



ANNUAL ACTIVITY
REPORT

31 DECEMBER 2016

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GENERAL INFORMATION

INTRODUCTION

More than 70 years "Chimimport" AD is one of the most successful Bulgarian enterprises. It started as a foreign trade company specializing in the marketing of chemical products, today "Chimimport" AD is an established holding company, uniting successful businesses. The main area of activity of "Chimimport" AD is the acquisition, sale of shares in Bulgarian and foreign companies, restructuring and management of subsidiaries of the portfolio. Subsidiaries occupy leading positions in various economic sectors, which operate:

- banking and finance
- non-life insurance
- life insurance
- Pensions
- air transport and ground activities on servicing and repair of aircraft
- manufacture, production and marketing of petroleum and chemical products and natural gas
- production, processing and trade with cereals and vegetable oils

Each of every 6 700 employees in the structure of "Chimimport" AD contributes to the successful integration of Bulgarian business to European standards. Recent years have strengthened the company as a leader of the "Bulgarian Stock Exchange - Sofia" AD, included in "Premium" segment share, in the indices SOFIX, BGBX40 and BGTR30, which is the result of proper planning of investments and professional actions and efforts of management. The company's activities as a public company is the creation and establishment of effectively functioning corporate governance models to ensure equal treatment and protection of the rights of all shareholders. The common practice is the transparent and fair disclosure of information needed by current shareholders, stakeholders and potential investors.

The main objective of "Chimimport" AD is maintaining a steady pace of financial results of the Group, strengthening the leading position in various market sectors of the Bulgarian and international markets, using advanced technologies and products and enhancing the prestige and the confidence of investors in the company .

At this stage the main advantages of "Chimimport" AD are:

- Knowledge of economic and political conditions and resources in Bulgaria, needs and specificities of clients conquered good positions in strategic sectors of the economy;
- Approved management team - the group has a highly motivated team of managers with a vision for the growth of the holding company, with proven skills and experience in management, acquisition and restructuring of companies in both favorable and unfavorable market environment.



IVO KAMENOV
CEO /Chief Executive Officer/

MANAGING BODIES

Members of Supervisory Board :

Chairman of the Supervisory Board
Invest Capital AD

Member of the Supervisory Board
CCB Group EAD

Member of the Supervisory Board
Mariana Bazhdarova.

Members of Managing Board:

Chairman of the Managing Board
Tsvetan Botev

Deputy Chairman of the Managing Board;
Alexander Kerezov

Executive Director and Member of the Managing Board
Ivo Kamenov

Executive Director and Member of the Managing Board
Marin Mitev

Member of the Managing Board
Nikola Mishev

Member of the Managing Board
Mirolyub Panchev

The Company is managed by a two-tier management system.

Boards are:

- General Meeting of Shareholders
- Supervisory Board
- Managing Board

“Chimimport” AD is represented by its executive directors Ivo Kamenov and Marin Mitev together and separately.

HISTORY OF CHIMIMPORT AD



GENERAL INFORMATION

HISTORY OF CHIMIMPORT AD

In 2008 "CCB" AD acquired majority stake in the Macedonian bank "Silex Bank" AD Macedonia renamed later "CCB Skopje" AD. In the same year "Chimimport" AD successfully placed an issue of secured exchangeable bonds worth EUR 65 mln, with 7-year maturity, convertible to common shares of "Chimimport" AD;

In 2006 "Chimimport" AD acquired 99.13% of the capital of "Bulgarian River Shipping" AD; The subsidiary "Port Lesport" AD concluded the 30-year contract; Through "Port Balchik" AD, the group won concession for a period of 25 years of "Terminal Balchik";

In 2004 the financial sub-holding "CCB Group Assets Management" AD (currently "CCB Group" EAD) was established; Chimimport AD acquired the shares of the CCB AD from "Central Cooperative Union" CCB - 23.45% of the bank's capital;

In 2003 privatization of "Oil and gas exploration and production" AD was successfully completed;

On 5 October 1994, the Privatization Agency entered a contract with the company's managerial team, united in Invest Capital AD /Chimimport Invest AD/ for the selling of 58.7% of the capital of Chimimport AD, increased to 63.01 % in the 1995;

The export product list reached more than 125 position in the beginning of 80s ;

Chimimport AD has had nomenclature of more than 70 export positions and 41 import stock groups in the end of 60s;

The 50s mark the beginning of export activity - herbs, essential oils and cultivated plant materials; In 1959 DTP Chimimport merged with DTPP Bulgarian rose and began export of rose oil;

In 2007 "Chimimport" AD acquired 99.99% of the capital of "Bulgaria Air" AD, such as the Bulgarian state retains a "golden share"; Bulgarian Airways Group EAD / Bulgarian Aviation Group "EAD / conclude an agreement establishing a joint venture with Lufthansa Technik AG " Lufthansa Technik Sofia ". In the same year licenses from the Financial Supervision Commission for life insurance company "CCB Life" EAD and Health Insurance Company "CCB Health" EAD were received- sold in 2013;

The capital of "Chimimport" AD increased to BGN 130 million. "Chimimport" AD became a public interest company;

In 2005 the following sub-holding structures were established - "Bulgarian Shipping Company" EAD - for river and sea transport and "Chimimport Group" EAD - commercial and manufacturing activities; "Chimimport" AD acquired 49.28% of the third by assets and market share pension insurance company in Bulgaria - PIC "Syglasie" AD. Nearly 50% of the acquired interest was sold in 2013 realizing a significant return;

In 2002 "Chimimport" AD - acquired 32.77% of "CCB" AD; -acquired 91.92% of the capital of Armeec Insurance JSC - acquired a controlling stake in the capital of POAD "CCB-Sila";;

In 2001 "Chimimport" EAD acquired 23% of the capital of "CCB" AD and established consortium to manage the bank with another major shareholder - the "Central Cooperative Union";

On the grounds of Order No. 56 Resolution No. 1 dated January, 24, 1990, company case No 2655/1989 Joint-stock Company named Chimimport was established with own capital at the amount of EUR 5.11 mln

IDTP "Chimimport" VTP "Neftochim" and VTD "Lesoimpeks" join to create VTO "Chimimport", which imports, exports and re-exports chemicals, chemical raw materials, natural gas, petroleum, petrochemicals, pulp and paper in 1977;

In 1963 the first re-export deal is realized- the sale of calcined sodium from Belgium to Japan;

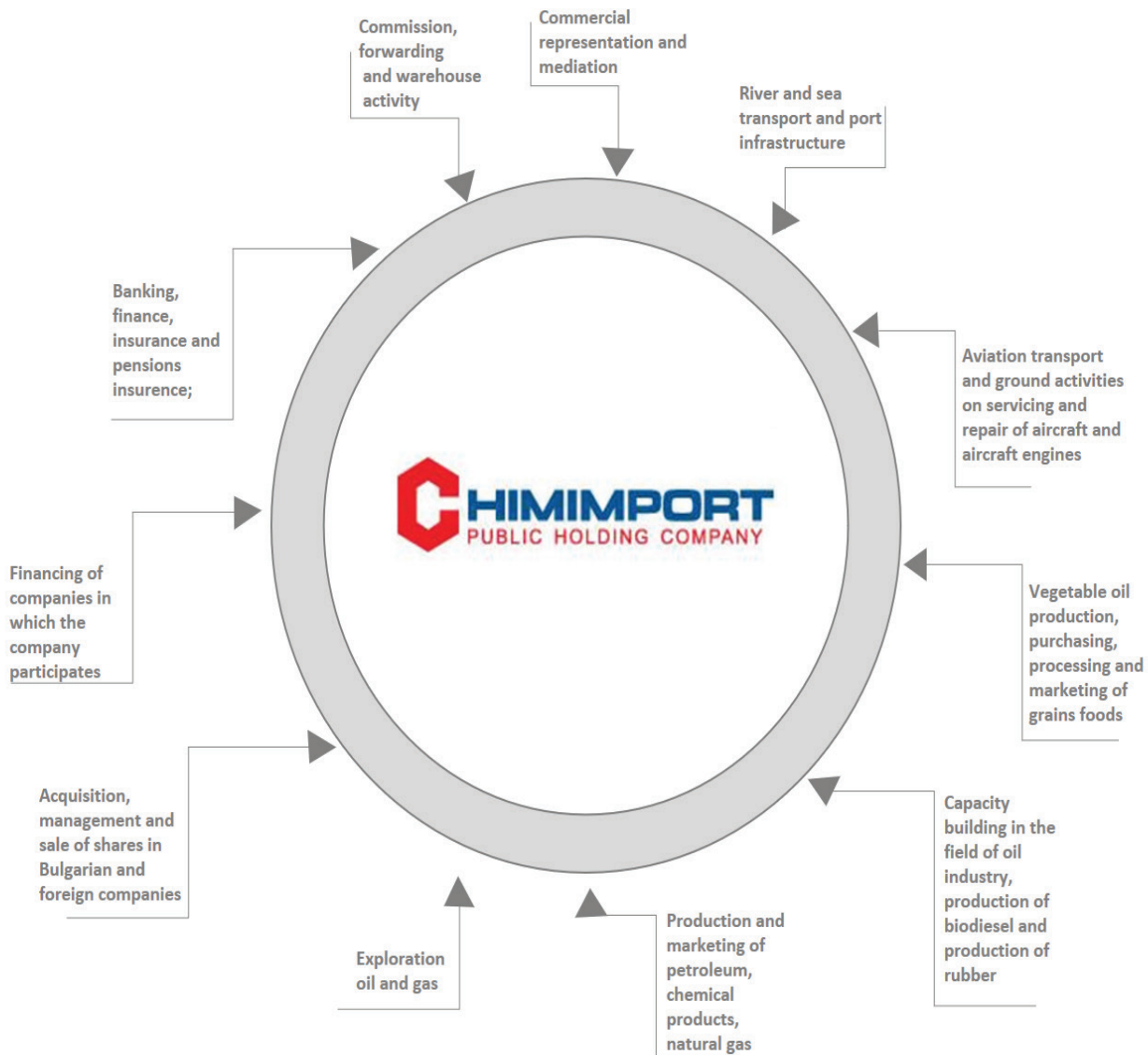
On the grounds of a report, issued by the Minister of Commerce and Food dated March, 24, 1947, the Council of Ministers on their meeting held on April, 04, 1947, with Resolution No. 7 – Protocol No. 50, established the State Commercial Enterprise under the name "Chimimport" for import of chemical products;



INFORMATION ON COMPANY'S OPERATIONS

SCOPE OF ACTIVITY

Chimimport AD develops its activities through its subsidiaries. Its financial position, operating results and prospects are directly dependent on the status, results and prospects of its subsidiaries.

