

Interim Condensed Financial Statements

Chimimport AD

30 September 2018



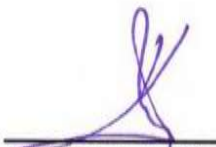
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Interim condensed statement of financial position


	Notes	30.09.2018 BGN'000	31.12.2017 BGN'000
Assets			
Non – current assets			
Property, plant and equipment	7	3 639	3 646
Investment property	8	35 831	35 831
Investment in subsidiaries	9	782 054	782 054
Long – term financial assets		32 039	12 481
Long – term related party receivables	166	49 375	48 980
Long – term receivables	10	142 660	147 567
		1 045 598	1 030 559
Current assets			
Short – term related party receivables	16	86 403	85 852
Loans granted	10	94 122	103 078
Trade and other receivables		42 604	50 438
Short – term financial assets		177 357	151 441
Cash and cash equivalents		69 422	72 619
		469 908	463 428
Total assets		1 515 506	1 493 987

Prepared by:


/I.A. Kerezov/



Executive Director:

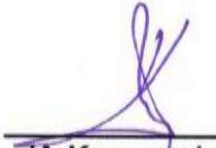

/I. Kamenov/

Date: 30 October 2018

Interim condensed statement of financial position (continued)


Equity and liabilities	Notes	30.09.2018 BGN'000	31.12.2017 BGN'000
Equity			
Share capital	11	239 646	239 646
Share premium		260 615	260 615
Other reserves		59 892	59 892
Retained earnings		653 727	662 787
Net profit for the period		37 618	38 975
Total equity		1 251 498	1 261 915
Liabilities			
Non – current liabilities			
Long – term related party payables	16	33 493	59 388
Long – term bank and other loans	12	49 703	52 062
Pension and other employee obligations		27	27
Loan commitments		2 387	-
Deferred tax liabilities		17 470	14 878
		103 080	126 355
Current liabilities			
Short – term related party payables	16	135 308	89 549
Short – term bank and other loans	12	21 179	10 966
Trade and other payables		4 115	4 975
Pension and other party payables		113	112
Tax liabilities		191	115
		160 906	105 717
Total liabilities		264 008	232 072
Total equity and liabilities		1 515 506	1 493 987

Prepared by:


/I.A. Kerezov/



Executive Director:

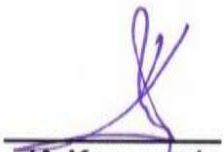

/I. Kamenov/

Date: 30 October 2018

Interim condensed statement of comprehensive income


Notes	For nine months up to 30.09.2018 BGN'000	For three months up to 30.09.2018 BGN'000	For nine months up to 30.09.2017 BGN'000	For three months up to 30.09.2017 BGN'000
Gains from transactions with financial instruments and noncurrent assets	26 745	829	16 917	-
Losses from transactions with financial instruments	(988)	(850)	-	-
Net profit from transactions with financial instruments	25 757	(21)	16 917	-
Interest income	8 779	2 983	10 275	3 139
Interest expense	(4 637)	(1 623)	(3 808)	1 004
Net profit from interest	4 142	1 360	6 467	4 143
Gains from foreign exchange differences	527	2	170	15
Losses from foreign exchange differences	(522)	(1)	(1 299)	(340)
Net loss from foreign exchange differences	5	1	(1 129)	(325)
Other financial income/(expenses)	(151)	(9)	(155)	(9)
Dividend income	11 550	350	8 491	-
Operating revenue	1 103	350	1 113	349
Operating expenses	(1 983)	(517)	(2 406)	(1 257)
Result from operating activities	(880)	(167)	(1 293)	(908)
Profit for the period before tax	40 423	1 514	29 298	2 901
Tax expense	13 (2 805)	(34)	4 532	(290)
Net profit for the period	37 618	1 480	33 830	2 611
Total comprehensive income	37 618	1 480	33 830	2 611
Earnings per share in BGN	14 0.16	0.02	0.14	0.01

Prepared by:


/I.A. Kerezov/



Executive Director:


/I. Kamenov/

Date: 30 October 2018

Interim condensed statement of changes in equity

All amounts are presented in BGN '000

	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	239 646	260 615	68	59 824	701 762	1 261 915
Effect of initial application of IFRS 9	-	-	-	-	(32 930)	(32 930)
Dividends	-	-	-	-	(15 105)	(15 105)
Transactions with owners	-	-	-	-	(48 035)	(48 035)
Net profit for the period, ending at 30 September 2018	-	-	-	-	37 618	37 618
Total comprehensive income	-	-	-	-	37 618	37 618
Balance at 30 September 2018	239 646	260 615	68	59 824	691 345	1 251 498

