Grant Thornton

Annual Activity Report
Independent Auditor's Report
Separate Financial Statements

CHIMIMPORT AD

31 December 2014

CHIMIMPORT
PUBLIC HOLDING COMPANY

Content

Statement of financial position

	Note	2014 BGN '000	2013 BGN '000
Assets			
Non-current assets			
Property, plant and equipment	6	15 873	15 888
Intangible assets		4	3
Investment property	7	33 572	31 555
Investments in subsidiaries	9	719 856	704 386
Long-term financial assets	10	42	42
Long-term related party receivables	34	82 580	90 572
Long-term loans granted	11	112 096	86 561
Non-current assets		**964 023**	**929 007**
Current assets			
Inventory	1313	367	367
Short-term financial assets	14	159 279	78 090
Loans granted	15	116 056	159 837
Trade and other receivables	16	49 520	97 304
Short-term related party receivables	34	185 571	173 302
Cash and cash equivalents	17	84 147	86 096
Current assets		**594 940**	**594 996**
Total assets		**1 558 963**	**1 524 003**

Prepared by: ______________________
/A. Kerezov/
Date: 30 March 2015

Executive Director: ______________________
/I. Kamenov/

Audited according to the auditor's report dated 31 March 2015:
Mariy Apostolov
Registered auditor, responsible for the audit, managing partner
Grant Thornton Ltd.
Auditing company

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №032
"Грант - Торнтон" ООД

The accompanying notes on pages 7 to 60 form an integral part of the financial statements.

Statement of financial position (continued)

Equity and liabilities	Note	2014 BGN '000	2013 BGN '000
Equity			
Share capital	18.1	239 646	239 646
Share premium	18.2	260 615	260 615
Remeasurements of defined benefit liability		38	31
Other reserves	18.3	59 836	59 841
Retained earnings		570 942	530 020
Net profit for the year		41 572	40 922
Total equity		**1 172 649**	**1 131 075**
Liabilities			
Non-current liabilities			
Long-term dividend payables	19	22 215	34 851
Long-term bank and other borrowings	21	11 092	19 017
Long-term related party payables	34	155 414	156 424
Finance lease liabilities	8.1	-	3
Pension and other employee obligations	20.2	42	44
Deferred tax liabilities	12	17 073	14 208
Non-current liabilities		**205 836**	**224 547**
Current liabilities			
Short-term dividend payables	19	16 791	16 770
Short-term bank and other borrowings	21	17 454	25 830
Trade and other payables	22	31 666	31 269
Finance lease liabilities	8.1	5	24
Pension and other employee obligations	20.2	83	81
Short-term related party payables	34	112 989	92 061
Income tax liabilities		1 490	2 346
Current liabilities		**180 478**	**168 381**
Total liabilities		**386 314**	**392 928**
Total equity and liabilities		**1 558 963**	**1 524 003**

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София
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"Грант Торнтон" ООД

Statement of profit or loss and comprehensive income for the year ended 31 December

	Note	2014 BGN '000	2013 BGN '000
Gain from transactions with financial instruments	23	29 508	30 473
Loss from transactions with financial instruments	24	(237)	(10)
Net result from transactions with financial instruments		**29 271**	**30 463**
Interest income	25	38 090	42 365
Interest expense	26	(27 153)	(27 677)
Net interest income		**10 937**	**14 688**
Other financial income	27	4 208	3 339
Other financial expenses	27	(2 574)	(1 952)
Net other financial income		**1 634**	**1 387**
Dividend income	9	1 862	1 992
Operating revenue	28	5 831	2 831
Gain from sale of non-current assets	29	23	43
Operating expenses	30	(3 552)	(6 303)
Profit for the period before tax		**46 006**	**45 101**
Tax expense	31	(4 434)	(4 179)
Net profit for the period		**41 572**	**40 922**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liability	20.2	8	34
Income tax relating to items not reclassified	31	(1)	(3)
Other comprehensive income for the year, net of tax		**7**	**31**
Total comprehensive income		**41 579**	**40 953**
Earnings per share in BGN	32	**0.28**	**0.27**
Diluted earnings per share in BGN	32	**0.17**	**0.17**

Prepared by: ______________________
/A. Kerezov/

Executive Director: ______________________
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София
Рег. №032
"Грант - Торнтон" ООД

The accompanying notes on pages 7 to 60 form an integral part of the financial statements.

Statement of changes in equity for the year ended 31 December

All amounts are presented in BGN '000	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Adjusted balance at 1 January 2014	**239 646**	**260 615**	**31**	**59 841**	**570 942**	**1 131 075**
Net profit for the year	-	-	-	-	41 572	41 572
Other comprehensive income	-	-	7		-	7
Total comprehensive income	**-**	**-**	**7**		**41 572**	**41 579**
Other changes in equity	-	-	-	(5)	-	(5)
Balance at 31 December 2014	**239 646**	**260 615**	**38**	**59 836**	**612 514**	**1 172 649**

Prepared by: ____________________
/A. Kerezov/

Executive Director: ____________________
/I. Kamenov/

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СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №032
"Грант - Торнтон" ООД

Statement of changes in equity for the year ended 31 December (continued)

All amounts are presented in BGN '000	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Adjusted balance at 1 January 2013	**239 646**	**260 615**	**-**	**59 849**	**530 022**	**1 090 132**
Net profit for the year	-	-	-	-	40 922	40 922
Other comprehensive income	-	-	31	-	-	31
Total comprehensive income	**-**	**-**	**31**	**-**	**40 922**	**40 953**
Other changes in equity	-	-	-	(8)	(2)	**(10)**
Balance at 31 December 2013	**239 646**	**260 615**	**31**	**59 841**	**570 942**	**1 131 075**

Prepared by: ______________________
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Date: 30 March 2015

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Statement of cash flows for the year ended 31 December

	Note	2014 BGN '000	2013 BGN '000
Operating activities			
Proceeds from short-term loans		319 441	243 888
Payments for short-term loans		(294 070)	(218 597)
Proceeds from sale of short-term financial assets		(21 180)	7 933
Cash receipt from customers		4 146	3 085
Cash paid to suppliers		(2 233)	(34 357)
Interest received		18 237	17 599
Interest paid		(12 846)	(8 693)
Cash paid to employees and social security institutions		(902)	(2 743)
Corporate tax paid		(2 462)	(740)
Other taxes paid		(600)	(494)
Other payments		(2 209)	(1 184)
Net cash flow from operating activities		**5 322**	**5 697**
Investing activities			
Purchase of non-current assets	6	(71)	(75)
Proceeds from sale of non-current assets		67	69
Proceeds from sale of long-term financial assets		-	1 600
Acquisition of subsidiaries and associates		(3 752)	-
Dividends received		1 145	-
Repayments of loans granted		5 505	9 667
Loans granted		(5 474)	(36 215)
Net cash flow from investing activities		**(2 580)**	**(24 954)**
Financing activities			
Dividends paid on preferred shares	19, 35	(3 519)	(4 122)
Long-term loans received		-	5 266
Payments for long-term and bank loans received		(45)	(6 214)
Interest paid		(1 141)	(3 568)
Discharge of finance lease liability	8.1	-	(20)
Net cash flow from financing activities		**(4 705)**	**(8 658)**
Net change in cash and cash equivalents		(1 963)	(27 915)
Cash and cash equivalents, beginning of year		**86 096**	**112 721**
Exchange gains from cash and cash equivalents		14	1 290
Cash and cash equivalents, end of year	17	**84 147**	**86 096**

Prepared by: ______________________ **Executive Director:** ______________________
/A. Kerezov/ **/I. Kamenov/**

Date: 30 March 2015

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Registered auditor, responsible for the audit, managing partner

Grant Thornton Ltd.

Auditing company

Специализирано одиторско предприятие
София
Рег. №032
"Грант Торнтон" ООД

Notes to the separate 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 with emission numbers 6C4 for ordinary shares and 6C4P for preference shares.

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:
Chimimport Invest 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.

As at 31 December 2014 the Company has 53 employees.

The ultimate owner of the company that prepares consolidated financial statements is Invest Capital AD. Its shares are not listed on a stock exchange.

2. Basis for the preparation of separate financial statements

The separate financial statements of the Company 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 separate 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) (including the comparative information for 2013) unless otherwise stated.

The following financial statements are separate. The Company also prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and approved by EU. Investments in subsidiaries are accounted for and disclosed in accordance with IAS 27 "Consolidated and Separate Financial Statements".

The separate financial statements are prepared under the going concern principle.

As at the date of preparation of the financial statements, the management has assessed the ability of the Company to continue performing its main activity on going concern basis based on available information for foreseeable future. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. Changes in accounting policies

3.1. Overall considerations

The Company has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2014:

IFRS 10 "Consolidated Financial Statements" effective from 1 January 2014, adopted by the EU on 11 December 2012
IFRS 10 "Consolidated Financial Statements" introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation. The management has yet to assess the impact of this new standard on the classification (as subsidiaries or otherwise) of any of the existing investees.