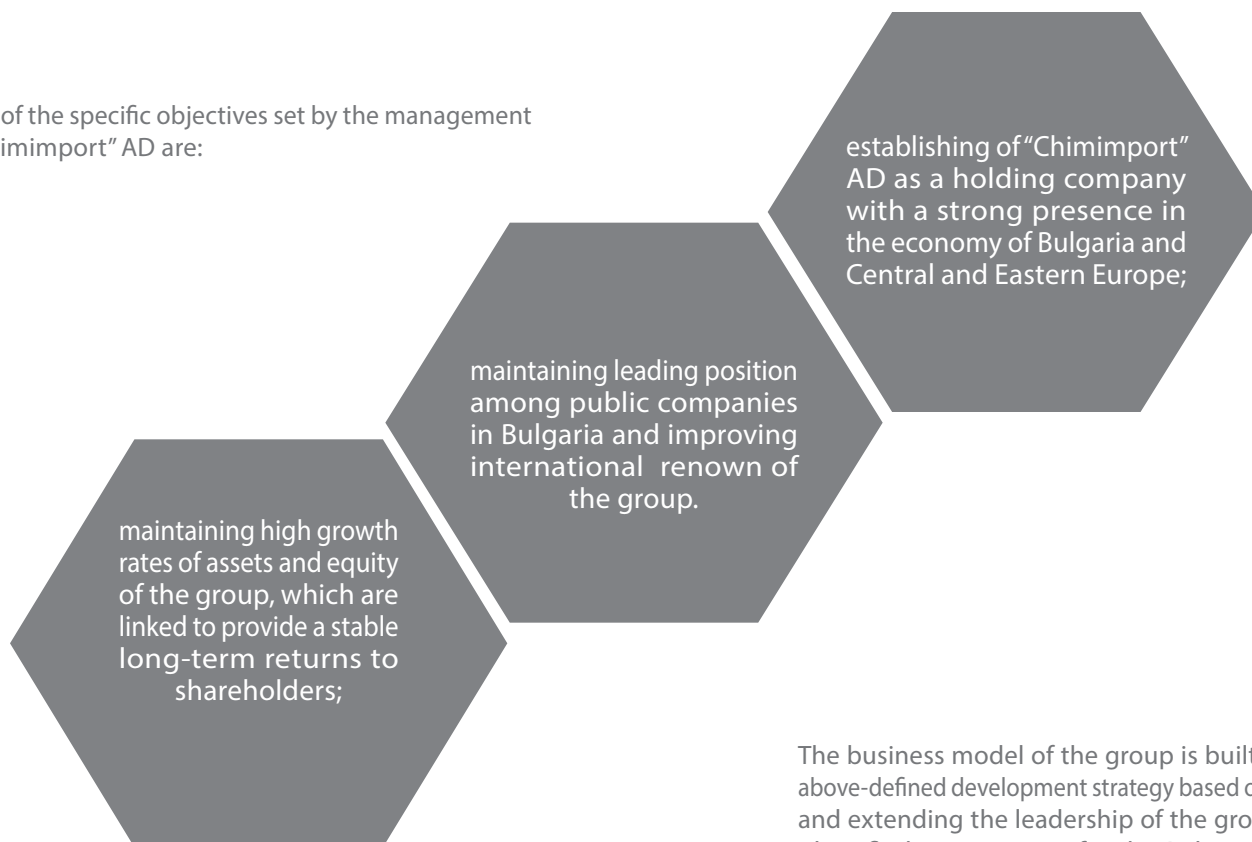


MAIN STRATEGY AND BUSINESS MODEL

The basic strategy and investment policy of "Chimimport" AD are focused on positioning the group as a significant partner in servicing the traditional for the country and region trade flows. In particular, this motivates the entry of the group in sectors such as transport, agriculture, financial operations and real estate.



Some of the specific objectives set by the management of "Chimimport" AD are:



The business model of the group is built to meet the above-defined development strategy based on maintaining and extending the leadership of the group in sectors identified as important for the Bulgarian economy.

MAIN STRATEGY AND BUSINESS MODEL

The financial sector, an area where the group strives to offer a full range of services to its clients. The financial group under the "Chimimport" AD now includes a universal commercial bank, which has traditionally good positions in lending, life and non- life insurance companies, pension company, management company (mutual funds).

Transport is an important sector for the group. Bulgaria is geographically located at the crossroads between Europe and Asia / Middle East, as five of the ten Trans-European transport corridors pass through the country. The group of "Chimimport" AD develops air, river and sea transport, and in all three cases seek to cover the entire spectrum of activities, not just transport (incl. the management of airports and ports, repair and maintenance vehicles, cargo handling, agency).

Both in the transport sector and in agriculture, "Chimimport" AD seeks to spread its activities over the full spectrum of business - in this case, focusing firstly on buying, trading, logistics, storage of grain and oilseeds, actively seeking and exploiting interconnections and synergies with other businesses (transport, finance, etc.).

The sector exploration and production of oil and gas is primarily develop through its subsidiary PDNG AD, which is the only Bulgarian company engaged in the full range of activities in prospecting, exploration, development and exploitation of oil and gas fields and processing crude oil into finished products for the market. And is the successor of the main geological, scientific research and production enterprises and objects of Bulgarian oil industry with over 50 years of history.



The company's development and investment plans in the short term are structured in two main directions - strengthening and optimization of already achieved and entering new markets.

SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

- Information regarding the quantitative and qualitative characteristics of general categories of goods, products and/or provided services including their contribution to the company's revenue from sales in general and changes occurred in the current year.

The main activities include:

- investment activity
- operations with financial instruments
- sale of non-current assets
- lending
- operation of investment properties

In reference to its core business, the Company realized the following types of income:

- profits from transactions with financial instruments
- revenues from the sale of non-current assets
- interest income, foreign exchange differences and other
- rental income, services and investment property
- dividend income

Presentation

The Company closed 2016 with a total revenue amounting to BGN 63 859 thousand.

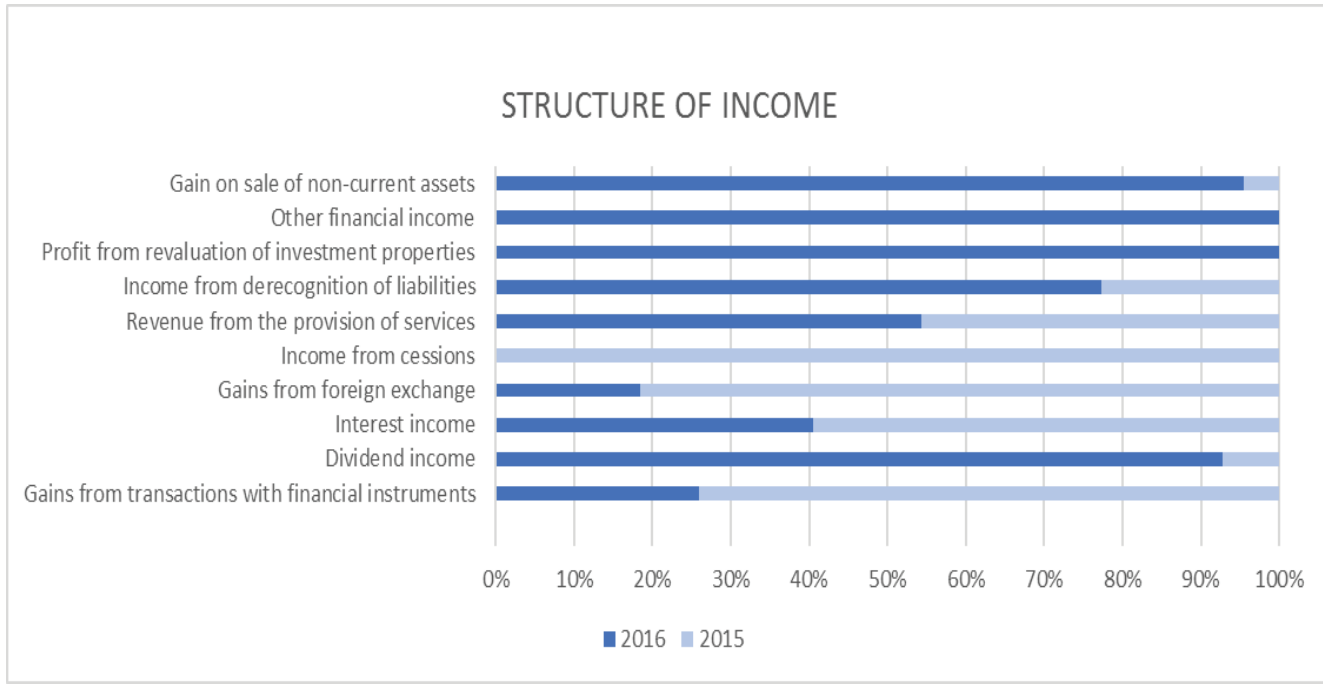
Reported a decrease in the amount of 35.64% compared to the comparable 2015 or BGN 35 364 thousand. The decrease in revenue was primarily due to interest income and - particularly to decrease of interest rates and decline in earnings from operations with financial instruments.

