly an indirectly interests in the following companies:

Subsidiary	**Registered office and business address**	**Main scope of activities**	**Interest in the capital** *(%)*	
			End of 2008	***End of 2007***
CCB Group EAD	2 St. Karadzha Str., Sofia	sub-holding for consolidation of the financial business of the Group	100.00	100.00
Central Cooperative Bank AD	103 G. S. Rakovski Str., Sofia	banking	75.80	72.80
Central Cooperative Bank AD, Skopije	Macedonia	banking	82.57	0.00
ZPAD Armeec	2 Stefan Karadzha Str, Sofia	general insurance and reinsurance	83.60	97.26
ZAED CCB Zhivot	51 James Bourchier Blvd., 10-th floor, Sofia 1407	finance	100.00	100.00
Health Insurance Company CCB EAD	2 Stefan Karadza StrSofia	finance	100.00	100.00
Armeec Leasing EOOD	2 Stefan Karadza Str, Sofia	leasing operations	100.00	100.00

Subsidiary	Registered office and business address	Main scope of activities	Interest in the capital *(%)*	
			End of 2008	***End of 2007***
POAD CCB Sila	2 Stefan Karadzha Str, Sofia	additional pension insurance	89.26	99.26
PIC Saglasie AD	20 F. Jolio Kurie Str, Sofia	additional pension insurance	49.26	49.26
CCB Real Estate Fund ADSIC	2 Stefan Karadzha Str, Sofia	real estate securitization	76.92	100.00
Capital Management ADSIC	2 Stefan Karadzha Str, Sofia	securitization or receivables	23.08	46.16
Management Company CCB Assets Management EAD	2 Stefan Karadzha Str, Sofia	organization and management of mutual funds	100.00	100.00
Bulgarian Aviation Group EAD	2 Stefan Karadzha Str, Sofia	sub-holding for consolidation of the aeronautical business of the Group	100.00	100.00
Hemus Air EAD	Sofia Airport, Sofia	aviation transport	100.00	100.00
Bulgaria Air AD	Sofia AirportSofia	aviation transport	99.99	99.99
Lufthansa Technik Sofia OOD	Sofia Airport, Sofia	aviation transport	20.00	20.00
Molet AD	133 Tzarigradsko Shosse, 7-th kilometer, Hitech Park Izot, 2-nd corpus, office 111, 1-st floor, Sofia	aviation transport	100.00	0.00
BM Star EOOD	9 Plana Planina Str., 1-st floor, apt. 1, Sofia	aviation transport	100.00	0.00
Fraport Twin Star Airport Management AD	Varna Airport, Varna	aviation transport	40.00	0.00
Oil and Gas Exploration and Production AD	2 St. Karadzha Str., Sofia	prospecting, research, drilling, development and exploitation of oil and gas fields, as well as processing of crude oil to end products for the market	53.66	56.50
Bulgarian Drilling Company EOOD	2 St. Karadzha Str., Sofia	drilling repair in Bulgaria and abroad of prospecting, research and extraction drills for oil and gas, groundwater and geothermal energy	100.00	100.00
Bulgarian Petroleum Refinery EOOD	2 St. Karadzha Str., Sofia	manufacturer of oil products form the processed of oil and condensed fluid	100.00	100.00
Geophysical Research EOOD	2 St. Karadzha Str., Sofia	engineering, hydrogeological, geotechnical, geophysical, geological and prospecting research	100.00	100.00
Petrogas Antica EOOD	220 Treti Mart Blvd., Montana	design, construction of oil and gas pipes and prospecting	100.00	100.00
Sofgeoprouchvane EOOD	123 Iliantsi Str., Iliantsi Region, Sofia	processing of seismic data, interpretation of seismic, geological and geophysical data	100.00	100.00
Geology and Mineral Resources Publishing OOD	22 Maria Luisa Blvd., Oborishte Region, Sofia	publishing	70.00	70.00
PDNG – Service EOOD	2 Stefan Karadzha Str, Sofia	repair of facility for oil and gas fields	100.00	100.00
PDNG oil AD	2 Stefan Karadzha Str, Sofia	trade with oil and fuels	100.00	100.00
Kavarna Gas OOD	Kavarna, 23 Dobrotitsa Str.	Heating and gasification	35.00	35.00