IFRS 11 "Joint Arrangements" effective from 1 January 2014, adopted by the EU on 11 December 2012
IFRS 11 "Joint Arrangements" supersedes IAS 31 "Interests in Joint Ventures". It replaces IAS 31's three categories of 'jointly controlled entities', 'jointly controlled operations' and 'jointly controlled assets' with two new categories - 'joint operations' and 'joint ventures'. The option of using proportionate consolidation for joint ventures that was previously included in IAS 31 has been eliminated (equity accounting is now required for all joint ventures). Management does not anticipate a material impact on the Company's net assets or profits.

IFRS 12 "Disclosure of Interests in Other Entities" effective from 1 January 2014, adopted by the EU on 11 December 2012

IFRS 12 "Disclosure of Interests in Other Entities" is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. Management expects additional disclosures from the application of IFRS 12 in the Company's financial statements.

IFRS 10, IFRS 11, IFRS 12 – Transition Guidance, effective from 1 January 2014, adopted by the EU on 16 April 2013

The guidance confirms that the entity is not required to apply IFRS 10 retrospectively in certain circumstances and provides additional transition relief in IFRSs 10, 11, 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Further, it provides additional relief by removing the requirement to present comparatives for the disclosures related to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied.

IAS 27 "Separate Financial Statements" (Revised) effective from 1 January 2014, adopted by the EU on 11 December 2012

IAS 27 "Separate Financial Statements" (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged.

IFRS 10, IFRS 12, IAS 27 (amendments) – Investment Entities, effective from 1 January 2014, adopted by the EU in November 2013

The amendments define the term 'investment entity', provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss.

IAS 28 "Investments in Associates and Joint Ventures" (Revised) effective from 1 January 2014, adopted by the EU on 11 December 2012

IAS 28 "Investments in Associates and Joint Ventures" (Revised) continues to prescribe the mechanics of equity accounting. Changes to its scope have however been made as a result of the publication of IFRS 11"Joint Arrangements".

IAS 32 "Financial Instruments: Presentation" (amended) effective from 1 January 2014, adopted by the EU on 13 December 2012

The amendment clarifies that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

IAS 36 "Impairment of assets" (amended) effective from 1 January 2014, adopted by the EU in December 2013

The amendment requires the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. It should be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted provided the entity has already adopted IFRS 13.

IAS 39 "Financial Instruments: Recognition and Measurement" (amended) effective from 1 January 2014, adopted by the EU in December 2013

The amendments to IAS 39 allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

IFRIC 21 "Levies" effective from 1 January 2014, adopted by the EU in June 2014
IFRIC 21 considers how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. IFRIC 21 also clarifies that an entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

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

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

IFRS 9 "Financial Instruments" effective from 1 January 2015, not yet adopted by the EU
IFRS 9 "Financial instruments" represents the first milestone in the comprehensive IASB project to replace IAS 39 "Financial instruments: Recognition and measurement". It replaces multiple measurement categories in IAS 39 with a single principle-based approach to classification. IFRS 9 requires all financial assets to be measured at either amortised cost or full fair value. Amortised cost provides decision-useful information for financial assets that are held primarily to collect cash flows that represent the payment of principal and interest. For all other financial assets, including those held for trading, fair value represents the most relevant measurement basis. IFRS 9 eliminates the need for multiple impairment models; such that only one impairment model for financial assets carried at amortised cost will be required. Chapters dealing with impairment methodology and hedge accounting are still being developed. The management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

IFRS 9 "Financial Instruments" (amended) – Hedge accounting, effective from 1 January 2018, not yet adopted by the EU
These amendments to IFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

IFRS 10 "Consolidated financial statements" and IAS 28 „Investments in associates and joint ventures" (amended), effective from 1 January 2016, not yet adopted by the EU
These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

IFRS 11 "Joint Arrangements" (amended) – Acquisition of an Interest in a Joint Operation, effective from 1 January 2016, not yet adopted by the EU

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

IFRS 14 "Regulatory deferral accounts" effective from 1 January 2016, not yet adopted by the EU

IFRS 14, 'Regulatory deferral accounts' permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

IFRS 15 "Revenue from Contracts with Customers" effective from 1 January 2017, not yet adopted by the EU

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and some revenue-related Interpretations and establishes a new control-based revenue recognition model. It changes the basis for deciding whether revenue is recognised at a point in time or over time and expands and improves disclosures about revenue. IFRS 15 is based on a core principle that requires an entity to recognise revenue in a manner that depicts the transfer of goods or services to customers and at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. Early adoption is permitted. Entities are required to apply the new revenue Standard either retrospectively to each prior period presented, subject to some practical expedients or retrospectively, with the cumulative effect of initial application recognized in the current period.

IAS 16 "Property, plant and equipment" and IAS 38 "Intangible Assets" (amended), effective from 1 January 2016, not yet adopted by the EU

In this amendment the IASB has clarified that the use of revenuebased methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

IAS 19 "Employee Benefits" (amended) – Employee Contributions, effective from 1 July 2014, not yet adopted by the EU

The amendments to IAS 19:

• clarify the requirements of IAS 19 relating to contributions from employees or third parties

• introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to IFRSs 2012 effective from 1 July 2014, not yet adopted by the EU

These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

• IFRS 2, 'Share-based payment'
• IFRS 3, 'Business Combinations'
• IFRS 8, 'Operating segments'

• IFRS 13, 'Fair value measurement'
• IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
• Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
• IAS 39, Financial instruments – Recognition and measurement'.

Annual Improvements to IFRSs 2013 effective from 1 July 2014, not yet adopted by the EU
The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:
• IFRS 1, 'First time adoption'
• IFRS 3, 'Business combinations'
• IFRS 13, 'Fair value measurement' and
• IAS 40, 'Investment property'.

Annual Improvements to IFRSs 2014 effective from 1 January 2016, not yet adopted by the EU
These set of amendments impacts 4 standards:
• IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
• IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
• IAS 19, 'Employee benefits' regarding discount rates.
• IAS 34, 'Interim financial reporting' regarding disclosure of information.

4. Summary of accounting policies

4.1. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

4.2. Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Company has elected to present the Statement of profit or loss and other comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Company:

i) applies an accounting policy retrospectively,

ii) makes a retrospective restatement of items in its financial statements, or

iii) reclassifies items in the financial statements.

The Company presents in 2014 comparative information for one comparative period. The effects from correction of misstatements in prior period are presented in Note 5 regarding the presentation of elements of the financial statements for 2013. When necessary, the comparative information is reclassified and/or recomputed, so that consistency with changes in presentation for the current year is achieved.

4.3. Investments in subsidiaries

Subsidiaries are firms under the control of the Company. Control of a subsidiary is the right to manage financial and operating policies of an entity in order to obtain benefits from its activities. In the separate financial statements of the Company investment in subsidiaries is accounted at cost of the investment.

The Company recognizes a dividend from a subsidiary in profit or loss in its separate financial statements when its right to receive the dividend is established.

4.4. Investments in associates

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries, nor interests in a joint venture. Investments in associates are initially recognized and subsequently measured at cost.

The Company recognizes a dividend from an associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

4.5. Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.6. Segment reporting

In identifying its operating segments, management generally follows the Company's main activities performed by the Company. The activity of the Company is performed in one segment on separate financial statements basis, which is the financial sector.

The measurement policies the Company uses for segment reporting under IFRS 8 “Operating Segments” are the same as those used in its financial statements.

Finance income and costs are included in the results of operating segments which are regularly reviewed by the chief operating decision maker.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.7. Revenue

Revenue comprises revenue from sale of goods and rendering of services. Revenue from major products and services is shown in note 23, 25, 27, 28, and 29.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding VAT, rebates and trade discounts.

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

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The costs incurred or to be incurred can be measured reliably;
- When the criteria for each of the Company's different activities has been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

4.7.1. Sale of goods

Revenue from sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

4.7.2. Rendering of services

Revenue from services is recognized when the services are provided by reference to the stage of completion of the contract at the reporting date.

Rental income from operating leases of the Company's investment properties is recognized on a straight-line basis over the term of the lease.

4.7.3. Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method. Dividend income is recognized at the time the right to receive payment is established.

4.8. Operating expenses

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

4.9. Interest expenses and borrowing costs

Interest expenses are reported on an accrual basis using the effective interest method.

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'Interest expense'.

4.10. Property, plant and equipment

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

After initial recognition, the property, plant and equipment is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognized in the Statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance. All other subsequent expenditure is recognized as incurred.

Residual values and useful lives are reviewed at each reporting date.

Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

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

• Buildings	25 years
• Machines and equipment	3-5 years
• Computers	2 years
• Other	7 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'Gain on sale of non-current assets'.

The recognition threshold adopted by the Company for property, plant and equipment amounts to BGN 700.

4.11. Leases

The Company as a Lessee

In accordance with IAS 17 "Leases", the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.

The related asset is recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance lease liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

The finance lease liabilities are reduced by subsequent lease payments, which consist of repayment of principal and finance costs.

Assets acquired under the terms of finance lease are depreciated or amortized in accordance with IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets".

The interest element of lease payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.12. Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit’s recoverable amount exceeds its carrying amount.

4.13. Investment property

The investment property of the Company includes buildings held to earn rentals and/or for capital appreciation, and are accounted for using the cost model.

The investment property is initially measured at cost, which comprises the purchase price and any directly attributable expenses, e. g. legal fees, property transfer taxes and other transaction costs.