	2016 BGN'000.	2015 BGN'000.
Gains from transactions with financial instruments	21 424	61 115
Dividend income	14 859	1 151
Interest income	20 980	30 880
Gains from foreign exchange	894	3 963
Income from cessions	-	266
Revenue from the provision of services	1 964	1 646
Income from derecognition of liabilities	547	160
Profit from revaluation of investment properties	2 259	-
Other financial income	56	-
Gain on sale of non-current assets	876	42

SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

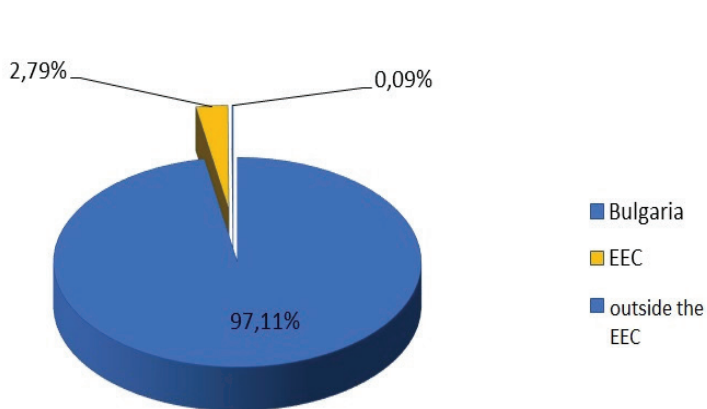
The following table presents the structure of revenues and the percentage increase (decrease) compared to the previous period.



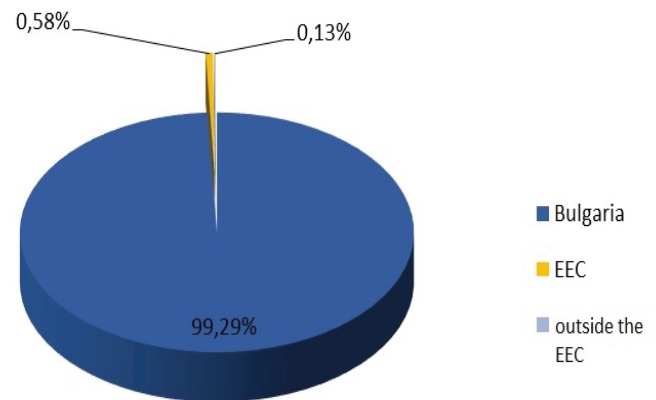
• Information regarding income, distributed in separate activity categories, internal and external markets, as well as information on the rendering of services, reflecting the degree of dependency for each customer. In case the percentage of any of the customers exceeds 10 percent of the sales revenue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

Presentation of revenue on domestic and foreign markets:

Ratio of revenue by markets for 2016



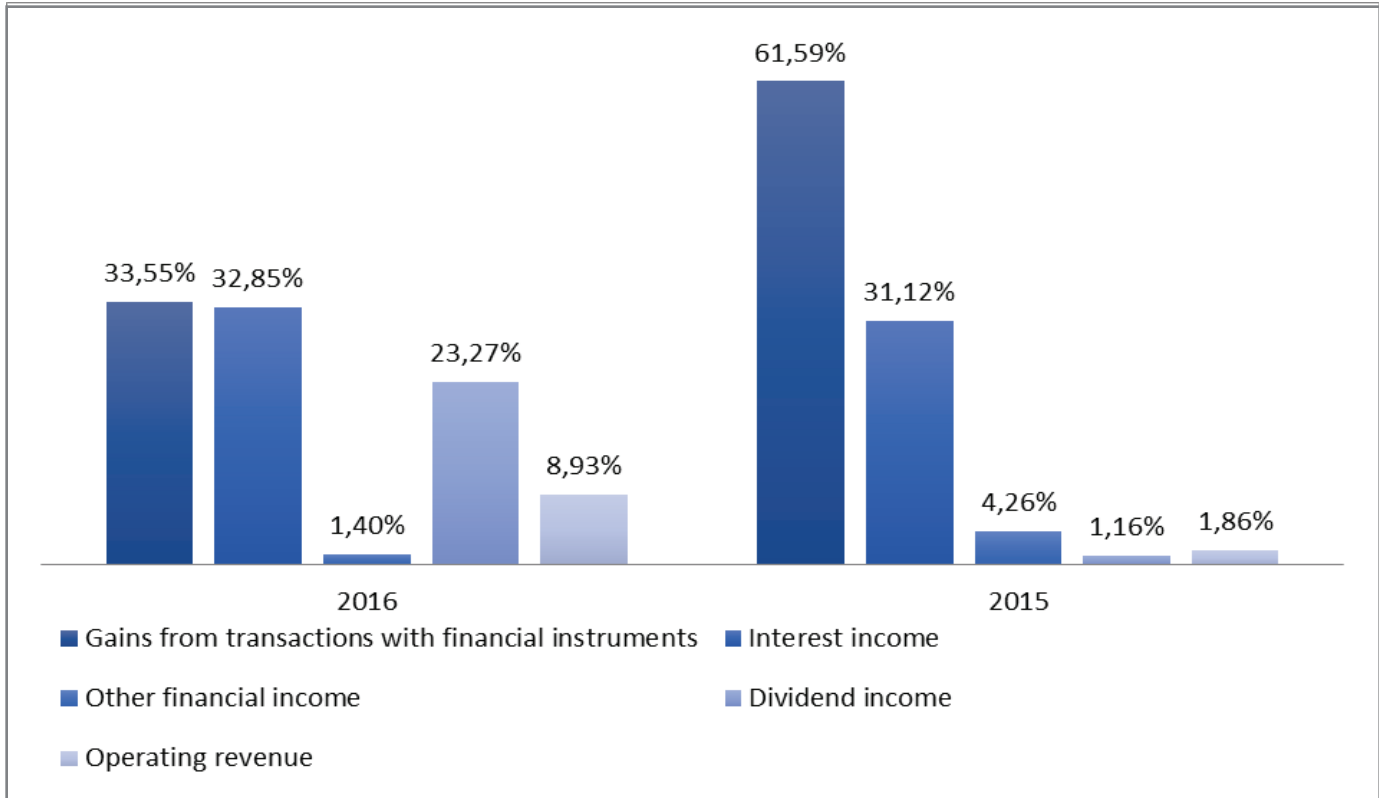
Ratio of revenue by markets for 2015



SIGNIFICANT EVENTS IN 2016

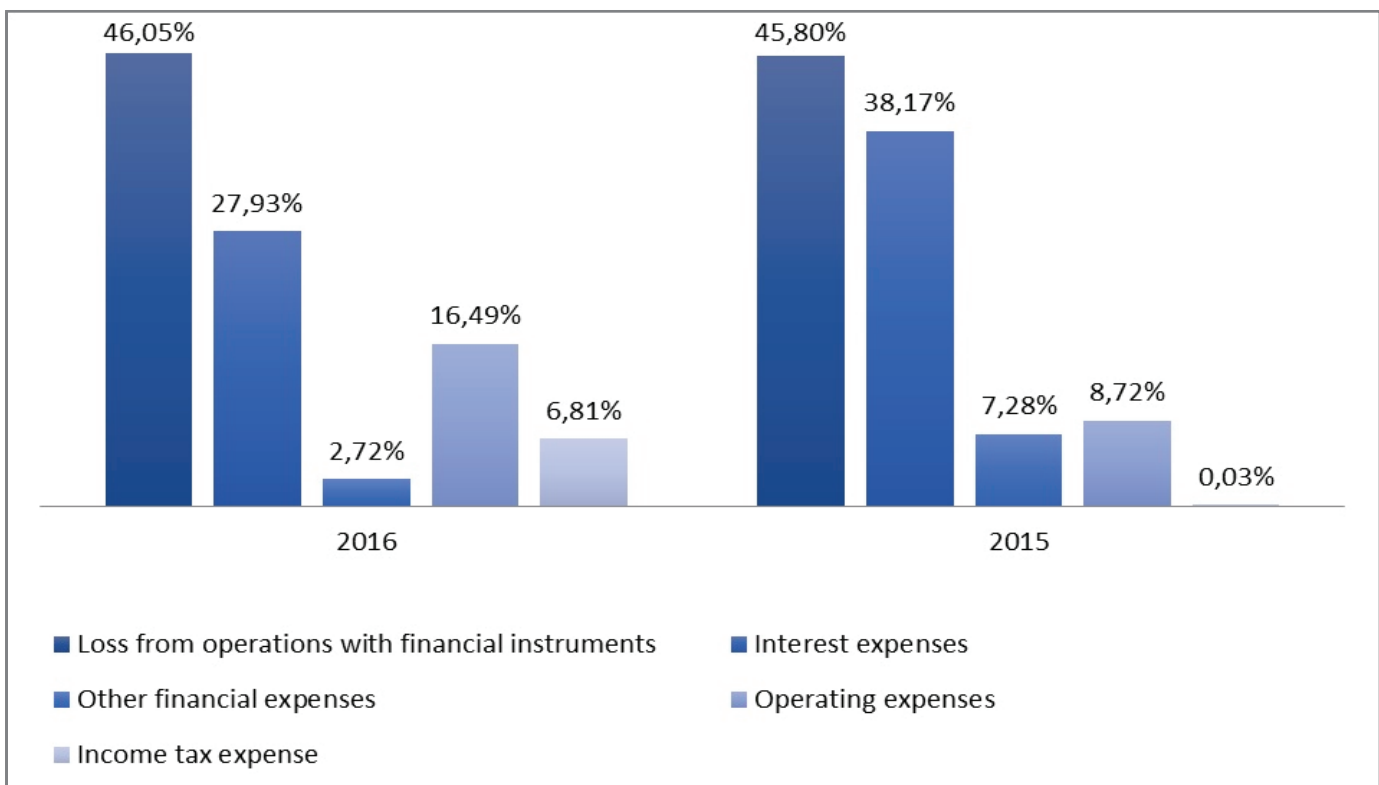
Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

The following table presents the percentage of revenue by type of activity compared to the total size of the respective years.



