

Interim Condensed Financial Statements

Chimimport AD

30 June 2019




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Interim condensed statement of financial position

	Notes	30.06.2019 BGN'000	31.12.2018 BGN'000
Assets			
Non – current assets			
Property, plant and equipment	8	3 649	3 652
Investment property	9	35 831	35 831
Investment in subsidiaries	10	782 084	782 054
Long – term financial assets	11	150 194	155 696
Long – term related party receivables	18	53 871	49 952
		1 025 629	1 027 185
Current assets			
Short – term related party receivables	18	91 895	85 018
Short – term financial assets	12	264 099	236 117
Trade and other receivables		46 084	46 849
Prepayments and other assets		359	412
Cash and cash equivalents		71 251	68 798
		473 688	437 194
Total assets		1 499 317	1 464 379

Prepared by:


I.A. Kerezov/



Executive Director:



I. Kamenov/

Date: 30 July 2019

Interim condensed statement of financial position (continued)


Equity and liabilities	Notes	30.06.2019	31.12.2018
		BGN'000	BGN'000
Equity			
Share capital	12	239 646	239 646
Share premium		260 615	260 615
Remeasurement of defined benefit liability		68	68
Other reserves		59 824	59 824
Retained earnings		659 776	623 097
Net profit for the period		33 690	36 679
Total equity		1 253 619	1 219 929
Liabilities			
Non – current liabilities			
Long – term related party payables	18	21 110	20 908
Long – term bank and other loans	14	42 716	54 289
Pension and other employee obligations		32	32
Provisions		1 998	2 148
Deferred tax liabilities		12 907	10 564
		78 763	87 941
Current liabilities			
Short – term related party payables	18	141 746	140 987
Short – term bank and other loans	14	19 751	10 268
Trade and other payables		4 991	5 003
Pension and other party payables		116	122
Tax liabilities		331	129
		166 935	156 509
Total liabilities		245 698	244 450
Total equity and liabilities		1 499 317	1 464 379

Prepared by:


I.A. Kerezov/



Executive Director:


I. Kamenov/

Date: 30 July 2019

Interim condensed statement of comprehensive income

Notes	For six months 30.06.2019 BGN'000	For three months 30.06.2019 BGN'000	For six months 30.06.2018 BGN'000	For three months 30.06.2018 BGN'000
Gains from transactions with financial instruments and noncurrent assets	28 723	-	25 916	-
Losses from transactions with financial instruments	(5 290)	(2 590)	(138)	-
Net profit from transactions with financial instruments	23 433	(2 590)	25 778	-
Interest income	5 963	2 938	5 796	3 152
Interest expense	(2 191)	(1 084)	(3 014)	(2 013)
Net profit from interest	3 772	1 854	2 782	1 139
Gains from foreign exchange differences	4	1	525	7
Losses from foreign exchange differences	(3)	(2)	(521)	-
Net loss from foreign exchange differences	1	(1)	4	(7)
Other financial expenses	(93)	(4)	(142)	(88)
Dividend income	9 627	9 627	11 200	11 200
Operating revenue	764	397	753	392
Operating expenses	(1 140)	(587)	(1 466)	(798)
Result from operating activities	(376)	(190)	(713)	(406)
Profit for the period before tax	36 364	8 969	38 909	11 852
Tax expense	15 (2 674)	(889)	(2 771)	(65)
Net profit for the period	33 690	7 807	36 138	11 787
Total comprehensive income	33 690	7 807	36 138	11 787
Earnings per share in BGN	16 0.14	0.03	0,15	0,05

Prepared by:


I.A. Kerezov



Executive Director:


I. Kamenov


Date: 30 July 2019

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 2019	239 646	260 615	68	59 824	659 776	1 219 929
Net profit for the period, ending at 30 June 2019	-	-	-	-	33 690	33 690
Total comprehensive income	-	-	-	-	33 690	33 690
Balance at 30 June 2019	239 646	260 615	68	59 824	693 466	1 253 619

Prepared by:


/I.A. Kerezov/



Executive Director:


/I. Kamenov/


Date: 30 July 2019

Interim condensed statement of changes in equity (continued)

All amounts are presented in BGN '000

	Share capital	Share premium	Remeasurement 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
Adjustments from the adoption of IFRS 9	-	-	-	-	(63 579)	(63 579)
Balance at 1 January 2018 (restated)	239 646	260 615	68	59 824	638 183	1 198 336
Dividends	-	-	-	-	(15 086)	(15 086)
Transactions with owners	-	-	-	-	(15 086)	(15 086)
Profit for the year	-	-	-	-	36 679	36 679
Total comprehensive income for the year	-	-	-	-	36 679	36 679
Balance at 31 December 2018	239 646	260 615	68	59 824	659 776	1 219 929