The investment property is revalued annually and is included in the statement of financial position at its open market value. This is determined by an independent valuation specialist with professional qualification and significant experience with respect to both the location and the nature of the investment property and supported by sufficient market evidence.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in profit or loss within 'Operating revenue'.

Subsequent expenditure relating to investment property, which is already recognized in the Company’s financial statements, is added to the carrying amount of the investment property when it is probable that this expenditure will enable the existing investment property to generate future economic benefits in excess of its originally assessed value. All other subsequent expenditure is recognized as incurred.

The investment property is derecognized upon its sale or permanent withdrawal from use in case that no future economic benefits are expected from its disposal. Gains or losses arising from the disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Rental income and operating expenses from investment property are reported within 'Operating revenue' and 'Operating expenses' respectively, and are recognized as described in note 4.7 and note 4.8.

4.14. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets are recognized on their transaction date.

Financial assets and financial liabilities are subsequently measured as described below.

4.14.1. Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets are recognized in profit or loss regardless of the measurement of the financial assets and presented within 'Other financial expense', 'Other financial income', except for impairment of trade receivables which is presented within 'Operating expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within 'Operating expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include shares. Financial assets within this category are subsequently measured at fair value, unless there is no market value at active markets present and hence their fair value cannot be measured reliably. Those without quoted market prices are measured at amortized cost using the effective interest method or at cost in cases when they do not have fixed date of payment. Changes in fair value are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, net of income taxes, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within 'Interest income'. Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

4.14.2. Financial liabilities

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

Financial liabilities are recognized when the Company becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'Interest expense' or 'Interest income'.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Bank and other loans are raised for support of long-term and short-term funding of the Company's operations. They are recognized in the statement of financial position of the Company, net of any costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Statement of profit or loss and other comprehensive income on an accrual basis using the effective interest method and are added to the carrying amount of the financial liability to the extent that they are not settled in the period in which they arise.

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

Dividends payable to shareholders are recognized when the dividends are approved at the general meeting of the shareholders.

4.15. Inventory

Inventory includes raw materials and goods. Cost of inventory includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses connected to their delivery as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not included in the cost of the inventories. At the end of every accounting period, inventories are carried at the lower of cost and net realizable value. The amount of impairment of inventories to their net realizable value is recognized as an expense for the period of impairment.

Net realizable value is the estimated selling price of the inventories less any applicable selling expenses. In case inventories have already been impaired to their net realizable value and in the following period the impairment conditions are no longer present, than the new net realizable value is adopted. The reversal amount can only be up to the carrying amount of the inventories prior to their impairment. The reversal of the impairment is accounted for as decrease in inventory expenses for the period in which the reversal takes place.

The Company determines the cost of inventories by using the weighted average cost.

When inventories are sold, the carrying amount of those inventories is expensed in the period in which the related revenue is recognized.

4.16. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.21.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank accounts and demand deposits.

4.18. Equity, reserves and dividend payments

Share capital of the Company is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital.

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

Retained earnings include retained earnings and uncovered losses from past periods.

All transactions with owners of the Company are recorded separately within equity.

4.19. Post-employment benefits and short-term employee benefits

The Company reports short-term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

In accordance with Labor Code requirements, in case of retirement, after the employee has gained the legal right of pension due to years of services and age, the Company is obliged to pay him/her compensation at the amount of up to six gross wages.

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.

Management estimates the defined benefit obligation annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on standard rates of inflation, expected resignation rate and mortality. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to yield of government bonds.

Actuarial gains and losses are included in other comprehensive income.

Interest expenses related to pension obligations are included in 'Interest expense' in comprehensive income. All other post-employment benefit expenses are included in 'Employee benefits expense'.

Short-term employee benefits, including holiday entitlement, are current liabilities included in 'pension and other employee obligations', measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

4.20. Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Contingent liabilities are subsequently measured at the higher of the above described comparable provision and initially recognized value, less accumulated amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.21. Significant management judgment in applying accounting policies

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.22.

4.21.1. Leases

In applying the classification of leases in IAS 17 "Leases", management considers its leases of aircrafts as finance lease arrangements. In some cases, the lease transaction is not always conclusive, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

4.21.2. Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4.21.3. Held-to-maturity investments

Management has confirmed its intention and ability to hold the bonds that are classified as held-to-maturity investments until they mature. This is based on the Company's current liquidity and capital maintenance requirements and plans.

4.22. Estimation uncertainty

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

4.22.1. Impairment

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.12). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4.22.2. Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date.

At 31 December 2012 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analysed in note 6. Actual results, however, may vary due to technical obsolescence.

4.22.3. Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability BGN 42 thousand (2013: BGN 44 thousand) is based on standard rates of inflation, expected resignation rate and mortality. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to yield of government bonds.

4.22.4. Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. Effect of change in accounting policy

	Note	2013 BGN'000	Adjustments BGN'000	2013 BGN'000 restated
Assets				
Non-current assets				
Investment property		50 155	(18 600)	31 555
Total assets		**1 542 603**	**(18 600)**	**1 524 003**
Equity and liabilities				
Equity				
Net profit for the year		54 422	(13 500)	40 922
Liabilities				
Non-current liabilities				
Deferred tax liabilities		15 708	(1 500)	14 208
Current liabilities				
Short-term bank and other loans		16 117	9 713	25 830
Trade and other payables		44 582	(13 313)	31 269
Total equity and liabilities		**1 542 603**	**(18 600)**	**1 524 003**

5.1. Restatement of retained earnings for 2013

	BGN'000
Decrease of net profit due to change in investment property	(13 500)
Total effect – decrease of retained earnings	**(13 500)**

5.2. Recognition of the effect in assets for 2013

	BGN'000
Decrease in investment property	(18 600)
Total effect – decrease in assets	**(18 600)**

5.3. Recognition of the effect in liabilities for 2013

	BGN'000
Decrease in trade payables, related to investment property	(13 313)
Reclassification of liabilities related to cession agreements	9 713
Total effect – increase in liabilities	**(3 600)**

The restatement of 2013 is related to transaction for acquisition of investment property made in 2013. In 2014, the agreement was broken and the effects of the acquisition were adjusted in 2013.

Liabilities related to cession agreements were reclassified from trade and other payables to other loans to correspond to their classification in 2014.

6. Property, plant and equipment

Property, plant and equipment of the Company comprise land, buildings, machines and equipment, vehicles, assets in process of acquisition and other assets. The carrying amount can be analysed as follows:

	Land BGN '000	Buildings BGN '000	Machines and equipment BGN '000	Vehicles BGN '000	Other BGN '000	Assets in process of acquisition BGN '000	Total BGN '000
Gross carrying amount							
Balance at 1 January 2014	8 178	26	220	203	1 342	6 370	16 339
Additions	-	-	1	-	99	-	100
Disposals	-	-	-	-	(44)	-	(44)
Balance at 31 December 2014	**8 178**	**26**	**221**	**203**	**1 397**	**6 370**	**16 395**
Depreciation							
Balance at 1 January 2014	-	(19)	(174)	(179)	(79)	-	(451)
Depreciation	-	(1)	(33)	(23)	(14)	-	(71)
Balance at 31 December 2014	**-**	**(20)**	**(207)**	**(202)**	**(93)**	**-**	**(522)**
Carrying amount as at 31 December 2014	**8 178**	**6**	**14**	**1**	**1 304**	**6 370**	**15 873**

The carrying amount as at 31 December 2013 can be analysed as follows:

	Land BGN '000	Buildings BGN '000	Machines and equipment BGN '000	Vehicles BGN '000	Other BGN '000	Assets in process of acquisition BGN '000	Total BGN '000
Gross carrying amount							
Balance at 1 January 2013	8 178	26	183	206	1 325	6 370	16 288
Additions	-	-	37	-	80	-	117
Disposals	-	-	-	(3)	(63)	-	(66)
Balance at 31 December 2013	**8 178**	**26**	**220**	**203**	**1 342**	**6 370**	**16 339**
Depreciation							
Balance at 1 January 2013	-	(18)	(140)	(159)	(66)	-	(383)
Disposals	-	-	-	3	-	-	3
Depreciation	-	(1)	(34)	(23)	(13)	-	(71)
Balance at 31 December 2013	**-**	**(19)**	**(174)**	**(179)**	**(79)**	**-**	**(451)**
Carrying amount as at 31 December 2013	**8 178**	**7**	**46**	**24**	**1 263**	**6 370**	**15 888**

All depreciation charges are included in the Statement of profit or loss and other comprehensive income within 'Operating expense'.

The Company has no property, plant and equipment pledged as security for its liabilities.

7. Investment property

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

The fair value was determined by an independent certified valuation specialist based on income approach.

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 2012	**31 555**
Carrying amount at 31 December 2013	**31 555**
Net gain from fair value adjustments	2 017
	33 572

In 2014 and 2013 the Company has not performed repair works on its investment property.

In 2014 and 2013 the Company has not realized any operating income from investment property and no direct operating expenses have been recognized.

The Company has no investment property, pledged as a security for its liabilities.

The comparative information for 2013 is restated in relation to terminated contract from 2013, as described in note 5.