Prepared by: 
T.A. Kerezov



Executive Director: 
I. Kamenov

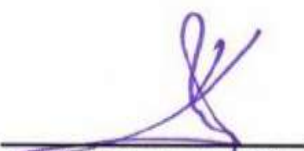
Date: 30 October 2018

Interim condensed statement of changes in equity (continued)

All amounts are presented in BGN '000

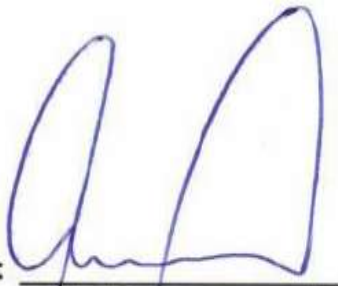
	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	239 646	260 615	66	59 824	675 734	1 235 885
Dividends	-	-	-	-	(12 947)	(12 947)
Transactions with owners	-	-	-	-	(12 947)	(12 947)
Net profit for the period, ending at 31 December 2017	-	-	-	-	38 975	38 975
Other comprehensive income	-	-	2	-	-	2
Total comprehensive income	-	-	2	-	38 975	38 977
Balance at 31 December 2017	239 646	260 615	68	59 824	701 762	1 261 915

Prepared by:


T.A. Kerezov/



Executive Director:



I. Kamenov/

Date: 30 October 2018

Interim condensed statement of cash flows


	30.09.2018	30.09.2017
	BGN '000	BGN '000
Operating activities		
Proceeds from short-term loans	14 672	33 854
Payments for short-term loans	(18 983)	(20 179)
Proceeds from operations with short-term financial assets, net	793	(1 597)
Receipts from customers	1 675	610
Payments to suppliers	(1 127)	(1 301)
Interest received	5 365	8 286
Interest paid	(871)	(1 080)
Cash paid to employees and social security institutions	(909)	(1 031)
Income taxes paid	(115)	-
Other taxes paid	(565)	(164)
Dividend received	3 912	2 327
Other proceeds /(payments), net	3 273	(6 563)
Net cash flow from operating activities	7 120	18 136
Investing activities		
Acquisition of long - term financial assets	(19 558)	-
Proceeds from sale of long-term financial assets	19 727	-
Net cash flow from investing activities	169	-
Financing activities		
Paid guaranteed dividend on privileged shares	(6 527)	(5 557)
Long-term loans received	9 729	9 729
Payments for long-term and bank loans received	(11 920)	(21 363)
Interest paid	(1 773)	(3 100)
Net cash flow from financing activities	(10 491)	(20 291)
Net change in cash and cash equivalents	(3 202)	(2 155)
Cash and cash equivalents, beginning of period	72 619	76 359
Profit, (loss) from currency revaluation of cash	5	(17)
Cash and cash equivalents, end of period	69 422	74 187

Prepared by:


/T.A. Kerezov/



Executive Director:


/I. Kamenov/

Date: 30 October 2018

Notes to the financial statements

1. Nature of operations

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

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

The Company is engaged in the following business activities:

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

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

The members of the Supervisory Board are as follows:

Invest Capital AD
CCB Group EAD
Mariana Bazhdarova

The members of the Managing Board are as follows:

Alexander Kerezov
Ivo Kamenov
Marin Mitev
Nikola Mishev
Miroliub Ivanov
Tzvetan Botev

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

2. Basis for the preparation of the interim condensed financial statements

These interim condensed financial statements as of 30 September 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information and disclosures required in annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

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

The Company also prepares interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and approved by EU. Investments in subsidiaries are accounted for and disclosed in accordance with IFR 10 "Consolidated Financial Statements".

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

3. Accounting policies

These interim condensed financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2017.

4. Accounting estimates

For the purpose of preparing these interim condensed financial statements, management has applied accounting estimates and assumptions in the assessment of its assets, liabilities, income and expenses. Actual results may differ from these estimates and management assumptions. Accounting estimates and assumptions applied in this interim condensed financial statements do not differ from the last annual financial statements of the Company as of 31 December 2017.

5. Effect of initial application of IFRS 9

Initial Effect from the Application of IFRS 9 "Financial Instruments" IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" and is effective from January 1, 2018. The new standard introduces significant changes in the classification, subsequent measurement, and a new pattern of expected credit losses for impairment financial actives. IFRS 9 also includes a new guidance on hedge accounting.