The operating expenses for the year amounted to BGN 30 580 thousand or BGN 28 909 thousand less compared with the previous period, representing a decrease of 49.03%.

The following table presents the percentage of expenditure by type to the total size of the respective years.



SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

The financial result for the year ended 2016 is profit before taxes amounting to BGN 35 848 thousand and profit after taxes amounting to BGN 33 748 thousand. The reported decrease of 10.99% for the gross and 16.16% for the net result or BGN 4 426 thousand, and BGN 6 508 thousand respectively, is due to the reduction in interest rates, and reported less earnings from operations with financial instruments.

For reporting in 2016 the Company has the following financial indicators:

MAIN FINANCIAL INDICATORS	2016	2015	Change to prior period in %
	BGN'000	BGN'000	2016/2015
Non-current assets	1 031 417	993 610	3,81%
Non-current liabilities	75 387	252 005	(68,14%)
Cash and cash equivalents	76 359	75 058	1,73%
Current assets	466 751	685 049	(28,67%)
Current liabilities	186 896	213 735	(14,85%)
Working capital	279 855	471 314	(34,94%)
Equity capital	1 235 885	1 212 919	1,89%
Non-current capital	1 311 272	1 464 924	(10,15%)
Financial leverage ratio	0,06	0,21	(71,43%)
Solvency ratio	16,39	4,81	219,96%
Current ratio	2,50	3,21	(16,51%)
Cash to current liabilities ratio	0,41	0,35	17,14%
ROE	0,14	0,17	(17,65%)
ROA	0,02	0,02	0,00%

SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

- Information regarding concluded significant transactions or such of a significant importance for the activity of the issuer
- During the 2016 Chimimport AD has no significant transactions

- Information regarding unusual events and indices for the issuer that has a significant influence on its activity and realized income and expenses; valuation of this influence on the financial results for the current year.
- No unusual events for the issuer that might have a significant impact on its activities that have occurred in 2016

- Information regarding the use of the funds, received from new emission of shares during the reporting period
- In 2016 the Company has not increased its registered capital

- Information regarding changes that occurred during the accounting period in the basic management principles of the issuer and its economic group
- During the accounting period, no changes took place in the issuer's basic management principles.

- Information regarding changes in the

Managing and the Supervisory boards during the accounting period.

- During the accounting period, there are no changes in the members and number of managing personnel in the Managing and the Supervisory Boards of the Company.

- Analysis of the relationship between the financial result in the financial statements and the previously was published forecasted results.

- The Company has not published any forecasts of the financial result for 2015. All publicly announced targets and objectives were accomplished.

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

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

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

- The Company has not declared and at the time of preparation of this report there is

no planned investment intentions

- Research and development
- In 2016 the Company has not performed any action on research and development.

Information about the main characteristics applied by the issuer in the process of preparing financial statements, internal control system and risk management.

- The main features of the internal control system and risk management are detailed on page 35 of this Report.



SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

• Signed loan agreements (as borrowers)

-The Company obtained loans from companies within and outside the Group at interest rates of 3-8%. Obligations of borrowing outside the group at 31.12.2016 amounted to BGN 75 791 thousand, of which BGN 43 078 thousand are long-term. Borrowings from related parties amounted to BGN 69 855 thousand, of which short on 31.12.2016 amounted to BGN 56 191 thousand.

• Signed loan agreements (as lender)

-The Company has granted loans to companies in and outside the group at interest rates of 3-8%. The granted loans to companies outside the group at 31.12.2016 amounted to BGN 228 771 thousand, of which BGN 101 757 thousand are long-term. Loans granted to related parties as of 31.12.2016 amounted to BGN 164 458 thousand, of which BGN 27 332 thousand are long-term.

• Information regarding the transactions between the company and its related parties

- The related parties of the Company include: the parent company, its subsidiaries, the key management personnel and other parties, described below.

Transactions with owners	2016 BGN `000	2015 BGN `000
Sales		
sale of services, rental income and interest income		
– owner	1 709	3 901
Purchases		
purchase of services, goods and interest income		
– owner	(300)	-
Cash flows		
Provided funds of the owner	7 289	13 413
Funds received from owner	(5 821)	(14 045)
Funds received from owner		
Sales		
- sale of services, rental income and interest income		
- subsidiaries	12 272	12 272
Purchases		
- purchase of services, goods and interest income(subsidiaries)		
- Subsidiaries	(14 698)	(14 698)

SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

• Information about the amount of remuneration, rewards and / or benefits of each of the members of the management and control bodies for the financial year, paUIC by the issuer and its subsidiaries, regardless of whether they have been included in the expenses of the issuer or arise from the distribution profits, including:

	2016 BGN'000	2015 BGN'000
Short-term employee benefits:		
Salaries, including bonuses	(956)	(1 544)
Social security expenses	(19)	(19)
Company car allowance	-	(2)
Total remunerations	(975)	(1 565)

• Information on shares of the issuer, its major investments in the country and abroad (in securities, financial instruments, intangible assets and real estate) as well as investments in equity securities outside its economic group and sources / methods of financing

Investments in subsidiaries are recognized in the separate financial statements of the Company at cost.

During the reporting period the following changes occurred in terms of investments in subsidiaries:

- In 2016 Chimimport acquired new 3000 shares of the subsidiary Armeec Insurence JSC , resulting in increased participation by 0.91%.
- In 2016, the Issuer sold 3,727,042 shares of its subsidiary Central Cooperative Bank AD, representing 3.30%, which reduced participation to 6.60%.
- In 2016, Chimimport AD sold its entire investment in Global Invest Holding B.V.
- In 2016 the increase of investment in the company CCB Group AD amounted to BGN 46 556 thousand represents amounts allocated to the subsidiary under a contract that have no repayment term and can be redeemed by a decision of the subsidiary

SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

The Company has the following direct investments in subsidiaries:

Name of subsidiary	Country of	Main activities	31.12.2016 BGN '000	Share %	31.12.2015 BGN '000	Share %
CCB Group EAD	Bulgaria	Financial services	256 826	100.00%	210 270	100.00%
Zyrneni 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	6.60%	33 707	9.90%
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	20 736	9.89%	19 263	8.98%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 168	83.25%	2 166	83.20%
Trans Intercar EOOD	Bulgaria	Transport	4 855	100.00%	2 095	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 Co. OOD	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%
Global Invest Holding B.V.	Holland	Financial services	-	-	1 294	100.00%

SIGNIFICANT EVENTS IN 2016

Appendix № 10 to Art. 32, para. 1, p. 2 of Ordinance №2 / 17.09.2003

- Information regarding off-balance transactions

The Company has provided guarantees under Article 240 of the Commercial Act as a member of the managing and supervisory board of the Parahodstvo Bulgarsko Rechno Plavane AD and Oil and Gas Exploration and Production AD.

The Company is co-signer on the following contracts:

- credit line contract with repayment schedule signed between DSK Bank EAD and Zyrneni Hrani Bulgaria AD for the amount of BGN 7 530 thousand with maturity date on 25 July 2016 with maturity date on 25 September 2017;

- credit contract with repayment schedule signed on 16 March 2011 between Alpha Bank EAD and Slanchevi lachi Provardia AD for the amount of EUR 2 013 thousand (BGN 3 937 thousand) with maturity date on 31 December 2017;

- credit contract with repayment schedule signed on 13 December 2013 between UniCredit Bulbank AD and Zarneni Hrani Grain EOOD for the carrying amount of BGN 16 000 thousand with maturity date on 13 March 2017;

The Company is co-debtor on the following contract:

- credit contract with repayment schedule signed on 25 January 2008 between DSK Bank EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 7 500 thousand with maturity date 25 September 2017;

The Company is guarantor of the following contracts::

- bank loan №739 / 21.06.2013, concluded between the Bulgarian Development Bank and Slanchevi lachi Provardia AD amounted to BGN 12 974 thousand with a repayment plan with a deadline 22 May 2023;

- guarantee contracts with Landesbank Baden-Württemberg related to bank loan contract from 29 August 2008 with maturity on 28 August 2017, bank loan contract from 16 November 2006 with maturity on 28 August 2017, of Zyrneni Hrani Bulgaria AD with total amount outstanding of BGN 1 220 thousand.

- guarantee contracts with Bulgarian Development Bank related to bank loan contract with maturity on 20 May 2017 of Zyrneni Hrani Grain EOOD with total outstanding amount of BGN 14 053 thousand.

The Company has signed contract for issuing bank guarantees to other companies within the Group with a limit of BGN 1 000 thousand and maturity November 2017.

The company is a co-debtor or guarantor of its subsidiaries on loans from CCB AD, for the amount of BGN 51 200 thousand and EUR 6 291 thousand.

- Information regarding the Company's agreements (including period after the reporting date), that may cause changes in the relative number of the shares and bonds, owned by the current shareholders and bondholders.

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



- Information regarding pending suits, administrative or arbitration proceedings, relating to issuer's liabilities or receivables amounting to a minimum of 10% from the owner's equity. If the total amount of the liabilities or the receivables from all pending suits and proceedings exceed 10% of the owner's equity, the information is presented individually for each case.