Subsidiary	Registered office and business address	Main scope of activities	Interest in the capital *(%)*	
			End of 2008	***End of 2007***
Bulgarian Shipping Company EOOD	2 St. Karadzha Str., Sredets Region, Sofia	holding company for acquisition of interests in sea and river shipping	100.00	100.00
Bulgarian River Shipping AD	2 Otets Paisiiy Sq., Ruse	River shipping	80.95	83.25
VTC AD	1st floor, Morska Gara, Varna	tugboat services	51.00	51.00
Mayak-KM AD	44 Tsar Osvoboditel Str., Novi Pazar	watercraft construction	77.19	77.19
Ship Machine Building AD	24 Devnya Str, Varna	watercraft construction and repair	51.81	51.81
Port Balchik AD	1 Bulgaria Str, Dobrich	sea and coastal transport	100.00	100.00
Port Lesoport AD	5 Vardar Str., Varna	port operator and concessionary	99.00	99.00
Zarneni Hrani Bulgaria AD	2 Stefan Karadzha Str, Sofia	manufacturing	59.81	59.61
Slanchevi Lachi Commerce EOOD	20 F. Jolio Kurie Str, 10-th floor, Sofia	manufacturing	100.00	100.00
Slanchevi Lachi Provadia EAD	20 F. Jolio Kurie Str, 10-th floor, Sofia	manufacturing	100.00	100.00
Bourgas Melnitsa EOOD	1 Bulgaria Str., 5-th floor, office 503 Dobrich	manufacturing	100.00	100.00
Varna Sports Complex AD	31 Tsar Simeon I Str., Varna	sports and entertainment activities	65.00	65.00
Golf Shabla AD	Fishermen's village, Shabla	real estates	65.00	65.00
Anitas 2003 EOOD	1 Al. Battenberg Str., Sofia	real estates	100.00	100.00
Asen Nikolov 1 AD, Varna South	1 Georgi Stamatov Str., Varna	real estate	60.00	50.00
Galatex OOD	1 Georgi Stamatov Str., Varna	real estate	45.00	45.00
Accounting House HGH Consult OOD	2 St. Karadzha Str., Sofia	accounting services	59.34	59.34
Prime Lega Consult OOD	2 St. Karadzha Str., Sofia	legal services	70.00	70.00
Chimsnab AD	1 Scladova Baza Str., Iliantsi District, Sofia	lease of warehouse facilities; loading/unloading and other goods and cargo services	93.33	93.33
Energoproekt AD	51 James Boucher Str., Sofia	consulting and design in the area of power engineering	83.19	83.19
Bulchimex OOD	50 Gioletstrasse Str., 60325, Frankfurt am Main, Germany	real estate trading and management	100.00	100.00
Konor OOD	Tsug, Switzerland	trade and management of financial assets	20.00	20.00
Brand New Ideas EOOD	32A Cherni Vrah Blvd., Sofia	design, advertising, public relations	100.00	100.00
Trans Intercar EOOD	1 Al. Battenberg Str., Sofia	lease of transport vehicles and transportation services	100.00	100.00
Transcar Service EOOD	1 Al. Battenberg Str., Sofia	company service and repair of heavy vehicles	100.00	100.00
Chimimport Group EAD	2 St. Karadzha Str., Sofia	Sub-holding for consolidation of the commercial activity of the Group	100.00	100.00