8. Lease

8.1. Finance leases as lessee

The company is a lessee by a contract for finance lease for vehicle under a lease contract signed with DSK Leasing AD, dated February 2011 with a termination date in February 2016 (See note 6).

The net carrying amount of the assets acquired under the terms of a lease contract amounts to BGN 2 thousand (2013: BGN 24 thousand). The assets are disclosed in note "Property, plant and equipment"(See note 6).

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

31 December 2014	**Within 1 year BGN'000**	**Total BGN'000**
Lease payments	5	5
Finance charges	-	-
Net present value	**5**	**5**

31 December 2013	**Within 1 year BGN'000**	**From 1 to 5 years BGN'000**	**Total BGN'000**
Lease payments	25	3	28
Finance charges	(1)	-	(1)
Net present value	**24**	**3**	**27**

The lease contract includes fixed lease payments and a purchase option in the end of the lease period. The lease agreement is irrevocable but does not contain any further restrictions. The Company has not recognized contingent rent expenses.

8.2. Operating leases as lessee

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

	Minimum lease payments due		
	Within 1 year BGN'000	**Within 1 year BGN'000**	**Within 1 year BGN'000**
As at 31 December 2014	22	35	**57**
As at 31 December 2013	64	42	**106**

Lease payments recognized as an expense during the period amount to BGN 68 thousand (2013: BGN 301 thousand). This amount consists of minimum lease payments.

The Company has signed the following operating lease contracts:

- An operating lease contract with Trans Intercar EOOD for the lease of 1 vehicle with monthly payments amounting to BGN 1 thousand, maturing on 02 August 2021.
- Operating lease contract, dated 2 June 2011 with Chimsnab Bulgaria AD for the lease of a warehouse, located in Iliyanci, Sofia with monthly payments at the amount of BGN 1 thousand, with term date 02 June 2015.

The Company's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contains renewal or purchase options or escalation clauses, further leasing or additional debt.

9. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation	Main activities	2014	share	2013	share
			BGN '000	%	**BGN '000**	%
CCB Group EAD	Bulgaria	Financial services	210 270	100.00%	210 270	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	165 443	63.68%	165 443	63.68%
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	158 699	100.00%	158 699	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	44 393	100.00%
CCB AD	Bulgaria	Financial services	33 707	9.90%	33 707	9.90%
Airport services-Bulgaria EAD	Bulgaria	Aviation Services	31 540	100.00%	31 114	100.00%
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%	956	3.65%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%
ZAD Armeec	Bulgaria	Financial services	9 492	4.30%	9 492	4.30%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 166	83.20%	2 166	83.20%
Trans Intercar EOOD	Bulgaria	Transport	2 095	100.00%	2 095	100.00%
Plovdivska stokova borsa AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 879	67.00%
Chimimport Holland B.V.	Netherlands	Financial services	1 294	100.00%	1 294	100.00%
HGH Consult Co. OOD	Bulgaria	Services	111	59.34%	111	59.34%
Technoimpeks AD	Bulgaria	Manufacturing and trade	480	87.67%	-	-
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%
ZAO IK Bank	Russia	Financial services	-	-	1 409	3.55%
			719 856		**704 386**	

The investments in subsidiaries are recognized in the financial statements at cost.

During the reporting period the following changes related to the investments in subsidiaries have occurred:

In 2014 Chimimport AD acquired 1 246 633 shares of the company Oil and Gas Exploration and Production AD resulting in increase of its participation 10.19%. The total acquisition cost amounted to BGN 15 973 thousand.

On March 31, 2014 Chimimport acquired 13 335 shares of the company Technoimpex 98 AD. On April 21, 2014 Technoimpex 98 AD merged its subsidiary Technoimpex AD under the contract of convertion Chimimport AD owns 87.67% of Technoimpex AD

In 2014, the increase of the investment in Airport Services-Bulgaria EAD, amounted to BGN 426 thousand is due to loans, granted by Chimimport AD without maturity date and could be repaid at the subsidiary's discretion.

In 2014 and 2013, the following subsidiaries have distributed dividends to Chimimport AD as follows:

	2014 BGN'000	2013 BGN'000
Oil and Gas Exploration and Production AD	1 862	-
CCB Group EAD	-	1 725
Bulgarian Airways Group EAD	-	245
Bulgarian Shipping Company EAD	-	22
	1 862	**1 992**

10. Long-term financial assets

Long-term financial assets, recognized in the statement of financial position, include the financial assets available for sale:

	2014 BGN'000	2013 BGN'000
Available-for-sale financial assets	42	42
	42	**42**

The presented investments in shares and units of companies available for sale are not traded on a regulated market and their fair value cannot be reliably measured. Therefore financial assets available for sale are valued at purchasing cost.

11. Long-term loans granted

	2014 BGN '000	2013 BGN '000
Long-term loans granted	112 096	86 561
	112 096	**86 561**

Long-term loan receivables include principle and interest receivables on loans, provided to non-related parties. The annual interest rates on the loans are between 8 % - 14 %. The loans maturity dates are after 31 December 2015. The loans are not collateralized.

12. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences can be summarized as follows:

	1 January 2014	Recognized in other comprehensive income	Recognized in profit and loss	31 December 2014
	BGN '000	BGN '000	BGN '000	BGN '000
Non-current assets				
Non-current investments	6 280			6 280
Investment property	2 693		208	2 901
Current assets	-			-
Short-term financial assets	5 244		2 657	7 901
Trade receivables	(1)			(1)
Non-current liabilities				
Employee pension obligations	(5)	1	(1)	(5)
Current liabilities				
Employee obligations	(3)			(3)
	14 208	**1**	**2 864**	**17 073**
Recognized as:				
Deferred tax asset	**(9)**			**(9)**
Deferred tax liability	**14 217**			**17 082**
Net deferred tax liabilities	**14 208**			**17 073**

Deferred taxes for the comparative period 2013 can be summarized as follows:

	1 January 2013	Recognized in other comprehensive income	Recognized in profit and loss	31 December 2013
	BGN '000	BGN '000	BGN '000	BGN '000
Non-current assets				
Non-current investments	6 280	-	-	6 280
Investment property	2 685	-	8	2 693
Current assets				-
Short-term financial assets	3 420	-	1 824	5 244
Trade receivables	(4)	-	3	(1)
Non-current liabilities				
Employee pension obligations	(6)	3	(2)	(5)
Current liabilities				
Employee obligations	(4)	-	1	(3)
	12 371	**3**	**1 834**	**14 208**
Recognized as:				
Deferred tax asset	**(14)**			**(9)**
Deferred tax liability	**12 385**			**14 217**
Net deferred tax liabilities	**12 371**			**14 208**

All deferred tax assets have been recognized in the statement of financial position.

13. Inventory

Inventory recognized in the statement of financial position can be analysed as follows:

	2014 BGN '000	2013 BGN '000
Goods	365	365
Materials and consumables	2	2
	367	**367**

None of the inventories are pledged as securities for liabilities.

14. Short-term financial assets

Short-term financial assets for the presented reporting periods are classified as follows:

	Note	2014 BGN '000	2013 BGN '000
Financial assets at fair value through profit or loss	14.1	139 703	58 514
Held-to-maturity investments	14.2	19 567	19 567
Available-for-sale financial assets	14.3	9	9
		159 279	**78 090**

As at 31 December 2014 the Company has not pledged any short-term financial assets.

14.1. Financial assets at fair value through profit or loss

The short-term financial assets amounting to BGN 139 703 thousand (2013: BGN 58 514 thousand) are classified as financial instruments at fair value through profit or loss. As at 31 December 2014 the financial assets are presented at fair value based on the prices quoted on the Bulgarian Stock Exchange – Sofia and fair value valuations prepared by certified valuation specialists (Note 39.1).

14.2. Held-to-maturity investments

Convertible bonds maturing on 19 November 2015 are classified as held-to-maturity investments

	2014 BGN'000	2013 BGN'000
Convertible bonds	19 567	19 567
	19 567	**19 567**

Chimimport Invest AD - Convertible bonds

The Convertible bonds were issued on 19 November 2009 with a nominal value of EUR 100 thousand per bond and an annual interest rate of 7%. The bond loan has a maturity date on 19 November 2015. Bond holders may convert them into ordinary shares throughout the period of the loan. Each bond with a nominal value of EUR 100 thousand can be converted into 185 716 ordinary shares.

14.3. Available-for-sale financial assets

As at 31 December 2014, the available-for-sale financial assets amounting to BGN 9 thousand (2013: BGN 9 thousand) comprise shares, that are not traded on a regulated market and their fair value cannot be determined. Therefore, available-for-sale financial assets are recognized at their acquisition value.

15. Loans granted

	2014 BGN '000	2013 BGN '000
Principles	95 926	128 397
Interests	20 130	31 440
	116 056	**159 837**

Short-term loans are granted with annual interest rates from 7% to 14%, depending on the maturity date. The loans are receivable on demand by the Company. The loans are without pledge. The fair value of the granted loans has not been determined separately, as the management considers the carrying amounts recognized at the statement of financial position to be a reasonable approximation of their fair value.