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

- Post balance sheet events

- There are no significant events after the balance sheet date

INFORMATION ABOUT SHARES HELD BY THE MANAGING BODIES

According to a reference from the Central Depository issued as at 31 December 2016, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Managing Board:

IVO KAMENOV	495 880	0,21%
ALEXANDER KEREZOV	160 000 бп.	0,07%
MIROLYUB IVANOV	89 066 бп.	0,04%
NIKOLA MISHEV	36 790 бп.	0,02%
MARIN MITEV	26 533 бп.	0,01%

Members of the Supervisory Board:

INVEST CAPITAL AD	175 002 247 бп.	73,03%
CCB GROUP EAD	1 863 605 бп.	0,78%
MARIANA BAZHDAROVA	199 бп.	0,00%



ADDITIONAL INFORMATION FOR MANAGING BODIES

Information about participation of Members of Supervisory and Managing Board in other trade companies as general partners, as owners' of more than 25 % in other companies' shares, as managers of other companies and as members of other companies' Supervisory, Managing Boards and Boards of, in accordance with Art. 247 of Commercial act.

Ivo Kamenov Georgiev – Executive director, Member of Supervisory and Managing Board of Chimimport AD:

-Manager / Executive Director: Executive Director of: Chimimport AD, UIC 000627519 –Sofia; Invest Capital AD, UIC 831541734 – Sofia;
- Member of the Managing Board of: Chimimport AD, UIC 000627519 – Sofia; CCB Group EAD, UIC 121749139 – Sofia- member of the Supervisory Board of CCB AD, UIC 831447150, - Sofia;
- Member of the Board of directors of: Invest Capital AD, UIC 831541734 – Sofia;;
-Owner of more than 25% of the shares of: Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; Invest Capital Management OOD, UIC 103045368 - Varna;

Marin Velikov Mitev – Executive Director, Member of Supervisory and Managing Board of Chimimport AD

- Manager/ Executive director of: Chimimport AD, UIC 000627519 – Sofia, Invest Capital AD, UIC 831541734 – Sofia; Sporten complex Varna AD, UIC 103941472 – Varna; Golf Shabla AD, UIC 124712625 – Shabla; Marin Mitev – Project Management, UIC 103326073. .
- Member of the Supervisory Board of: CCB AD, UIC 831447150; CCB Group EAD, ID121749139 - Sofia.
- Manager/ Executive director of: Chimimport AD, UIC 000627519 – Sofia;
-Member of the Board of directors of Invest Capital AD, UIC 831541734 – Sofia;Sporten complex Varna AD, UIC 103941472 – Varna; Golf Shabla AD, UIC 124712625; Vrna-plod AD UIC 103106697, Varna
- Owner of more than 25% of the shares of: Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; Invest Capital Management OOD, UIC 103045368 - Varna; Marin Mitev – Project Management, ID 103326073;

Mariana Angelova Bazhdarova - Member of Supervisory Board of Chimimport AD:

- does not participate in the management of other companies or cooperatives as a procurator, manager or board member under art. 247 of Comemercial act.
- owns directly more than 25 per cent of the capital of other companies as follows: MB CONSULT COMMERCE, UIC 203 868 694 - Sofia;



ADDITIONAL INFORMATION FOR MANAGING BODIES

Information about participation of Members of Supervisory and Managing Board in other trade companies as general partners, as owners' of more than 25 % in other companies' shares, as managers of other companies and as members of other companies' Supervisory, Managing Boards and Boards of, in accordance with Art. 247 of Commercial act.

Tsvetan Tsankov Botev - Chairman of the Managing Board of Chimimport AD

- Manager/ Executive director of: Chimimport Pharma AD, UIC 131181471 – Sofia; Bulchimtrade OOD, UIC 200477808 – Sofia; Chimoil Trade OOD – in liquidation; Chimimport-Biopharm Engineering AD UIC 131071224 – Sofia;
- Vice chairman of the Managing Board of CCB AD, UIC 831447150; Member of the Managing Board of Chimimport AD, UIC 000627519 – Sofia.
- Member of the Board of Directors of: Chimimport Pharma AD, UIC 131181471 – Sofia; Petrochim Trade EAD, UIC 130535554 – Sofia.
- Does not own direct investment of more than 25 % of the share capital of other companies



Alexander Dimitrov Kerezov - Deputy Chairman and member of the Managing Board of Chimimport AD

- Manager/ Executive director: Zyrneni Hrani Bulgaria AD, ID: 175410085 – Sofia ; Manager of AH HGH Consult OOD, UIC 130452457, Manager of Protect Art OOD, UIC 203844348,
- Member of the Managing Board of: Chimimport AD, UIC 000627519 ZAD Armeec, UIC 121076907; PBRP AD, UIC 827183719; CCB Group EAD, UIC 121749139; Zyrneni Hrani Bulgaria AD, UIC 175410085; Asenova Krepost AD, UIC 112012041, Bulgarian Airways Group EAD, UIC 131085074;
- member of the Supervisory Board of CCB Sila AD, UIC 825240908 – Sofia
- owner of more than 25 % of the share capital of other of:Protect Art OOD, UIC 203844348,

Miroljub Pantchev Ivanov - member of the Managing Board of Chimimport AD

- Manager/ Executive director of Omega Finance OOD, UIC 831385114 – Sofia; Prime Lega Consult OOD, UIC 130993620 – Sofia; CCB Real Estate Fond REIT, UIC 131550406 – Sofia, Capital Invest EAD, UIC 121878333– Sofia, Invest Capital Asset Management EAD, UIC 200775128 – Sofia
- member of other companies' Managing Board: PDNG AD, ID: 824033568 – Sofia; Zyrneni Hrani Bulgaria AD, ID: 175410085 – Sofia ZAD Armeec", UIC 121076907
- member of other companies' Board of directors: Bulgarian Shipping Company EAD, ID: 175389730 – Sofia; Natsionalna stokova borsa AD, ID: 115223519 – Plovdiv; Capital Invest EAD, ID: 121878333 – Sofia; Invest Capital EAD, ID: 200775128 – Sofia; Invest Capital Asset Management EAD. UIC 200775128, Sofia
- member of the Supervisory Board of CCB Sila AD, UIC 825240908 – Sofia
- member of the Supervisory Board of CCB Sila AD, UIC 825240908 – Sofia
- does not own direct investment of more than 25 % of the share capital of other companies

Nikola Peev Mishev - member of the Managing Board of Chimimport AD

- Manager/ Executive director: Petrochim Trade EAD, ID: 130535554 – Sofia; Chimsnab Trade OOD, ID: 131388356 – Sofia; Rubber Trade OOD, ID: 130430425 – Sofia; Pamporovo Property EOOD, ID: 200886790 – Asenovgrad; Bulchimtrade OOD, ID: 200477808 – Sofia; Chimceltex OOD, ID: 130434434 – Sofia; Asenova Krepost AD, ID: 115012041 –Asenovgrad;
- member of other companies' Board of Directors: : Petrochim Trade EAD, ID:130535554 – Sofia; Asela AD, ID: 115023575 – Asenovgrad;;
- member of other companies' Managing Board: Zyrneni Hrani Bulgaria AD, ID: 175410085 – Sofia; Asenova Krepost AD, ID: 115012041 – Asenovgrad;;
- member of the Supervisory Board: Armeec Insurence JSC, UIC 121076907
- does not own direct investment of more than 25 % of the share capital of other companies.

GENERAL RISKS AND UNCERTAINTIES

FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the central administration of the Company in cooperation with the Managing Board. Priority management is to provide short- and medium-term cash flows by minimizing exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

Consequently, the use of financial instruments the Company is exposed to market risk and in particular to the risk of exchange rate changes, interest rate risk and risk of modifying specific prices due to operating and investing activities of the Company.

MARKET RISK ANALYSIS

- **Foreign currency risk**

Most of the Company's transactions are carried out in Bulgarian leva. Exposures to currency exchange rates arise from the Company's sales and purchases, which are primarily denominated in US-Dollars and Euro.

To mitigate the Company's exposure to foreign currency risk, non-BGN cash flows are monitored and forward exchange contracts are entered into in accordance with Company's risk management policies. Generally, Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from long-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into Bulgarian leva at the closing rate are as follows:

	Short-term exposure		Long-term exposure	
	USD '000	EUR '000	USD '000	EUR '000
31 December 2016				
Financial assets	10 961	9 669	-	46 129
Financial liabilities	-	(23 154)	-	(4 995)
Total exposure	10 961	(13 485)	-	41 134

GENERAL RISKS AND UNCERTAINTIES

	Short-term exposure		Long-term exposure	
	USD '000	EUR '000	USD '000	EUR '000
31 December 2015				
Financial assets	25 531	154 188	-	-
Financial liabilities	(12 490)	(2 035)	-	(142 188)
Total exposure	13 041	152 153	-	(142 188)

The following table illustrates the sensitivity of post-tax profit for the year and other components of equity in regards to the Company's financial assets and financial liabilities and the USD/BGN exchange rate.

The table assumes that the percentage strengthened/ weakened as of 31 December 2016 exchange rate of Bulgarian lev against the US dollar is +/- 3.6% (2015 .: +/- 2.2%). These percentages are determined based on the average exchange rates for the last 12 months. The sensitivity analysis is based on the Company's investments in financial instruments in foreign currency held by the end of the reporting period.

If the BGN had strengthened/weakened against the USD by + / - 3.6% (2015 +/- 2.2%) then this would have had the following impact:

	Net financial result after tax for the year	Net financial result after tax for the year
	Increase BGN '000	Decrease BGN '000
31 December 2016	359	(359)
31 December 2015	257	(257)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

• **Interest rate risk**

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually at fixed rates. At 31 December 2016, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other financial assets and liabilities are at fixed interest rates.