Subsidiary	Registered office and business address	Main scope of activities	Interest in the capital *(%)*	
			End of 2008	***End of 2007***
Bulchim Trade AD	2 St. Karadzha Str., Sofia	trading in fuels, pharmaceuticals and medical consumables, rubber and rubber products; transport services	60.00	60.00
Chimoil Trade OOD	2 St. Karadzha Str., Sofia	trading in fuels	60.00	60.00
Orgachim Trading 2008 OOD	2 St. Karadzha Str., Sofia	trading in pharmaceuticals and medical consumables	60.00	60.00
Rubber Trade OOD	2 St. Karadzha Str., Sofia	trading in rubber and rubber products	60.00	60.00
ChimtransOOD	2 St. Karadzha Str., Sofia	transportation services	60.00	60.00
Omega Finances OOD	2 St. Karadzha Str., Sofia	financial services and consultations	96.00	96.00
Fertilizers Trade OOD	2 St. Karadzha Str., Sofia	trading in fertilizers and chemicals	52.00	52.00
Chimceltex OOD	2 St. Karadzha Str., Sofia	trading in textiles, cellulose, etc.	60.00	60.00
Dialisa Bulgaria OOD	2 St. Karadzha Str., Sredets Region, Sofia	management and interest in hemodialysis centres	50.00	50.00
Chimimport Pharma AD	1 Knyaz Alexandar Battenberg Str., Sredets Region, Sofia	trading in pharmaceuticals	60.00	60.00
Medical Centre - Health Medica OOD	2 St. Karadzha Str., Sofia	organization of health services	51.00	51.00
Ecoland Engineering	1 Knyaz Alexandar Battenberg Str., Sredets Region, Sofia	laboratory examination of soil samples	52.00	52.00
Kame Bulgaria OOD	2 St. Karadzha Str., Sofia	commercial agency and representation	75.00	75.00
Silico-07 OOD	2 St. Karadzha Str., Sofia	wholesale trading in industrial goods	50.00	50.00
I T Systems Consult OOD	2 St. Karadzha Str., Sofia	web design and development	100.00	50.00
Aris 2003 EOOD	Framyard, Krivina quarter, Sofia	manufacturing and trading of accumulators, batteries and charging devices	100.00	100.00
Holding Varna AD	32a Marin Drinov Str., Varna	holding	21.27	21.27
Elektroterm AD	277 Vladislav Varnenchik Blvd., Varna	manufacturing of household appliances	38.10	38.10
Holding New Century AD	2 St. Karadzha Str., Sofia	holding	28.20	28.20

8. Significant change

Save as disclosed in this document, there has been no significant change in the financial or trading position and prospects of Chimimport, since 31 December 2008, the end of the last financial year.

9. Material contracts

No contracts (not being contracts entered into in the ordinary course of business of Chimimport and its subsidiaries) have been entered into by Chimimport or its subsidiaries within the two years immediately preceding the date of this document and are, or may be, material to Chimimport or have been entered into at any time by Chimimport and contain provisions under which Chimimport or its subsidiaries have an obligation or entitlement which is, or may be, material to Chimimport at the date of this document.

10. Auditors and audit commitie

The auditor of Chimimport, specialised audit company Grand Tornton OOD, with registered address at 26 Cherni Vrah Blvd., Sredetz region, Sofia 1000, Bulgaria, registered with the Company Register kept by the Registry Agency with the Minister of Justice, with a Unified Identification Code (*EIC*) 831716285, through the registered auditor Marii Apostolov, Registration No 0488. The auditor has audited the financial statements of the Chimimport for the years ended 31 December 2008, 31 December 2007 and 31 December 2006 and as of the present moment audits the consolidated financial reports of Chimimport for the year ended 31 December 2008.

On the grounds of Art. 40f, para 1 and next Law on the Independent Financial Audit, with a resolution of the Issuer`s General meeting of shareholders held on 11 March 2009, the audit committee of the company was elected. Members of the audit committee, with a 3 (three) years mandate, are the following persons:

- Dina Krusteva Paskova;
- Mariana Zarkova Parvanova;
- Zornitsa Krasimirova Aleksova.

11. Unusual or Material Transactions with Related Persons

Chimimport and its subsidiaries enter into transactions with related parties in the normal course of business. These transactions are carried out at market rates and have no significant importance for the activity and financial status of Chimimport and its subsidiaries. There are no proposals for transactions of significant importance or with unusual conditions and type to be concluded between Chimimport or its subsidiaries and any parties related to them.