16. Trade and other receivables

	2014 BGN '000	2013 BGN '000
Advances for purchase of investments	33 198	92 056
Advances for purchase of Property	9 000	-
Others trade receivables	281	620
	42 479	**92 676**
Short-term deposits	893	894
Prepaid expenses	201	228
VAT refundable	116	116
Other receivables	5 831	3 390
	7 041	**4 628**
Trade and other receivables	**49 520**	**97 304**

All trade and other receivables are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

All trade and other receivables of the Company have been reviewed for indicators of impairment. Certain trade and other receivables were found to be impaired and impairment of BGN 326 thousand (2013: BGN 327 thousand) has been recognized in the Statement of profit or loss and other comprehensive income within 'Operating expenses'. The impaired trade and other receivables are mostly due from trade customers that are experiencing financial difficulties. As at the reporting date there are no significant not impaired trade and other receivables with expired maturity.

17. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2014 BGN '000	2013 BGN '000
Cash at bank and in hand		
- BGN	65 684	54 516
- EUR	4 353	19 126
- USD	126	117
Short-term deposits	13 984	12 337
	84 147	**86 096**

As at 31 December 2014 the restricted cash and cash equivalents amount to BGN 497 thousand (2013: BGN 482 thousand).

18. Equity

18.1. Share capital

The share capital of the Company as at 31 December 2014 consists of 150 875 596 ordinary shares with a par value of BGN 1 and 88 770 671 preferred 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. The preferred shares do not entitle voting rights. They give the owner the right to a cumulative guaranteed dividend and to a guaranteed liquidation quota of the Company. Preferred shares can be converted by their owners at any time before the 7-year term of the issue is expired.

	2014 BGN '000	2013 BGN '000
Ordinary shares	150 875 596	150 875 596
Preferred shares	88 770 671	88 770 671
Shares issued and fully paid at the end of the year	**239 646 267**	**239 646 267**

As at 31 December 2014 the dividend liabilities and share premium are allocated as follows:

- BGN 28 271 thousand – share premium
- BGN 16 791 thousand – short-term dividend liabilities
- BGN 22 215 thousand – long-term dividend liabilities

The list of the principal shareholders, holding ordinary shares, is as follows:

	2014 Number of ordinary shares	2014 %	2013 Number of ordinary shares	2013 %
Invest Capital AD	111 539 365	73.93%	111 539 365	73.93%
CCB Group EAD	5 160 005	3.42%	5 160 005	3.42%
The Bank of New York Mellon	4 075 203	2.70%	1 796 988	1.19%
Unicredit Bank Austria	3 661 080	2.43%	3 786 253	2.51%
ING Pension Funds	1 362 052	0.90%	151 458	0.10%
Russell Institutional funds public limited	943 000	0.63%	532 000	0.35%
PIC Saglasie Co.Ltd.	938 042	0.62%	788 972	0.52%
Eaton Vance Tax-Managed Emerging Markets	825 588	0.55%	825 588	0.55%
ZAD Armeec	745 400	0.49%	463 100	0.31%
POAD CCB Sila	553 676	0.37%	483 070	0.32%
Raiffeisen Bank International AG	538 259	0.36%	180 692	0.12%
Pireos Bank Bulgaria	409 655	0.27%	687 795	0.46%
Blackrock Frontier Markets Fund	407 660	0.27%	399 270	0.26%
Eaton Vance Structured Emerging Markets	329 922	0.22%	329 922	0.22%
The Royal bank of Scotland	317 807	0.21%	391 424	0.26%
EURIZON EASYFUND	235 682	0.16%	217 567	0.14%
DSK – Funds	230 526	0.15%	230 526	0.15%
Danske Invest Trans-Balkan Fund	188 232	0.12%	292 639	0.19%
Eurobank clients ACC	180 482	0.12%	203 412	0.13%
Eaton Vance International (Ireland) FU	93 190	0.06%	93 190	0.06%
EFG EUROBANK ERGASIAS	-	0.00%	2 878 750	1.91%
Palmer capital emerging Europe Equity	-	0.00%	504 088	0.33%
Other legal entities	7 183 412	4.76%	8 412 587	5.58%
Other natural persons	10 957 358	7.26%	10 526 935	6.99%
	150 875 596	**100.00%**	**150 875 596**	**100.00%**

The list of principle shareholders, holding more ordinary shares and preferred shares of the Company's capital is presented as follows:

	2014 Number of shares /ordinary and preferred shares/	2014 %	2013 Number of shares /ordinary and preferred shares/	2013 %
Invest Capital AD	182 140 887	76.00%	182 480 887	76.15%
CCB Group EAD	5 160 005	2.15%	5 160 005	2.15%
The Bank Of New York Mellon	4 075 203	1.70%	1 796 988	0.75%
UniCredit Bank Austria	3 859 849	1.61%	4 227 404	1.76%
ZAD Armeec	3 745 400	1.56%	3 463 100	1.45%
POAD CCB Sila	3 211 078	1.34%	2 719 969	1.13%
ING Pension Funds	2 327 985	0.97%	678 239	0.28%
DSK – Funds	2 305 370	0.96%	2 305 370	0.96%
PIC Saglasie Co.Ltd.	1 841 841	0.77%	943 171	0.39%
Russell Institutional funds public limited	943 000	0.39%	532 000	0.22%
Eaton Vance Tax-Managed Emerging Markets	825 588	0.34%	825 588	0.34%
Pireos Bank Bulgaria	669 016	0.28%	909 135	0.38%
Raiffeisen Bank International AG	538 259	0.22%	180 692	0.08%
Blackrock Frontier Markets Fund	407 660	0.17%	399 270	0.17%
Eaton Vance Structured Emerging Markets	329 922	0.14%	329 922	0.14%
The Royal bank of Scotland	317 807	0.13%	391 424	0.16%
EURIZON EASYFUND	235 682	0.10%	217 567	0.09%
Danske invest trans-Balkan fund	188 232	0.08%	292 639	0.12%
Eurobank clients ACC	180 482	0.08%	203 412	0.08%
Eaton Vance International (Ireland) FU	93 190	0.04%	93 190	0.04%
EFG EUROBANK ERGASIAS	-	0.00%	2 878 750	1.20%
Palmer capital Emerging Europe Equity	-	0.00%	574 088	0.24%
Other legal entities	11 929 074	4.98%	14 145 906	5.90%
Other individuals	14 320 737	5.99%	13 897 551	5.80%
	239 646 267	**100.00%**	**239 646 267**	**100.00%**

Withholding tax for dividends due from individuals and foreign legal entities, non-resident in countries the members to the Agreement on the European Economic Area, for 2013, 2014 and 2015 amounts to 5%, and the tax is deducted from the gross amount of dividends.

18.2. Share premium

As at 31 December 2014 the share premium amounts to BGN 260 615 thousand (2013: BGN 260 615 thousand). Share premium is formed by the following share issues:

- Share premium of BGN 28 271 thousand from the issue of preferred shares in 2009. The expenses related to the share issue amounting to BGN 2 033 thousand are deducted from the share premium.
- The premium reserve amounting to BGN 199 419 thousand is accumulated from the Secondary Public Offering (SPO) of the shares of the Company in 2007. The expenses related to the share issue amounting to BGN 581 thousand are deducted from the share premium.
- The premium reserve amounting to BGN 32 925 thousand is accumulated from the Initial Public Offering (IPO) of the shares of the Company in the period from 07

September 2006 to 20 September 2006. The expenses related to the share issue amounting to BGN 327 thousand are deducted from the share premium.

18.3. Other reserves

Other reserves, amounting to BGN 59 836 thousand as at 31 December 2014 (2013: BGN 59 841 thousand) are accumulated in accordance with the requirements of the Commercial Act for accumulation of statutory reserves.

19. Dividend payables

As at 31 December 2014 dividend payables for the preferred shares are as follows:

	Current		Non-current	
	2014	**2013**	**2014**	**2013**
	BGN '000	**BGN '000**	**BGN '000**	**BGN '000**
Dividend payables	16 791	16 770	22 215	34 851
	16 791	**16 770**	**22 215**	**34 851**

In 2014 and 2013 Chimimport AD distributed to its shareholders of preferred shares guaranteed dividend at the amount of BGN 17 741 thousand (2013: BGN 17 736 thousand) or BGN 0.1998 per preferred share in both periods.

Dividends payables of the Company arose as a result of the issue of mandatory convertible preferred shares in 2009 with a guaranteed fixed annual dividend of 9%. Each preferred stock in circulation shall give to its owner the right of a cumulative guaranteed dividend at the amount of 9% of the issue price. Due to the fact that the dividend on preferred share is guaranteed, same shall be due by the Company, irrespective of whether during the relevant year the General Meeting of the Shareholders shall have adopted a resolution for the distribution of dividends on ordinary shares. Because the guaranteed dividend is cumulative, it shall be due irrespective of whether the Company shall have formed distributable profit during the relevant year.

The Preferred Shareholders entitled to receive Ordinary Shares upon Conversion will be treated as record holders of such Ordinary Shares as of the date the Central Depository has registered them as record holders.