The management of the company identifies a few areas that are expected to have effect from the application of IFRS 9:

- the classification and measurement of the financial assets of the Company assesses the new criteria that take attention on the agreed cash flows for the assets

and the business model under which they are managed. The management holds most of the financial assets to collect the relevant cash flows and estimates the types of cash flows to properly classify the financial assets.

The management of the company expects the majority of held-to-maturity financial assets to continue to be carried at amortized cost.

Position on financial statement	Category of IAS 39	Category of IFRS 9	Business model
Long-term financial assets	Available-for-sale financial instruments	Equity instruments measured at fair value through other comprehensive income	Held for collection an sale
Bonds	Investments held to maturity	Debt instruments measured at amortized cost	Held for collection
Receivables from related parties	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Loans granted	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Trade payables	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Cash and cash equivalents	Credits and receivables	Debt instruments measured at amortized cost	Held for collection

All financial assets held by the Company are eligible for payment only for principal and interest.

The main effects that the Company recognizes in the application of IFRS 9 Financial Instruments are related to the application of the effect of the recognition of a credit correction for credit losses accrued in accordance with the requirements of the expected credit loss model. The scope of the model includes debt instruments managed by the company with a business model held for collection.

The Company applies an individual approach to impairment of the borrowed funds, taking into account the respective risks associated with the counterparty.

The recognized initial recognition effect is BGN 32 930 thousand and is presented in the interim condensed statement of equity. The change reported as at 30 September 2018 is a loss, amounted to BGN 988 thousand. and is presented in the Interim



Condensed Income Statement as part of "Gain Differences from Financial Instruments Transactions".

6. Significant events and transactions

The Company has sufficient capital and liquidity to conduct its business and serve its obligations. The policies and procedures of the Company with respect to capital management, credit risk and liquidity risk are presented in the most recent annual financial statements of the Company as of 31 December 2017.

7. Property, plant and equipment

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

	Buildings BGN '000	Machines and equipment BGN '000	Vehicles BGN '000	Other BGN '000	Assets in process of acquisition BGN '000	Total BGN '000
Gross carrying amount						
Balance at 1 January 2018	26	232	113	1 451	2 318	4 140
Balance at 30 September 2018	26	232	113	1 451	2 318	4 140
Depreciation						
Balance at 1 January 2018	(22)	(227)	(113)	(132)	-	(494)
Depreciation	-	(5)	-	(2)	-	(7)
Balance at 30 September 2018	(22)	(232)	(113)	(134)	-	(501)
Carrying amount as at 30 September 2018	4	-	-	1 317	2 318	3 639

The carrying amount as at 31 December 2017 can be analyzed as follows:

	Buildings	Machines and equipment	Vehicles	Other	Assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount						
Balance at 1 January 2017	26	225	113	1 444	6 370	8 178
Additions	-	7	-	7	-	14
Disposals	-	-	-	-	(4 052)	(4 052)
Balance at 31 December 2017	26	232	113	1 451	2 318	4 140
Depreciation						
Balance at 1 January 2017	(22)	(223)	(113)	(129)	-	(487)
Depreciation	-	(4)	-	(3)	-	(7)
Balance at 31 December 2017	(22)	(227)	(113)	(132)	-	(494)
Carrying amount as at 31 December 2017						
	4	5	-	1 319	2 318	3 646

8. Investment property

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

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

	Investment property BGN '000
Carrying amount at 1 January 2017	35 831
Carrying amount at 31 December 2017	35 831
Carrying amount at 30 September 2018	35 831

9. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country	Main activities	30.09.2018 BGN '000	share %	31.12.2017 BGN '000	share %
CCB Group EAD	Bulgaria	Financial services	251 996	100.00%	251 996	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	165 363	63.65%	165 363	63.65%
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	209 611	100.00%	209 611	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	44 393	100.00%
CCB AD	Bulgaria	Financial services	22 492	6.65%	22 492	6.65%
Sport Complex Varna AD	Bulgaria	Real estate	22 474	65.00%	22 474	65.00%
Oil and Gas Exploration and Production AD	Bulgaria	Manufacturing and trade	16 929	13.84%	16 929	13.84%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%
ZAD Armeec	Bulgaria	Financial services	20 419	9.74%	20 419	9.74%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 168	98.69%	2 168	98.69%
Trans Intercar EAD	Bulgaria	Transport	4 855	100.00%	4 855	100.00%
Natsionalna stokova borsa AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 879	67.00%
TI AD	Bulgaria	Manufacturing and trade	480	87.67%	480	87.67%
HGH Consult OOD	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%
			782 054		782 054	

10. Loans granted

	30.09.2018 BGN '000	31.12.2017 BGN '000
Loans granted – long term	142 660	147 567
Loans granted – short term	94 122	103 078
	236 782	250 645

11. Share capital

The share capital of the Company as at 30 September 2018 consists of 239 646 267 ordinary shares with a par value of BGN 1. The shares of the Company are ordinary, registered and subject to unrestricted transfers and entitle 1 voting right and liquidation quota.