12. Miscellaneous

12.1. The Ordinary Shares of Chimimport have been subject to public offering in 2006 and 2007, and have been admitted to trading on the Official Market of the Bulgarian Stock Exchange after the termination of the public offering in 2006. The settlement of the Ordinary Shares is carried out through the Central Depository. The ISIN code of the Ordinary Shares is BG 1100106050. The Preferred Shares are of another class, so the Central Depository shall appropriate them another ISIN code.

12.2. The Managers will not underwrite the Offering, they has undertaken some obligations, including one related with consultation, marketing, organization of the subscription, as well as cooperation with the investors in the purchase of Rights and subscription of the New Shares.

12.3. Chimimport will publish notices for general meetings of shareholders in the Bulgarian central daily newspaper "Pari".

12.4. The total expected costs, charges and expenses payable by Chimimport in connection with the Offering, excepting the Managers' commission fees are estimated to be BGN 60,000 (exclusive of VAT) including any consultants' remuneration, expenses for printing of this Prospectus, fees paid to the state authorities and other institutions and expenses for publishing.

12.5. Except of Chimimport Invest, the Issuer is not aware of any person who intends to purchase more than five per cent of the Shares in the Offering. Chimimport is not aware of any intentions of other Existing Shareholders to acquire Shares in the Offering or immediately after it.

12.6. No tranche of the New Shares has been reserved for purchases by employees of Chimimport or any other class of investors, whether or not related to Chimimport.

12.7. No expenses or taxes will be paid by or on the account of the investors, subscribing and purchasing New shares in the Offering, except for customary banking charges for money transfers, contracted fees and the commissions to be paid by the investors pursuant to the agreements with investment intermediaries they have entered into, as well as the relevant foreign exchange fees which an investor shall due if wishing to make payment in foreign currency, and could be obliged to pay the applicable foreign exchange charges.

12.8. The information about the Managers` fees and their dependence on the public offering success has been disclosed in *"Subscription and Sale – The Offering"*. Other consultants' fees in connection with the Offering will not depend on its success. The Lead Manager does not own any Shares of Chimimport and does not have material direct or indirect economical interests related to the Group. The legal adviser to the Offering does not own any Shares of Chimimport or its subsidiaries and does not have material direct or indirect economical interests related to the Group.

12.9. Investors may receive any information from the licensed investment intermediaries concerning the prices and amount of the Chimimport Shares transactions on the stock exchange, the prices and amount of Shares' demand and offering, as well as any other investment information. Such information may be also obtained from the BSE bulletin in the web page of the BSE: www.bse-sofia.bg, from the financial press and such other sources.

12.10. This Prospectus has been prepared according to the Bulgarian legislation. The terms, not defined in the Prospectus, shall have the meaning given to them by the Bulgarian legislation as in force. Should any condition in this Prospectus contradict to the Bulgarian legislation or regulations as in force at the respective moment, including condition concerning the accomplishment of the Offering or the conversion of the Ordinary Shares into Preferred Shares, the legislation and regulations shall apply, without an amendment in the Prospectus to be necessary.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise.[6]

"Shares"	Includes: (i) the Existing Shares – 149,999,984 dematerialized Ordinary Shares issued by Chimimport, which constitute the amount of its capital before the Capital Increase; (ii) the New Shares subject to the Capital Increase of the Issuer; and (iii) future issues of ordinary Shares or preferred shares of Chimimport (when the context permits so).
"Armeec"	Insurance and Re-insurance Joint Stock Company Armeec, subsidiary of Chimimport
"GDP"	Gross Domestic Product
"BSE" or "Bulgarian Stock Exchange"	Bulgarian Stock Exchange-Sofia AD
"Lead Manager"	UniCredit Bulbank AD
"Group"	Chimimport and its subsidiaries and affiliates (associated companies)
"Directors"	The members of the Management and the Supervisory Board of Chimimport
"Company"	Chimimport AD
"Issue Price" or "Issue Value"	The offer price for subscription of a New Share – BGN 2.22
"Issuer"	Chimimport AD
"EU"	the European Union
"POSA"	The Public Offer of Securities Act 1991, as amended
Zarneni Hrani	Zarneni Hrani Bulgaria AD, a subsidiary of Chimimport
"Financial Supervision Commission" or "FSC"	the Financial Supervision Commission in Bulgaria
"Major Shareholder"	Chimimport Invest AD
"IMF"	the International Monetary Fund
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"Supervisory Board"	The supervisory board of Chimimport