20. Employee remuneration

20.1. Employee benefits expense

Expenses recognized for employee benefits include:

	2014	2013
	BGN'000	**BGN'000**
Wages, salaries	(863)	(666)
Social security expenses	(108)	(105)
Current service cost	(5)	(5)
Change in expenses for unused leaves	(1)	-
Employee benefits expense	**(976)**	**(776)**

20.2. Pension and other employee obligations

The liabilities for pension and other employee obligations recognized in the statement of financial position consist of the following amounts:

	2014 BGN'000	2013 BGN'000
Non-current:		
Defined benefit plans	42	44
Non-current pension and other employee obligations	**42**	**44**
Current:		
Pension and other employee obligations	38	43
Social security payables	28	20
Payables for unused leaves	17	18
Current pension and other employee obligations	**83**	**81**

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled during 2015. Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date and current liabilities.

The defined benefit obligation for the reporting periods under review is as follows:

	2014 BGN'000	2013 BGN'000
Defined benefit obligation at 1 January	44	72
Current service cost	5	5
Interest cost	1	1
Recognized statistical actuarial gains for previous periods	-	(38)
Remeasurement from changes in demographic assumptions	(10)	(9)
Remeasurement from changes in financial assumptions	2	13
Defined benefit obligation at 31 December	**42**	**44**

For determination of the pension obligation, the following actuarial assumptions were used:

	2014	2013
Discount rate	4.0%	4.0%
Expected rate of salary increases	2.27%-3%	2.27%-3%
Average life expectancies:		
Average age of retirement - male employees	63	63
Average age of retirement - female employees	60	60
Degree of employee retraction	0 – 4%	0 – 4%

Based on tables of mortality rate developed by the National Statistical Institute.

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. These assumptions have led to the amounts determined as the Company's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate.

21. Borrowings, measured at amortized cost

Borrowings include the following financial liabilities:

	Note	Short -term		Long -term	
		2014	2013	2014	2013
		BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities measured at amortized cost:					
Bank loans	21.1,	3 000	4 369	-	16 820
Other loans	21.2, 21.3	14 454	21 461	11 092	2 197
Total carrying amount		**17 454**	**25 830**	**11 092**	**19 017**

21.1. Bank loans

	Short -term		Long -term	
	2014	2013	2014	2013
	BGN'000	BGN'000	BGN'000	BGN'000
Bank loans	3 000	4 369	-	16 820

Revolved bank loan – DSK Bank

The Company has entered into the bank loan contract on 5 October 2011 for a loan at the amount of BGN 3 000 thousand with maturity date on 5 August 2015. The loan is secured with a mortgage on buildings, owned by Park build OOD: hotel complex "Geolog" in St.St. Konstantin and Elena Resort. The contract interest rate is 1M SOFIBOR plus 4.0% and it cannot be less than 8.5% and higher than 10%.

21.2. Long-term borrowings

	2014	2013
	BGN'000	BGN'000
Long-term liabilities on cession agreement	10 816	-
Long-term borrowings	276	2 197
	11 092	**2 197**

Long-term borrowings are received with annual interest rates from 8% to 12% depending on the maturity date. The date of maturity is longer than 1 year after 31 December 2014. None of the borrowings has any collateral pledged.

Long-term liabilities on cession agreements at the amount of BGN 10 816 thousand arise from deposits acquired in 2014. The annual interest rates on the liabilities is 3.5% on the unrepaid portion of the principal over the term period, ending in 2018.

21.3. Other short-term borrowings

	2014	2013
	BGN'000	BGN'000
Short-term borrowings	7 714	13 748
Short-term liabilities on cession agreement	6 740	7 713

	14 454	**21 461**

Short-term borrowings are received with annual interest rates from 7.75% to 12% depending on the maturity date. Debt agreements are classified according to their maturity date which is during 2015. None of the borrowings has any collateral pledged. The fair value of the borrowings received has not been determined separately, as the management considers the carrying amounts recognized at the statement of financial income to be a reasonable approximation of their fair value.

Short-term liabilities on cession agreements at the amount of BGN 6 740 thousand arise from deposits acquired in 2014. The annual interest rates on the liabilities is 3.5% on the unrepaid portion of the principal for the period of 1 year.

22. Trade and other payables

Trade and other payables, presented in the statement of financial position include:

	2014 BGN'000	2013 BGN'000
Advance payments for the acquisition of financial assets	16 619	25 339
Other trade payables	904	2 554
	17 523	**27 893**
Personal income tax of individuals	18	298
Value Added Tax	75	15
Tax on the expenses	2	2
Liabilities related to share rights	-	808
Other liabilities	14 048	2 253
	14 143	**3 376**
Trade and other payables	**31 666**	**31 269**

23. Gain from transactions with financial instruments

Gain from transactions with financial instruments for the reporting periods under review is as follows:

	2014 BGN'000	2013 BGN'000
Gain from revaluation of financial instruments	29 508	19 721
Gain from sale of financial instruments	-	10 752
	29 508	**30 473**

24. Loss from transactions with financial instruments

Losses from transactions with financial instruments for the reporting periods under review can be analysed as follows:

	2014 BGN '000	2013 BGN'000

Loss from sale of financial instruments	(237)	(10)
	(237)	**(10)**

25. Interest income

Interest income for the reporting periods under review is as follows

Interest income, resulting from:	2014 BGN‘000	2013 BGN‘000
- loans granted	37 554	41 292
- bank deposits	536	1 073
	38 090	**42 365**

26. Interest expense

Interest expense for the reporting periods under review includes:

Interest expenses, resulting from:	2014 BGN‘000	2013 BGN ‘000
- loans received	(20 701)	(17 668)
- preferred shares	(5 118)	(6 440)
- bank loans	(1 334)	(3 569)
	(27 153)	**(27 677)**

27. Other financial income and expenses

Other financial income and expenses for the reporting periods under review can be summarized as follows:

Other financial income	2014 BGN‘000	2013 BGN‘000
Gain from changes in the exchange rates	2 263	2 676
Other financial income	1 945	651
Income from transactions on cession agreements	-	12
	4 208	**3 339**

Other financial expenses	2014 BGN‘000	2013 BGN ‘000
Loss from changes in the exchange rates	(2 244)	(1 812)
Bank charges and commissions	(330)	(140)
	(2 574)	**(1 952)**

28. Operating revenue

The Company's operating revenue can be analysed as follows:

	2014 BGN'000	2013 BGN'000
Revenue from services	2 678	2 817
Gain on investment property revaluation	2 000	-
Revenue from payables written-off	1 153	12
Revenue from goods sold	-	2
	5 831	**2 831**

29. Gain on sale of non-current assets

	2014 BGN '000	2013 BGN '000
Revenue from sale on non-current assets	67	106
Carrying amount of non-current assets sold	(44)	(63)
Gain on sale of non-current assets	**23**	**43**

30. Operating expenses

The Company's operating expenses can be analysed as follows:

	Note	2014 BGN'000	2013 BGN'000
Hired services expenses		(1 937)	(4 832)
Employee benefits expenses	20.1	(976)	(776)
Receivables written-off		(326)	(327)
Cost of materials		(83)	(78)
Depreciation and amortization		(73)	(71)
Cost of goods sold		-	(4)
Other expenses		(157)	(215)
		(3 552)	**(6 303)**

These separate financial statements have been audited by specialized audit firm Grant Thornton OOD and registered auditor and managing partner Mariy Apostolov. The remuneration of the auditor for independent financial audit of the financial statements for the year ended 31 December 2014 amounts to BGN 95 thousand (2013: BGN 90 thousand). This disclosure is in compliance with the requirements of Art. 38 para. 5 of the Accounting Act.

31. Tax expense

The relationship between the expected tax expense based on the applicable tax rate at 10% (2013 10%) and the tax expense actually recognized in the Statement of profit or loss and other comprehensive income can be reconciled as follows:

	2014 BGN'000	2013 BGN'000
Profit for the year before tax	46 006	45 101
Tax rate	10%	10%
Expected tax expense	**(4 601)**	**(4 510)**
Tax effect on tax-exempt income	3 191	2 196
Tax effect on non-deductible expenses	(160)	(31)
Current tax expense	**(1 570)**	**(2 345)**
Deferred tax expense, resulting from:		
-accrual and reversal of temporary tax differences	(2 864)	(1 834)
Tax expense	**(4 434)**	**(4 179)**
Deferred tax income, recognized directly in other comprehensive income	1	(3)

Note 12 presents information on the deferred tax assets and liabilities.

32. Earnings per share

Basic earnings per share have been calculated using the net profit attributable to holders of ordinary shares of the Company as the numerator.

The weighted average number of outstanding shares, used for calculating the basic earnings per share as well as the net profit decreased by the dividend liabilities attributable to shareholders are as follows:

	2014	2013
Net profit in BGN attributable to shareholders	41 572 000	40 922 000
Weighted average number of shares	150 875 596	150 875 596
Basic earnings per share (BGN per share)	**0.28**	**0.27**

The weighted average number of shares outstanding /ordinary and preferred/, used for the calculation of diluted earnings per share as well as the net profit adjusted with the dividend expenses, attributable to shareholders are as follows:

	2014	2013
Net profit in BGN, adjusted with dividend expenses	41 572 000	40 922 000
Weighted average number of shares	239 646 267	239 646 267
Diluted earnings per share (BGN per share)	**0.17**	**0.17**

33. Related party transactions

The Company's related parties include its owners, subsidiaries and associates, and key management personnel.