Prepared by:


/I.A. Kerezov/



Executive Director:



/I. Kamenov/

Date: 30 July 2019

Interim condensed statement of cash flows


	30.06.2019 BGN '000	30.06.2018 BGN '000
Operating activities		
Proceeds from short-term loans	12 121	10 929
Payments for short-term loans	(8 894)	(9 657)
Proceeds/(payments) from operations with short-term financial assets, net	774	(2 876)
Receipts from customers	340	1 006
Payments to suppliers	(685)	(818)
Interest received	1 101	4 617
Interest paid	(404)	(680)
Cash paid to employees and social security institutions	(376)	(729)
Corporate tax paid	(130)	(115)
Taxes paid	(59)	(498)
Other (payments)/ proceeds, net	2 185	2 791
Net cash flow from operating activities	5 973	3 970
Investing activities		
Purchase of subsidiaries	(30)	-
Net cash flow from investing activities	(30)	-
Financing activities		
Long-term loans received	-	9 729
Payments for long-term and bank loans received	(2 397)	(11 920)
Interest paid	(978)	(1 188)
Net cash flow from financing activities	(3 375)	(3 379)
Net change in cash and cash equivalents	2 568	591
Cash and cash equivalents, beginning of period	68 798	72 619
Effect from expected credit losses	(115)	-
Cash and cash equivalents, end of period	71 251	73 210

Prepared by:


I.A. Kerezov



Executive Director:


I. Kamenov

Date: 30 July 2019

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 June 2019 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 2018, 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 2018.

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 2018.

5. New standards, amendments and interpretations to existing standards that are effective for annual periods beginning on or after 1 January 2018

A list of the changes in the standards is provided below:

- IFRS 9 “Financial Instruments” (amended) – Prepayment features with negative compensation, effective from 1 January 2019, adopted by the EU
- IFRS 16 “Leases” effective from 1 January 2019, adopted by the EU

6. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2018 and have

not been applied early by the Company. They are not expected to have a material impact on the Company's financial statements. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

A list of the changes in the standards is provided below:

- IFRS 14 "Regulatory deferral accounts" effective from 1 January 2016, not yet adopted by the EU
- FRS 17 "Insurance Contracts" effective from 1 January 2021, not yet adopted by the EU
- IAS 19 "Employee benefits" (amended) – Plan amendment, curtailment or settlement - effective from 1 January 2019, not yet adopted by the EU
- IAS 28 "Investments in associates and joint ventures" (amended) – Long-term interests in associates and joint ventures effective from 1 January 2019, not yet adopted by the EU
- IFRIC 23 "Uncertainty over income tax treatments" effective from 1 January 2019, not yet adopted by the EU
- Annual Improvements to IFRSs 2015-2017 effective from 1 January 2019, not yet adopted by the EU

7. 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 2018.

8. 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	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 2019	26	245	113	1 454	2 318	4 156
	-	2	-	-	-	2
Balance at 30 June 2019	26	247	113	1 454	2 318	4 158
Depreciation						
Balance at 1 January 2019	(24)	(230)	(113)	(137)	-	(504)
Depreciation	-	(5)	-	-	-	(5)
Balance at 30 June 2019	(24)	(235)	(113)	(137)	-	(509)
Carrying amount as at 30 June 2019	2	12	-	1 317	2 318	3 649

The carrying amount as at 31 December 2018 can be analyzed as follows:

	Buildings	Machines and equipment	Vehicles	Other	Acquisition costs	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount						
Balance at 1 January 2018	26	232	113	1 451	2 318	4 140
Additions	-	13	-	3	-	16
Balance at 31 December 2018	26	245	113	1 454	2 318	4 156
Depreciation						
Balance at 1 January 2018	(22)	(227)	(113)	(132)	-	(494)
Depreciation	(2)	(3)	-	(5)	-	(10)
Balance at 31 December 2018	(24)	(230)	(113)	(137)	-	(504)
Carrying amount at 31 December 2018	2	15	-	1 317	2 318	3 652

9. 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	33 572
Net gain from fair value adjustments	2 259
Carrying amount at 31 December 2017	35 831
Carrying amount at 31 December 2018	35 831
Carrying amount at 30 June 2019	35 831

10. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country	Main activities	30.06.2018 BGN '000	share %	31.12.2018 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	5.88%	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	83.25%	2 168	83.25%
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%
Technoimpex 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%
Asela AD	Bulgaria	Services	30	10.00%	-	-
			782 084		782 054	



11. Non-current financial assets

	30.06.2019	31.12.2018
	BGN'000	BGN'000
Debt instruments at amortized cost		
Loans granted and deposits	121 971	123 657
	121 971	123 657
Equity instruments at fair value through other comprehensive income		
Unquoted equity instruments	12 481	12 481
	12 481	12 481
Financial assets at fair value through profit or loss		
Unquoted instruments	19 558	19 558
	19 558	19 558
	150 194	155 696

12. Current financial assets

	30.06.2019	31.12.2018
	BGN'000	BGN'000
Debt instruments at amortized cost		
Loans granted and deposits	62 802	63 543
	62 802	63 543
Financial assets at fair value through profit or loss		
Unquoted instruments	201 288	172 565
	201 288	172 565
Equity instruments at fair value through other comprehensive income		
Unquoted equity instruments	9	9
	9	9
	264 099	236 117

13. Share capital

The share capital of the Company as at 30 June 2019 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 30.06.2019 BGN'000	Number of Shares as at 31.12.2018 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)
Omega Finance OOD	(2 725 000)	-
ZAD Armeec	(236 007)	(3 236 507)
POAD CCB Sila	(8 431 222)	(7 970 107)
Trans Intercar EAD	(2 200)	(2 200)

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 30.06.2019 Number of shares	As at 30.06.2019 %	As at 31.12.2018 Number of shares	As at 31.12.2018 %
Invest Capital AD	173 487 247	72.39 %	174 847 247	72.96 %
Other legal entities and private individuals	66 159 020	27.61 %	64 799 020	27.04 %
	239 646 267	100.00 %	239 646 267	100.00 %

14. Financial liabilities

Borrowings include financial liabilities at amortized cost as follows:

	Current		Non - current	
	30.6.2019 BGN'000	31.12.2018 BGN'000	30.6.2019 BGN'000	31.12.2018 BGN'000
Bank loans	19 751	10 268	22 005	33 873
Other borrowings	-	-	20 711	20 416
Total carrying amount	19 751	10 268	42 716	54 289

15. 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 2018 of 10 % applied to the financial result for the period ended as at 30 June 2019.

16. 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 30.06.2019	As at 30.06.2018
Profit attributable to the shareholders (BGN)	33 690 000	36 138 000
Weighted average number of outstanding shares	239 646 267	239 646 267
Basic earnings per share (BGN per share)	0,14	0.15

17. 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.

17.1. Transactions with owners

	30.06.2019 BGN'000	30.06.2018 BGN'000
Purchases		
<i>purchase of services, goods and interest income</i>	(1)	(74)

17.2. Transactions with subsidiaries and associates

	30.06.2019 BGN'000	30.06.2018 BGN'000
Sales		
<i>sale of services, rental income and interest income</i>		
- subsidiaries	3 753	2 802
- other	569	579
Purchases		
<i>purchase of services, goods and interest income</i>		



- subsidiaries (1 398) (1 966)

17.3. 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 June 2019 BGN'000	30 June 2018 BGN'000
Short-term employee benefits:		
Salaries, including bonuses	(84)	(484)
Social security costs	(12)	(8)
Company car allowance	-	-
Total short-term employee benefits	(96)	(492)

18. Related party balances

	30.06.2019 BGN'000	31.12.2018 BGN'000
Non-current receivables from:		
- subsidiaries	54 979	50 845
Expected credit losses and impairment losses	(1 108)	(893)
Total	53 871	49 952

	30.06.2019 BGN'000	31.12.2018 BGN'000
Current receivables from:		
- owners	20 083	20 083
- subsidiaries	83 845	82 439
- associated	5	-
- other related parties	7 003	47
Expected credit losses and impairment losses	(19 041)	(17 551)
Total	91 895	85 018

	30.06.2019 BGN'000	31.12.2018 BGN'000
Non-current payables to:		
- subsidiaries	21 110	20 908
Total	21 110	20 908



	30.06.2019	31.12.2018
	BGN'000	BGN'000
Current payables to:		
- owners	12 276	16 672
- subsidiaries	121 366	116 108
- associated	-	11
- other related parties	8 104	8 196
Total	141 746	140 987

19. Post-reporting date events

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

20. Authorization of the interim condensed financial statements

The interim condensed financial statements as of 30 June 2019 (including comparatives) were approved for issue by the managing board on 30 July 2019.