The following tables illustrate the sensitivity of the net financial result after tax for the year and equity to a reasonably possible change in interest rates in regard to borrowings at variable interest rate based on – 1M SOFIBOR of +/- 3.82% and 3M SOFIBOR of +/- 4.24% (2015 – 1M SOFIBOR of +/- 4.10% and 3M SOFIBOR of +/- 9.04%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

31 December 2016. Net financial result Equity

	Increase of interest rate	Decrease of interest rate	Increase of interest rate	Decrease of interest rate
Borrowings (3M SOFIBOR)	(3)	3	(3)	3

31 December 2015 Net financial result Equity

	Increase of interest rate	Decrease of interest rate	Increase of interest rate	Decrease of interest rate
Borrowings (3M SOFIBOR)	(26)	26	(26)	26

• **Other price risk**

The Company is exposed to other price risk in respect of the following direct investments in subsidiaries and short-term financial assets, the shares of which are listed on the Bulgarian Stock Exchange – Sofia:

- Central Cooperative Bank AD – subsidiary;
- Oil and Gas Exploration and Production AD – subsidiary;
- Zarneni Hrani Bulgaria AD – subsidiary
- Holding Nov Vek AD – short-term financial asset.
- Holding Center AD - short-term financial asset

GENERAL RISKS AND UNCERTAINTIES

Investments in shares of subsidiary companies traded on the Bulgarian Stock Exchange - Sofia act as short- and long-term strategic investments. In accordance with the policy of the Company no specific hedging activities have been initiated in connection with such investments. The operation of these companies is monitored on a regular basis and the control or significant influence over these companies is used to maintain the value of the investments in these companies.

The short-term assets, described above, are held with the purpose of trade on the Bulgarian Stock Exchange-Sofia

CREDIT RISK

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2016 BGN '000	2015 BGN '000
Classes of financial assets – carrying amounts:		
Securities / financial assets /	163 332	149 751
Loans granted	228 771	243 535
Related party receivables	154 192	366 786
Trade and other receivables	21 585	6 182
Cash and cash equivalents	76 359	75 058
Carrying amount	644 239	841 312

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are pledged as collateral on other transactions.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are the Company's maximum possible risk exposure in relation to these financial instruments.

LIQUIDITY RISK

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company maintains cash to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2016 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2016	Short-term		Long-term
	Within 6 months BGN '000	Within 12 months. BGN '000	2 to 5 years BGN '000
Dividend liabilities	9 063	-	-
Bank and other long-term borrowings	12 454	20 259	43 078
Related party payables	112 904	3 981	13 333
Trade and other payables	22	-	-
Total	134 443	24 240	56 411

As at 31 December 2015 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2015	Short-term		Long-term
	Within 6 months BGN '000.	Within 12 months. BGN '000	2 to 5 years '000 BGN
Dividend liabilities	-	16 790	8 081
Bank and other long-term borrowings	6 513	24 230	54 880
Related party payables	19 957	120 103	172 171
Trade and other payables	5 398	4 328	-
Total	31 868	165 451	235 132

GENERAL RISKS AND UNCERTAINTIES

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Annual interest payments amount to BGN 19 190 thousand (2015: BGN 19 190 thousand).

FINANCIAL ASSETS USED FOR MANAGING LIQUIDITY RISK

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 1 year.

- Fair value measurement:

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is presented in comparison with their carrying value at the end of the reporting periods in the table below:

Financial assets	31 December 2016		31 December 2015	
	Fair value	Carrying amount	Fair value	Carrying amount
	BGN '000	BGN '000	BGN '000	BGN '000
Financial assets measured at fair value through profit or loss	117 152	117 152	97 077	97 077
TOTAL	117 152	117 152	97 077	97 077

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2016	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Financial assets				
Non-listed equity instruments	-	117 152	-	117 152
Total	-	117 152	-	117 152

31 December 2015	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Financial assets				
Non-listed equity instruments	-	97 077	-	97 077
Total	-	97 077	-	97 077

During the reporting periods, there have been no significant transfers between levels 1 and 2.

MEASUREMENT OF FAIR VALUE

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Non-listed equity instruments

The fair value of these instruments is based on observed rates of recent market transactions with shares of similar companies, adjusted for specific factors.

GENERAL RISKS AND UNCERTAINTIES

- Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2016 and 31 December 2015:

31 December 2016	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Investment property				
- land and buildings	-	-	35 831	35 831
31 December 2015	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Investment property	'000 лв.	'000 лв.	'000 лв.	'000 лв.
- land and buildings	-	-	33 572	33 572

Fair value of the Company's main property assets is estimated based on valuations performed by independent, professionally-qualified property appraisers.

Land and buildings (Level 3)

The fair values of the land and buildings are estimated using an income approach. The investment property is revaluated as at 31 December 2016

- Capital management policies and procedures

The Company's capital management objectives are:

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

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

The Company determines the capital based on the carrying amount of equity included in the statement of financial position.

Net debt comprises of total liabilities less the carrying amount of cash and cash equivalents.

The objective of the Company is to maintain a ratio of capital to net debt at levels which would ensure relevant and conservative ratio of financing.

The Company manages the capital structure and adjusts according to changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paUIC to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

- The amount of the correlation for the presented accounting periods is summarized as follows:

	2016 BGN '000	2016 BGN '000
Equity	1 235 885	1 212 919
Capital	1 235 885	1 212 919
+Total Liabilities	262 283	465 740
- Cash and cash equivalents	(76 359)	(75 058)
Net debt	185 924	390 682
Capital to net debt	1:0.15	1:0.32

The ratio in 2016 improved compared to 2015 due to the decrease in related party liabilities during the period. The Company has honoured its covenant obligations, including maintaining capital ratios.

DECLARATION OF CORPORATE MANAGEMENT

The declaration of corporate management of Chimimport AD is prepared pursuant the Bulgarian legislation requirements and principles of good corporate management, set out in the National Corporate Governance Code, the Commercial Act (CA), the Public Offering of Securities Act (POCA), the Accountancy Act (AA), the Independent Financial Audit Act (IFAA) and other laws and regulations and internationally recognized standards. The declaration of corporate management is prepared in accordance with the requirements of Article 39 of the Accountancy Act and Article 100m of POCA.

1. Information under Article 100m, paragraph 8, subparagraphs 1 and 2 of POCA

Implementation, enforcement and compliance, as appropriate, by Chimimport AD of the principles of the National Corporate Governance Code

As at 18 January 2008, Chimimport AD embraced the National Corporate Governance Code and conducts its activity in accordance with the set principles and provisions.

In its activities Chimimport AD is governed by the national corporate governance principles recommended for application by the National Committee on Corporate Governance, reflecting the international standards of good corporate governance and best practices. The management of Chimimport AD aims at strengthening the principles of good corporate governance, enhancing the confidence of shareholders, investors and other stakeholders interested in the management and operations of the Company. The management of Chimimport AD considers that the effective application of the good corporate management practices, contribute to sustainable growth and reaching the long-term goals of the Company, and to establish transparent and honest relationships with all stakeholders.

Information on corporate governance practices applied by the issuer in addition to the corporate governance code approved by the Deputy Chairperson or any other corporate governance code

Chimimport AD does not apply other corporate management practices in addition of the National Corporate Governance Code. Explanation by the issuer as to which parts of the corporate management code, approved by the Deputy Chairperson or any other corporate governance code the issuer does not comply with and to what was the ground for the non-compliance when the issuer opted not to refer to any of the rules of the corporate management code

The basic principle of the National Corporate Governance Code is the principle of “comply or explain”. The Company aims to comply with the recommendations of the Code and in case of deviation, the management provides explanations on the reasons for the non-compliance.

Chimimport AD presents the current information regarding compliance with the Code, and the same will be published on the website of the company.

INFORMATION REGARDING CORPORATE MANAGEMENT

Chimimport AD is a listed company with two-tier management system. All members of the Managing Board and the Supervisory Board comply with the legal requirements for their appointment.

The managing bodies of the Company comprise: General meeting of the shareholders, Supervisory Board and Managing Board.

Members of the Supervisory Board:

1. Invest Capital AD
2. CCB Group EAD;
3. Mariana Bazhdarova.

DECLARATION OF CORPORATE MANAGEMENT

Members of the Managing Board:

1. Alexander Kerezov
2. Ivo Kamenov
3. Marin Mitev
4. Nikola Mishev
5. Miroljub Ivanov
6. Tsvetan Botev

Key functions, responsibilities, structure and competence

The Supervisory Board of Chimimport AD consists of three members. It conducts regular control over the Managing Board, concerning the management of the Company by ensuring that the actions of the MB increase the interest of shareholders and facilitate the application of good corporate governance principles within the Company. The Supervisory Board, if necessary, may take the necessary steps to facilitate their duties through consultations with experts. The Supervisory Board shall appoint and dismiss members of the Managing Board delimiting the powers delegated to them, the application of their powers and the frequency with which they are to report to the SB. The Supervisory Board assesses the overall performance of the Company, paying special attention to the information received by the Managing Board and periodically reconciles and analyses the difference between the achievements and goals. The Supervisory Board monitors and controls the process of disclosing information by the Company.

The Supervisory Board has included restrictions in its internal rules on the maximum number of companies in which members of the Managing and the Supervisory Board of Chimimport AD can sit on the managing and supervisory bodies, participation in which is considered acceptable in view of the requirement for effective implementation of obligations as a member of the boards of the Company. The Supervisory Board has set criteria that distinguish participations in other companies, depending on the position held and the time that each of the positions requires for the relevant obligations.

Following the requirements of the POSA and the Statute of the Company, the Supervisory Board, if necessary, reassesses the structure of the Managing Board, the division of duties, powers and the remuneration of each member of the MB. In carrying out its activities, the Supervisory Board members are obliged to perform their duties with due diligence in a manner that reasonably believed is in the interest of all shareholders and by using only information that they reasonably believe is reliable and complete, and show loyalty to the Company under POSA.

The Supervisory Board of the Company is supported by the Audit Committee. The structure and functions of the Committee are set out in the Internal rules of operation of the Audit Committee of Chimimport AD.