33.1. Transactions with owners

	2014 BGN'000	2013 BGN'000
Sales		
- sale of services, rental income and interest income		
Invest Capital AD – parent company	7 542	8 710
Purchases		
- purchase of services, goods and interest income	-	
Invest Capital AD – parent company		403
Cash flows		
Amounts provided to Invest Capital AD – parent company	2 640	34 966

33.2. Transactions with subsidiaries and associates

	2014 BGN'000	2013 BGN'000
Sales		
- sale of goods		
Bulchimtrade OOD	-	3
	-	**3**
- sale of services, rental income and interest income		
CCB Group EAD	5 099	5 749
Omega Finance OOD	1 962	2 334
Zarneni Hrani Bulgaria AD	606	1 254
CCB AD	1 078	1 206
Trans Intercar EOOD	1 015	964
Bulgarian Airways Group EAD	1 466	951
Energoproekt AD	463	567
Bulgarian Shipping Company EAD	563	387
Port Lesport AD	319	310
Port Balchik AD	82	83
PDNG AD	49	38
ZAD Armeec	10	20
POAD CCB	14	11
Chimceltex OOD	13	11
Parahodstvo BRP AD	6	5
Others	37	21
	12 782	**13 911**

	2014 BGN‘000	2013 BGN‘000
Purchases		
- purchase of services, goods and interest income(subsidiaries)		
Chimimport Holland B.V.	14 361	13 987
CCB AD	1 344	1 922
ZAD Armeec	988	1 056
Trans Intercar EOOD	937	244
Omega Finance OOD	533	144
Zurneni Hrani Bulgaria AD	347	-
HGH Consult Ltd.	325	312
Port Lesport AD	319	316
ZAED CCB Life	296	249
PDNG AD	201	231
Bulgarska Petrolna Rafineriya EOOD	136	141
Prime Lega Consult OOD	126	108
Plovdivska Stokova Borsa AD	100	100
Other	9	9
	20 022	**18 819**

33.3. 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:

	2014 BGN‘000	2013 BGN‘000
Short-term employee benefits:		
Salaries, including bonuses	(339)	(2 411)
Social security expenses	(18)	(28)
Company car allowance	(1)	(6)
Total remunerations	**(358)**	**(2 445)**

34. Related party balances at year-end

	2014 BGN‘000	2013 BGN‘000
Long-term receivables from		
- subsidiaries		
CCB Group EAD	82 211	78 932
Trans Intercar EOOD	-	11 640
Port Balchik AD	369	-
	82 580	**90 572**
Including interest receivables	*6 194*	*4 109*

	2014 BGN'000	2013 BGN'000
Short-term receivables from:		
- parent company		
Invest Capital AD	**97 520**	**91 437**
- subsidiaries		
CCB Group EAD	25 442	25 569
Bulgarian Shipping Company EAD	17 081	14 439
Trans Intercar EOOD	12 422	900
Bulgarian Airways Group EAD	12 220	9 659
Energoproekt AD	6 990	8 553
Parahodstvo BRP AD	663	6
MC Health Medica	211	184
Chimcelteks OOD	182	169
Bulchimtrade OOD	56	81
IT Systems Consult EOOD	46	2
Technoimpeks AD	14	-
ZAD Armeec	12	14
Rubber Trade OOD	11	19
Prime Lega Consult OOD	11	13
CCB AD	1	1
Zarneni Hrani Bulgaria AD	-	8 486
Port Balchik AD	-	937
Bulhimex GmbH	-	903
Airport Services-Bulgaria EAD	-	695
HGH Consult OOD	-	15
Others	-	46
	75 362	**70 691**
Including trade receivables	*809*	*3 534*
Including interest receivables	*5 777*	*3 398*
- associates		
Lufthansa Technik Sofia OOD	5	5
	5	**5**
- other related parties under common control		
Konor GmbH	11 164	9 828
Aviation Company Hemus Air AD	1 520	1 341
	12 684	**11 169**
Including trade receivables	*1 520*	*1 341*
Including interest receivables	*2 158*	*1 887*
Total short-term related party receivables	**185 571**	**173 302**

The Company has a loan receivable from CCB Group EAD amounting to BGN 107 653 thousand under the following contracts:

- Loan agreement, maturing 31 December 2016. The receivable amounts to BGN 36 855, including principle at the amount of BGN 34 451 thousand and interest payables – BGN 2 404 thousand. The loan is not secured and has a fixed interest rate of 5.7%;

- Subordinated debt agreement, dated 21 December 2012, maturing 21 December 2019. The receivable amounts to BGN 45 356 thousand including principle at the amount of BGN 44 044 thousand and interest payables – BGN 1 312 thousand. The loan is not secured and has a fixed interest rate of 4.5%;

- Dividend receivables amounting to BGN 25 325 thousand;

- Trade receivables amounting to BGN 117 thousand.

The Company has a receivable from Invest Capital AD amounting to BGN 97 520 thousand related to amounts provided under mutual investment agreement. Provided amounts should be used for acquisition of investments in both Bulgarian and foreign entities; and other types of investments through purchase, subscription and others; and disposal of securities through sale, exchange and others; management, control and use of these investments; registration on regulated markets, increase of share capital of related entities for public offering of shares, etc.

Long-term payables to:	**2014 BGN '000**	**2013 BGN '000**
- subsidiaries		
Chimimport Holland B.V.	140 597	142 654
ZAD Armeec	10 560	8 434
CCB AD	4 257	3 630
Sport Complex Varna AD	-	959
Port Lesport AD	-	696
Plovdivska Stokova Borsa AD	-	51
	155 414	**156 424**
Including interest payables	-	*2 706*

	2014 BGN '000	2013 BGN '000
Short-term payables to:		
- subsidiaries		
Zarneni Hrani Bulgaria AD	21 658	37
CCB AD	17 672	26 017
Omega Finance OOD	17 384	10 569
ZAD Armeec AD	15 837	19 596
Chimimport Holland B.V.	12 297	5 038
Port Lesport AD	8 708	8 112
CCB Life EAD	4 660	4 363
Plovdivska Stokova Borsa AD	1 907	1 756
Bulgarska Petrolna Rafineriya EOOD	1 439	1 963
Oil and Gas Exploration and production Plc.	1 077	4 360
Bulgaria Air AD	82	168
HGH Consult OOD	59	49
Sport Complex Varna AD	49	49
Prime Lega Consult OOD	7	5
Trans Intercar EOOD	6	27
Chimoil Trade OOD	-	170
Parahodstvo BRP AD	-	57
Dialisa Bulgaria OOD	-	42
Other	7 855	7 855
	110 697	**90 233**
Including trade payables	*94*	*51*
Including interest payables	*18 500*	*11 202*
- other related parties under common control		
Niko Commerce AD	2 290	1 827
M Car EOOD	2	1
	2 292	**1 828**
Including trade payables	*1*	*1*
Total short-term related party payables	**112 989**	**92 061**

As at 31 December 2014 the Company has a loan payable, amounting to BGN 152 894 thousand, in relation to secured exchangeable bonds. The bonds issued on 22 August 2008 by the Dutch company Chimimport Netherlands BV amounted to EUR 65 million, 7% interest rate and exchangeable into ordinary shares of "Chimimport" AD. Each bondholder has the right (option) to present for repurchasing to the issuer Chimimport Holland B.V., all or a portion of the owned bonds. The right is exercisable on 22 August 2016.

The company has a loan payable to Omega Finance OOD amounting to BGN 17 384 thousand to 31 December 2014 under a loan agreement, maturing 31 December 2015. The loan is not secured and has a fixed interest rate of 8%.

Company's payables to CCB AD derive from bank loans – overdrafts. The loans are classified as long and short-term in accordance with the maturity dates. The annual interest rates are fixed and are between 6.5% - 8%.

35. Non-cash transactions

During the reporting periods the Company had certain transactions which did not involve cash or cash equivalents and which are not reported under cash flows from financing activities in the statement of cash flows:

- The Company has offset dividends payable on preferred shares against receivables from some of its shareholders amounting to BGN 14 179 for 2014 (13 614 thousand for 2013).
- The Company has made set-off on accounts for the total amount of TBGN 74 888 (TBGN 90 566).

36. Contingent liabilities

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 Plc.