[6] *These definitions are ranked in alphabetical order according to Bulgarian language.*

"New Shares"	90,000,000 Preferred Shares from the Capital Increase, which are subject to the Offering
"Ordinary Shares"	The ordinary shares of Chimimport issued as of the date of this Prospectus, as well as future ordinary shares issued by the Issuer, when the context requires so, see also "Existing Shares" definition below.
"General Meeting"	The general meeting of the holders of Ordinary Shares of Chimimport
"Principal Subsidiaries"	CCB, Armeec, PC Suglasie, CCB Sila, Hemus Air, Bulgaria Air, Bulgarian River Shipping Company, Research and Production of Oil and Gas, Zarneni Hrani
"BRSC"	Bulgarian River Shipping AD, a subsidiary of Chimimport
"CCB-Sila"	Pension Insurance Company CCB-Sila AD, a subsidiary of Chimimport
"Lukoil Garant"	Pension Company Lukoil Garant Bulgaria AD, a subsidiary of Chimimport
"PSC Saglasie"	Pension Company Saglasie AD, a subsidiary of Chimimport
"Rights"	Securities entitling the shareholder to subscribe for a specified number of new shares in connection with a resolution for a capital increase of a public company (§ 1, item 3 0f POSA).
"Offering"	A public offer in Bulgaria of 90,000,000 Shares of the Capital Increase of Chimimport, as well as the trading of Rights on the BSE.
"Offer Shares"	The New Shares of the Capital Increase, see also the "Preferred Shares" definition below.
"Preferred Shares"	The New Shares from the Capital Increase, i.e. 90,000,000 preferred shares with no voting right, with 9% guaranteed dividend and guaranteed liquidation share, mandatory convertible into Ordinary Shares, each with nominal value of BGN 1.
"Preferred Shareholders"	The holders of preferred Shares
"Admission to Trading"	Admission of the New Shares to trading on the BSE
"Research and Production of Oil and Gas"	Research and Production of Oil and Gas AD, a subsidiary of Chimimport
"Existing Shares"	The 149,999,984 dematerialized Ordinary Shares of Chimimport issued as of the date of this Prospectus, which represent the Issuer's capital before the Capital Increase.
"Capital Increase"	The increase of the capital of Chimimport via a public offering for subscription of 90,000,000 New Shares resolved by the Management Board on 15 April 2009 and 27 April 2009 and approved on the same dates by the Supervisory Board, in compliance with the authorization for new shares issues under the Articles of Association of Chimimport.

"UniCredit Bulbank"	UniCredit Bulbank AD, Lead Manager of the Offering
"Management Board"	The management board of Chimimport
"Articles of Association"	The articles of association of Chimimport
"Chimimport"	Chimimport AD
"Chimimport Invest"	The Major Shareholder of the Issuer, Chimimport Invest AD
"Central Cooperative Bank" or "CCB"	Central Cooperative Bank AD, a subsidiary of Chimimport and a Co-manager of the Offering
"Central Depository"	The Central Depository AD, Sofia, keeps the Bulgarian national book-entry securities registry and provides, besides the rest, clearance and settlement services for book-entry transactions.

In this Prospectus, words denoting any gender include all genders (unless the context otherwise requires).

Individuals who are responsible for the information for the preparation of the Prospectus

Dimitar Zhilev,

Investor Relations Director of Capital Management ADSIC

Peter Angelov,

Analyst in Investment Banking Directorate of Central Co-operative Bank AD

I, the undersigned Ivo Kamenov, in my capacity of authorised representative of Chimimport AD, do hereby declare that the Prospectus of Chimimport is in compliance with the requirements of the law.

Ivo Kamenov,

Executive Director of Chimimport AD

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Chimimport AD
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1080 Sofia
Bulgaria

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