The Managing Board of Chimimport AD consists of six members. The competence, rights and obligations of the Managing Board are conducted in accordance with the legal requirements, the requirements of the current Company's Statute and the rules for its operation as approved by the Supervisory Board. The Managing Board reports, on its activities, to the Supervisory Board at least quarterly. The Managing Board shall immediately notify the chairman of the Supervisory Board of any circumstances that are essential for the Company. The Managing Board provides to the Supervisory Board the Annual Financial Statements, the Annual Activity Report and the Independent Auditor's Report, together with proposal for profit distribution, which will be brought to the General Meeting of Shareholders.

The Managing Board governs in accordance with the established vision, goals and strategy of Chimimport AD.

The Board members are guided in their activities by the generally accepted principles of integrity and management and professional competence.

Appointment and dismissal of board members

Members of the Supervisory Board are appointed and dismissed by the General Meeting of the Shareholders, in accordance with the Company's Statute.

Members of the Managing Board are appointed by the Supervisory Board, which also determines their remuneration and can dismiss them at any point in time.

Remunerations of the Managing and Supervisory Boards

The General Meeting of the Shareholders has affirmed the remuneration policy of the Managing and Supervisory Boards of the Company, developed by the Supervisory Board.

DECLARATION OF CORPORATE MANAGEMENT

The remuneration paid to the members of the Managing and Supervisory Boards of the Company, may be permanent (fixed) or variable in the form of premiums, bonuses, retirement benefits and other incentives, based on assessment criteria of the conducted activities. The proportion of the fixed remuneration in the total amount of the remuneration shall allow the implementation of flexible policy by the Company on the variable remuneration of the members of the Managing and Supervisory Boards of the Company. In 2017, the Company shall update the policy with the recommendation of the Code, namely the remuneration of the members of the SB to conform their activities and obligations and not be bound to the results of the Company operations and will present it to the General Meeting of the Shareholders for approval.

The remuneration policy observes the following principles and criteria:

- Consistency of the remunerations with the business goals and development strategy of the Company, the protection of the interests and promotion of the values of Chimimport AD;
- Providing remuneration that allows attraction, retention and motivation of board members with the necessary skills for successful management and development of the Company.
- Excluding discrimination, conflict of interest and unequal treatment of members of the Supervisory Board of the Company in setting and negotiating remunerations;
- Appreciation of the duties and input of each member of the Managing Board in the performance and results of the Company.

The Management discloses the remunerations of the Managing Board in accordance with the legal requirements and Company's policies regularly within the quarterly financial statements. Shareholders are provided easy access to information on remunerations.

Conflict of interest

The members of the Supervisory and Managing Boards avoid any real or potential conflict of interest. Procedures for preventing and detecting conflicts of interest are regulated by the statutes of the Company.

Committees

The Company has set Audit Committee in accordance with the requirements of the Independent Financial Audit Act of public interest companies.

In view of the change in the regulatory framework regarding requirements for Audit Committees, changes in the composition of the committee will be proposed at the next general meeting of the shareholders, as to comply with the new requirements of the IFAA. The Management of the Company will prepare and submit for approval to the General Meeting of Shareholders the statute of the Audit Committee regulating its structure, scope, tasks, operation and reporting procedures consistent with the new requirements of the legislation.

INFORMATION REGARDING CONDUCT OF AUDIT AND INTERNAL CONTROL

Chimimport AD has developed and implemented internal control system, that ensures the proper identification of risks associated with the Company's operations and supports their effective management, and adequate operation of the reporting systems and disclosure of information.

The Audit Committee shall apply the requirements of the Code of Ethics for Professional Accountants regarding the rotation of registered auditors in preparing proposals and recommendations on the appointment of external auditors.

The registered auditor, appointed by the General Meeting of the Shareholders of Chimimport AD, to perform independent financial audit of the annual financial statements of the Company for 2016, is Grant Thornton OOD Audit Firm, registered under number 032 in the register of the Institute of Certified Public Accountant.

To ensure the effectiveness of the external auditors of Chimimport AD, the Managing Board implements measures to ensure effective implementation of the obligations of auditors of the Company based on the requirements of the Independent Financial Audit Act.

INFORMATION ON PROTECTION OF THE RIGHTS OF SHAREHOLDERS

The management of Chimimport AD guarantees equal treatment of all shareholders of the Company, including minority and international.

DECLARATION OF CORPORATE MANAGEMENT

The Company applies established rules of the organization and conduct of regular and extraordinary General Meetings of Shareholders.

The protection of shareholders' rights is ensured through:

- facilitation of the shareholders' effective participation in the work of the General Meetings of shareholders through timely disclosure of all materials for the GMS, on the following websites: www.x3news.com, www.investor.bg and www.chimimport.bg.
- transparent procedures regarding organization and conduct of regular and extraordinary General Meetings of Shareholders;
- established procedures on representation of shareholders at the GMS, including templates of letter of attorney both in Bulgarian and English;
- providing opportunity for participation in the profit distributions to the Company, if the General Meeting of Shareholders adopts a specific resolution for dividend distribution;
- implementing a policy to assist shareholders in exercising their rights.

INFORMATION ON PROCEDURES FOR DISCLOSURE OF INFORMATION

The Company has adopted rules for internal personnel and internal information, that regulate the obligations, order and responsibility for the public disclosure of inside information for Chimimport AD, prohibit insider trading and market manipulation of financial instruments. The public information regarding the activities of Chimimport AD is presented to the Financial Supervisory Commission, the Bulgarian Stock Exchange - Sofia AD and the investing community, distributed through the information agency X3 NEWS - www.x3news.com.

Chimimport AD regularly updates its corporate website www.chimimport.bg both in Bulgarian and English, consistent in structure and volume with the information provided with the recommendations of the National Code and established good practices on systems of disclosure of information.

The website provides general information about the Company and the segments of operations of all companies within the economic group, current data on the financial and economic situation of the Company, including interim and annual financial statements of Chimimport AD on an individual and consolidated basis, as well as information on the Group structure, corporate governance and management of the company, corporate documents prepared and approved by the Managing Board of the Company and the securities issued. All shareholders, investors and interested parties can obtain information about upcoming and already held important corporate events, meetings of the General Meeting of Shareholders and the planned investment policy of the Company.

INFORMATION ABOUT INTERESTED PARTIES AND RECOGNITION OF THEIR RIGHTS AND INTERESTS

The Company has not developed its own rules on accounting for the interests of stakeholders, but for all matters that directly or indirectly affect them, coordination procedures are carried out.

Chimimport AD identifies as stakeholders with respect to its activities all persons who are not shareholders and who have an interest in the economic prosperity of the Company:

- bondholders,
- employees,
- clients,
- suppliers,
- bank – creditors;
- the public, in general.

Within its policy towards stakeholders, the Company complies with the legal requirements and principles of transparency, accountability and business ethics. The Stakeholders are provided with the necessary information about the company's current data of the financial situation and everything that would help correct their orientation and make an informed and reasoned decision.

DECLARATION OF CORPORATE MANAGEMENT

2. Information under Article 100m, paragraph 8, subparagraph 3 of the POSA

Characteristics of the internal control and risk management systems

Internal control and risk management

The Managing Board is responsible for the internal control and risk management systems and monitors their effectiveness. These systems are created to manage but cannot fully eliminate the risk from falling behind the set business objectives. They can only provide reasonable, but not absolute assurance on the lack of any substantial inaccuracies or errors. The Managing Board has established an ongoing process for identifying, evaluating and managing significant risks for the Company.

Internal control

Every year, the Company reviews and confirms the degree of compliance with the policies of the National Corporate Governance Code.

All major plans and programs of the Company require approval by the Managing Board.

There are limits to the authority to ensure that the appropriate approvals are obtained, if the Board is not required to verify the segregation of duties.

Financial policies, controls and procedures are enforced within the Company and are reviewed and updated regularly.

The main activities comprised within the system of internal control of the Company are:

- Control over the functioning of the current reporting and documentation of the Company;
- Maintaining the high competence of personnel with financial and reporting functions;
- Control over the content, accuracy and timeliness of financial statements;
- Completeness of the range and reliability of the financial information system;
- Lawful implementation of tax and social security obligations;
- Protection and preservation of assets;
- Control over disposal of assets and resources.

A system of internal control and risk management operates to ensure the effective functioning of the reporting and disclosure of information. The internal control system is built and functions to identify inherent risks of the company and support their effective management.

The code of conduct of employees of Chimimport AD, determining the required levels of ethics and conduct, is communicated to all employees and any amendments to it are included in the employee training.

Management has overall responsibility of ensuring proper maintenance of accounting data and processes to ensure that financial information is relevant, reliable, consistent with applicable law and the financial statements and management reports are prepared and published by the Company in due course. The Company's management reviews and approves the financial statements to ensure that the financial position and results of the Company are presented fairly and correctly. The financial information, published by the Company is subject for approval by the Supervisory Board.

Annual review of the internal control environment is carried out by the Managing Board, with the assistance of the Audit Committee.

Analysis and risk management

The Managing Board determines the main risks of the Company regularly and monitors throughout the year the measures to address those risks, including through internal control and monitoring. The risk analysis includes business and operational risks, health and safety of employees, financial, market and operational risks, reputation risks, which may affect the Company, as well as specific areas identified in the business plan and the budget process.

All significant plans relating to the acquisition of assets or realization of operating income include consideration of relevant risks and appropriate action plans.

Inherently the risk management is a set of processes to identify, assess and control the risks that ensure that the objectives of the Group of Chimimport AD are met and effective management is achieved. Risk management is systematic, structured and in due time and thus facilitates continuous improvement of the organization.

DECLARATION OF CORPORATE MANAGEMENT

The risk management system comprises the following activities:

- identification of the different groups of risks (indicated in the reports on the activities of the group)
- evaluation and risk analysis (indicated in the reports on the activities of the group)
- monitoring and procedures that will be applied to prevent or reduce the effects of onset risks.