The company is co-signer on the following contracts:
- credit line contract with repayment schedule signed between DSK EAD and Zarneni Hrani Bulgaria AD for the amount of BGN 9 000 thousand with maturity date on 25 July 2015;
- credit contract with repayment schedule signed on 05.12.2011 between Alpha Bank EAD and Slanchevi lachi Provadia AD for the carrying amount of liabilities- EUR 5 553 thousand (BGN 10 861 thousand) with maturity date on 31 December 2015;
- bank loan №739 / 21.06.2013, concluded between the Bulgarian Development Bank and Slanchevi lachi Provadia AD amounted to - MBGN 15 with a repayment plan with a deadline 31/05/2023;
- contract signed on 25.11.2011 between Bulgarian Development Bank EAD and Zarneni Hrani Grain AD for the amount of BGN 15 000 thousand with maturity date as at 20 May 2016 (as at 31.12.2013 the loan is not utilized);
- credit contract 100-342/10.08.2006 signed between Post Bank AD and Zarneni Hrani Bulgaria Grain AD for the amount of BGN 2 493 thousand with maturity date 10.04.2016. As at 31.12.2014 the remainder of the contract is TBGN 1 661;
- framework revolving credit contract 26/28.08.2007 and overdraft contract from 28.08.2007 signed between UniCredit Bulbank AD and Zarneni Hrani Bulgaria AD for the amount of BGN 16 000 thousand with maturity date on 13.12.2016. According to a contract for undertaking credit commitments from 13.12.2013 borrower is Zarneni Hrani Bulgaria Grain AD, Chimimport is a joint debtor;
- credit contract between DSK Bank EAD and Bulgarian Shipping Company EAD for the amount of EUR 11 000 thousand (BGN 21 514 thousand) with maturity date 25 April 2016;

The Company has signed a guarantee contract with Landesbank Baden-Württemberg related to bank loan contract from 29.08.2008 wit maturity on 28.08.2017, bank loan contract from 16.11.2006 with maturity on 28.08.2017, bank loan contract from 10.11.2006 with maturity on 30.04.2015, of Zarneni Hrani Bulgaria AD with total amount outstanding of BGN 6 808 thousand.

Bank guarantees issued under contract with UniCredit Bulbank AD at the amount of BGN 121 thousand with validity up to 30 November 2030.

37. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

Financial assets	Note	2014 BGN '000	2013 BGN '000
Financial assets available-for-sale:			
Shares	10, 14.3	51	51
Held-to-maturity investments:			
Bonds	14.214.2	19 567	19 567
Financial assets available-for-sale designated at fair value through profit or loss:			
Shares	14.1	139 703	118 362
Loans and receivables:			
Loans granted	11, 15	228 152	246 398
Related party receivables	34	268 151	263 874
Trade and other receivables	16	49 203	37 112
Cash and cash equivalents	1717	84 147	86 096
		788 974	**771 460**

Financial liabilities	Note	2014 BGN '000	2013 BGN '000
Borrowings measured at amortized cost:			
Non-current liabilities:			
- dividend liabilities	19	22 215	34 851
- loans	21.1, 21.2, 34	155 690	175 441
- finance lease liabilities	8.1	-	3
Current liabilities:			
- dividend liabilities	19	16 791	16 770
- loans	21.3, 34	141 259	117 891
- finance lease liabilities	8.1	5	24
- trade and other receivables	22	31 571	30 954
		367 531	**375 934**

See note 4.14 about information related to the accounting policy for each category financial instruments. Description of the risk management objectives and policies of the Company related to the financial instruments is presented in note 39.

38. Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. More information on the Company's financial assets and liabilities by category is summarized in note 37. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close co-operation with the Managing board, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

38.1. Market risk analysis

38.1.1. 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 overseas sales and purchases, which are primarily denominated in US-Dollars.

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	EUR	USD	EUR
	‘000	‘000	‘000	‘000
31 December 2014				
Financial assets	24 883	125 030	-	-
Incl. short-term deposits in a bank	*14 110*	-	-	-
Financial liabilities	(10 702)	(2 034)	-	(140 597)
Total exposure	**14 181**	**122 996**	**-**	**(140 597)**
31 December 2013				
Financial assets	21 586	107 422	-	-
Incl. short-term deposits in a bank	*11 971*	-	-	-
Financial liabilities	(9 482)	(12 275)	-	(143 691)
Total exposure	**12 104**	**95 147**	**-**	**(143 691)**

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 2013 exchange rate of the Bulgarian lev against the dollar is + / - 4.0% (2013+ / - 1,80These percentages are determined based on 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 + / - 4.0% (2013 +/- 1.80%) 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	Decrease
	BGN ‘000	BGN ‘000
31 December 2014	+1 018	(1 018)
31 December 2013	+182	(182)

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

38.1.2. Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As at 31 December 2014 the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. All other financial assets and financial liabilities of the Company are at fixed interest rates.

The following table illustrates the sensitivity of the net financial result after tax to a reasonably possible increase/decrease in the following interest rates: 12M Euribor (for 2013– 12M Euribor). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the volatility of the average market interest rate for each period. All other variables are held constant.

31 December 2014	**Impact on post-tax profit of the year**	
	12M EURIBOR	
	+22%	-22%
	BGN‘000	**BGN‘000**
	(2 158)	2 158

31 December 2013	**Impact on post-tax profit of the year**	
	12M EURIBOR	
	+14%	-14%
	BGN‘000	**BGN‘000**
	(31)	31

38.1.3. 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:

- CCB AD - subsidiary;
- Oil and Gas Exploration and Production AD – subsidiary;
- Zarneni Hrani Bulgaria AD – subsidiary;

The investments in listed subsidiaries, marketable on the Bulgarian Stock Exchange – Sofia, are considered long-term and short -term strategic investments. In accordance with the Company's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Company's favour.

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

38.2. Credit risk analysis

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:

	2014 BGN'000	2013 BGN'000
Classes of financial assets – carrying amounts:		
Shares / financial assets /	159 321	78 132
Loans granted	228 152	246 398
Related party receivables	268 151	263 874
Trade and other receivables	49 203	96 960
Cash and cash equivalents	84 147	86 096
Carrying amount	**788 974**	**771 460**

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 secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a 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.

38.3. 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 2014 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2014	Short-term		Long-term
	Within 6 months BGN'000	Within 12 months BGN'000	2 to 5 years BGN'000
Dividend liabilities	-	16 791	22 215
Bank and other long-term borrowings	5 989	22 281	276
Related party payables	16 100	96 889	155 414
Finance lease liabilities	5	-	-
Trade and other payables	17 523	14 048	-
Total	**39 617**	**150 009**	**177 905**

As at 31 December 2013 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2013	Short-term		Long-term
	Within 6 months BGN'000	Within 12 months BGN'000	2 to 5 years BGN'000
Dividend liabilities	-	16 770	34 851
Bank and other long-term borrowings	4 107	21 723	19 017
Related party payables	31 418	60 643	156 424
Finance lease liabilities	12	12	3
Trade and other payables	19 171	11 783	-
Total	**54 708**	**110 931**	**210 295**

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 12 033 thousand (2013 BGN 12 261 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.

39. Fair value measurement

39.1. Fair value measurement of financial instruments

Set out below is a comparison of the carrying amounts and fair values of financial instruments at the end of the presented reporting periods.

Financial assets	**31 December 2014**		**31 December 2013**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Financial assets at fair value through profit or loss	139 703	139 703	118 362	118 362
	139 703	**139 703**	**118 362**	**118 362**

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 that are not based on observable market data.

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 2014	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		BGN '000	**BGN '000**	**BGN '000**	**BGN '000**
Assets					
Listed equity investments	a)	38 553	-	-	38 553
Non-listed equity instruments	b)	-	101 150	-	101 150
Total		**38 553**	**101 150**	**-**	**139 703**

31 December 2013	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		BGN '000	**BGN '000**	**BGN '000**	**BGN '000**
Assets					
Listed equity investments	a)	34 944	-	-	34 944
Non-listed equity instruments	b)	-	20 429	-	20 429
Total		**34 944**	**20 429**	**-**	**55 373**

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.

a) Listed equity instruments

All listed equity investments are denominated in BGN and are publicly traded on the Bulgarian Stock Exchange, Sofia. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) 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

39.2. Fair value measurement of financial instruments

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2014

31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
	BGN '000	**BGN '000**	**BGN '000**	**BGN '000**
Investment property:				
Land and building	-	-	33 572	33 572

31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	BGN '000	**BGN '000**	**BGN '000**	**BGN '000**
Investment property:				
Land and building	-	-	31 555	31 555

Fair value of the Company's main property assets is estimated based on appraisals performed by independent qualified valuation specialists.

Land and buildings (Level 3)

The fair value of the investment properties are estimated using an income approach. The land and buildings are revaluated on 31 December 2014. The previous revaluation was made on 31 December 2013.

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	Investment properties Land and buildings
	BGN '000
Balance at 1 January 2014	31 555
Gains recognised in profit or loss:	
- increase in fair value of investment property	2 017
Balance at 31 December 2014	**33 572**
Total amount included in profit or loss for unrealised gains	2 017

40. Capital management 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 adjusted and net debt.

The Company determines the capital based on the carrying amount of the equity presented in the statement of financial condition.

Net debt is calculated as general debt less the carrying amount of the cash and cash equivalents.

Company's goal is to maintain a capital-to-net-debt ratio in a reasonable range, which would ensure relevant and conservative ratio of financing.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amount of the correlation for the presented accounting periods can be analysed as follows:

	2014 BGN'000	2013 BGN'000
Shareholders' equity	1 172 649	1 131 075
Equity	**1 172 649**	**1 131 075**
Debt	386 314	392 928
- Cash and cash equivalents	(84 147)	(86 096)
Net debt	**302 167**	**306 832**
Capital to net debt	**1:0.26**	**1:0.27**

The ratio in 2014 has remained stable in comparison with 2013 with an immaterial deviation.

The Company has no deviations from its contract obligations, including maintaining capital ratios.

41. Post-reporting date events

There are no significant events

42. Authorization of the financial statements

The financial statements for the year ended 31 December 2014 (including comparatives) were approved by the Managing Board on 30 March 2015.