	Number of Shares as at 30.09.2018 BGN'000	Number of Shares as at 31.12.2017 BGN'000
Shares issued and fully paid:		
- beginning of the year	239 646 267	239 646 267
Shares issued and fully paid at the end of the period	239 646 267	239 646 267
Shares of Chimimport AD, acquired by its subsidiaries		
CCB Group EAD	(1 296 605)	(1 296 605)
ZAD Armeec	(3 236 507)	(3 236 507)
POAD CCB Sila	(7 919 307)	(7 872 107)
Trans Inter car EAD	(2 200)	(5 300)

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

	As at 30.09.2018 Number of shares /ordinary and preferred shares/	As at 30.09.2018 %	As at 31.12.2017 Number of shares /ordinary and preferred shares/	As at 31.12.2017 %
Invest Capital AD	174 847 247	72.96 %	174 847 247	72.96 %
Other legal entities and private individuals	64 799 020	27.04 %	64 799 020	27.04 %
	239 646 267	100.00 %	239 646 267	100.00 %

12. Financial liabilities

Borrowings include financial liabilities at amortized cost as follows:

	Current		Non - current	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
	BGN '000	BGN '000	BGN '000	BGN '000
Bank loans	20 015	10 334	29 339	31 538
Other borrowings	1 164	632	20 364	20 524
Total carrying amount	21 179	10 966	49 703	52 062

13. Income tax expenses

Income tax expense is recognized based on management's best estimate of the annual income tax rate expected for the full financial year 2017 of 10 % applied to the financial result for the period ended as at 30 September 2018 (the estimated annual tax rate for the full financial year 2017 was 10 %).

14. Earnings per share

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

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

	As at 30.09.2018	As at 30.09.2017
Profit attributable to the shareholders (BGN)	37 419 000	33 830 000
Weighted average number of outstanding shares	239 646 267	239 646 267
Basic earnings per share (BGN per share)	0.15	0.14

15. Related parties transactions

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

15.1. Transactions with owners

	30.09.2018	30.09.2017
	BGN'000	BGN'000
Sales		
<i>Sale of services, interest income and other income</i>		



-owners - 327

Purchases

purchase of services, goods and interest income

- owners (104) (43)

15.2. Transactions with subsidiaries and associates

	30.09.2018	30.09.2017
	BGN'000	BGN'000
Sales		
<i>sale of services, rental income and interest income</i>		
- subsidiaries	4 409	4 023
- other	628	408
Purchases		
<i>purchase of services, goods and interest income</i>		
- subsidiaries	(3 098)	(2 434)

15.3. Transactions with key management personnel

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

	30 September	30 September
	2018	2017
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries, including bonuses	(502)	(726)
Social security costs	(20)	(15)
Total short-term employee benefits	(522)	(741)

16. Related party balances

	30.09.2018	31.12.2017
	BGN'000	BGN'000
Non-current receivables from:		
- subsidiaries	49 375	48 980
Total	49 375	48 980



	30.09.2018	31.12.2017
	BGN'000	BGN'000
Current receivables from:		
- owners	14 058	20 083
- subsidiaries	71 906	65 346
- associated	5	5
- other related parties	434	418
Total	86 403	85 852
	30.09.2018	31.12.2017
	BGN'000	BGN'000
Non-current payables to:		
- subsidiaries	33 493	59 388
Total	33 493	59 388
	30.09.2018	31.12.2017
	BGN'000	BGN'000
Current payables to:		
- owners	17 013	3 890
- subsidiaries	116 392	76 186
- other related parties	1 903	6 473
Total	135 308	89 549

17. Post-reporting date events

No significant events have occurred between the reporting date and the date of authorization.

18. Authorization of the interim condensed financial statements

The interim condensed financial statements as of 30 September 2018 (including comparatives) were approved for issue by the managing board on 30 October 2018.