Risk management is part of the internal control system. The goal of management is to detect risks that cast doubt on the functioning of the company, to assess and reduce critical risks. Well-managed risk-taking is a prerequisite for sustainable improvement of the organization. The Company management seeks to develop an active risk management by introducing a risk management system and directing efforts to improve it in line with international best practices.

The risk management system defines the duties and responsibilities in the structural divisions of the Company, organization, and procedure for interaction in risk management, analysis, and evaluation of information related to risks, preparing periodic reporting on risk management.

The internal control system and the risk management system are continuously improved following the legislative requirements and best practices. Their goals may be summarized as follows: compliance with the strategies, plans, internal regulations and procedures for the implementation of the activities to ensure effective and efficient operations, reliable financial reporting, storage and protection of assets. Risk management in Chimimport AD is performed by employees at all levels of management and is an integral part of operations and the corporate governance of the Company.

Statement by the directors on the Annual Activity Report and the Financial Statements

Pursuant to the requirements of the Code, the directors confirm their responsibility for preparing the annual activity report and the annual financial statements and consider the Annual Activity Report is transparent, balanced and understandable and provides the necessary information to shareholders, to assess the Company's position and operations, its business model and strategy.

Responsibilities and interaction between the Supervisory Board, the Audit Committee and the external auditor of the Company

As a public company, according to the Independent Financial Audit Act and the National Corporate Governance Code, Chimimport AD has established an Audit Committee, which is responsible for monitoring of the financial reporting and the independent financial audit as well as the effectiveness of the internal audit function and control and risk management systems of the Company.

At the General Meeting of Shareholders held on 01 July 2013, under the proposal of the Managing Board, the shareholders of Chimimport AD elected the following Audit Committee members: Dina Krasteva Paskova - Chairperson, Mariana Zarkova Parvanova and Zornitza Krasimirova Aleksova - members. The structure and functions of the Committee are defined under Article 108, Paragraph 1 of the Independent Financial Audit Act.

The Committee recommends the registered auditor to conduct an independent financial audit of the company and monitor its independence in accordance with the law and the Code of Ethics for Professional Accountants.

The mandate and the number of members of the Audit Committee shall be determined by the General Meeting of Shareholders. The functions and responsibilities of the Audit Committee are regulated by the Rules of the Audit Committee.

Committee members have unlimited access to the members of the Supervisory Board, the Managing Board and the senior management personnel directly responsible for the activities falling within the scope of the delegated competence of the Committee. The Audit Committee reports its activity to the General Meeting of Shareholders annually.

The main functions of the Audit Committee include:

- to monitor the financial reporting processes;
- to monitor the effectiveness of internal control systems;
- to monitor the effectiveness of risk management systems;
- to monitor the independent financial audit on the Company;
- to oversee the independence of the registered auditor of the Company in accordance with the IFAA and monitor the provision of ancillary services by the auditor

DECLARATION OF CORPORATE MANAGEMENT

3. Information in accordance with Article 10, paragraph 1, items “c”, “d”, “f”, “h”, and “i” of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004**3.1 Information in accordance with Article 10, paragraph 1, item “c” of Directive 2004/25/EC on takeover bids regarding significant direct and indirect shareholdings (including indirect shareholdings through pyramUIC structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC.**

In 2016, no changes have been made relating to the acquisition or sale of shares of the Company that reach, exceed or fall below one of the thresholds of 10%, 20%, 1/3, 50% and 2/3 of the voting rights of the Company for the period as defined in Article 85 of Directive 2001/34 / EC.

The share capital of the Company as of 31 December 2016 consists of 239,646,267 ordinary shares with par value of BGN 1 per share. The ordinary shares of the Company are dematerialized, registered and freely transferable and entitle to one (1) vote and liquidation share.

On 15 June 2016, all preferred shares of the Company issued on 12 June 2009, were mandatory converted into ordinary, per the prospectus for the issue.

The list of major shareholders holding more than 5% of the shares of the Company is as follows:

	Ordinary shares As at 31.12.2016	Ordinary shares As at 31.12.2015 %
Invest Capital AD	175 002 247	73.03%
Other legal entities and individuals not exceeding 5%	64 644 020	26.97%
	239 646 267	100.00%

3.2 Information in accordance with Article 10, paragraph 1, item “d” of Directive 2004/25/EC on takeover bids regarding the holders of any securities with special control rights and a description of those right

Chimimport AD has no shareholders with special control rights.

3.3 Information in accordance with Article 10, paragraph 1, item “f” of Directive 2004/25/EC on takeover bids regarding any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company’s cooperation, the financial rights attaching to securities are separated from the holding of securities;

There are no restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company’s cooperation, the financial rights attaching to securities are separated from the holding of securities

3.4 Information in accordance with Article 10, paragraph 1, item “h” of Directive 2004/25/EC on takeover bids regarding the rules governing the appointment and replacement of board members and the amendment of the articles of association;

The management bodies of the Company are:

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

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

DECLARATION OF CORPORATE MANAGEMENT

The members of the Managing board are appointed by the Supervisory Board, which can replace them at any time. One individual cannot be both a member of the Managing and Supervisory Board. Members of the Managing Board may be re-elected without limitation.

Members of the Managing Board of “Chimimport” AD are elected only if they meet the following legal requirements:

- be either individuals or legal persons;
- at the moment of election have not been convicted of crimes against property, economy or against the fiscal, tax and insurance authorities of the Republic of Bulgaria or abroad, unless rehabilitated;
- are not members of the managing or supervisory body of a company terminated due to bankruptcy in the past two years preceding the date of the declaration of insolvency, if any unsatisfied creditors remain;

Amendments to the Articles of Association of the Company are approved by General Meeting of the Shareholders.

3.5 Information in accordance with Article 10, paragraph 1, item “i” of Directive 2004/25/EC on takeover bids regarding the powers of board members, and in particular the power to issue or buy back shares;

The amount of capital may be amended in the manner provided by the law and the Statutes of the Company. The decision to amend shall contain all the details required by law.

The decision to increase the capital is taken by the General Meeting of the Shareholders or the Managing Board, within the mandate under Article 17 of the Statute of the Company.

If new shares are sold at a price higher than nominal, their issue price is determined with the decision to increase the capital.

Each shareholder is entitled to acquire part of the new shares, which corresponds to its share capital before the increase, unless that right is limited by law (Article 113, paragraph 2, subparagraph 2 of the Public Offering of Securities Act).

In the event of a capital increase through the capitalization of retained earnings and other assets by issuing new shares, the latter shall be acquired by the shareholders in proportion to shares already owned.

In its decision for capital increase under Article 17, the Managing Board sets the amount and purpose of the increase; the number and type of the new shares, their rights and privileges, deadline and conditions of transfer of rights under § 1, p. 3 of POSA issued against existing shares; the deadline and conditions for subscription of new shares; the amount of the issue price and terms and conditions for its payment; the investment intermediary entrusted with the implementation of the subscription; as well as determines any other terms and conditions provided for in the regulations or necessary to make the corresponding increase in equity

Capital decrease

The capital reduction is carried out by decision of the General Meeting of Shareholders by decreasing the nominal value of shares or through cancellation of shares.

Cancellation of shares shall be allowed only through the purchase of company’s own shares under the conditions and according to the Commercial Code.

4. Composition and functions of the administrative, management and supervisory bodies

The Supervisory Board of Chimimport consists of 3 members who are elected by the General Meeting of the Shareholders for a term of five years.

The Supervisory Board performs its activities in conformity with the Statute of Chimimport AD and the Internal rules of the Supervisory Board.

The Managing Board of Chimimport AD consists of six members who are elected by the Supervisory Board for a term of five years.

DECLARATION OF CORPORATE MANAGEMENT

The Managing Board performs its activities in conformity with the Statute of Chimimport AD and the Internal rules of the Managing Board.

In carrying out their duties and responsibilities the members of the Managing and Supervisory Boards are governed by the legal requirements, by-laws of the Company and the standards of integrity and competence.

The Managing Board:

- governs and represents Chimimport AD;
- manages the operating activities of the Company;
- approves plans and programs for the Company's activities;
- approves the organizational and managerial structure of the Company;
- approves decisions that are not in the express competence of the General Meeting of the Shareholders and the Supervisory Board;
- decides on capital increase or decrease under the Articles of Association;

The Managing Board, with the approval of the Supervisory Board:

- approves and proposes for approval to the General Meeting of Shareholders the annual financial statements and the activity report of the Company;
- based on the financial performance of the Company at the end of the reporting year, makes a proposal on the appropriation of the profit

Members of the Managing Board are guided in their activities by the generally accepted principles of integrity and management and professional competence.

Members of the Supervisory and Managing Board apply the principle of avoidance and prevention of actual or potential conflict of interest. Any conflict of interest should be disclosed to the Supervisory Board. Members of the Managing Board should inform the Supervisory Board about whether directly, indirectly or on behalf of third parties have a significant interest in any transactions or matters that have a direct impact on the Company.

5. Description of the diversity policy

The Company does not apply diversity policy in terms of administrative, management and supervisory bodies of the Company in connection with aspects such as age, sex or education, and professional experience.

CONTACT US

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Медии за разкриване на информация
www.x3news.com

All current shareholders, interested persons/stakeholders and potential investors may receive the necessary information related to the activities of the company and its financial results at the following address:

2 "Stefan Karadja" Str., Sofia 1000, every Friday from 13.00 till 17.00.



FOR ADDITIONAL INFORMATION

PLEASE VISIT OUR WEBSITE

www.chimimport.bg



USEFUL LINKS


Financial Supervision Commission
<http://www.fsc.bg/>

Bulgarian Stock Exchange
<http://www.bse-sofia.bg/>

Central Depository
<http://www.csd-bg.bg/>

Bulgarian National Bank
<http://www.bnb.bg/>

Privatization Agency
<http://www.priv.government.bg/>



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