

Annual Activity Report of Chimimport AD, Sofia for 2014

This Annual Activity Report presents comments and analysis of the financial reports and other substantial information regarding the financial statement and results from the activity for the period 1 January - 31 December 2014.

It has been prepared in accordance with Article 33, Paragraph 1 from the Accountancy Act; Article 100, Paragraph 7 from the Public Offering of Securities Act and Appendix No. 10 to Article 32, Paragraph 1, Section 2, Article 35, Paragraph 1, Section 2, Article 41, Paragraph 1, Section 2.

Chimimport AD is a public joint-stock company with a registered office at 2 Stefan Karadja Str., Sofia, Bulgaria.

The Company has the following managing bodies: General Meeting of the Shareholders, Supervisory Board and Managing Board.

1 Members of the Supervisory Board are:

1. Invest Capital AD, represented by Marin Mitev;
2. CCB Group EAD, represented by Tihomir Atanasov;
3. Mariana Bazhdarova.

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2 Members of the Managing Board are:

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

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

The shares of the company are listed on the Bulgarian Stock Exchange – Sofia AD.

Share capital: The Company's share capital is at the amount of BGN 239 646 267.

Number of shares issued: 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's estate. Preferred shares can be converted by their owners at any time before the 7-year term of the issue expires.

The Company's main economic activity is:

- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies, in which interest is held;
- Bank services, finance, insurance and social security;
- Securitization of real estate and receivables;
- Extraction of oil and natural gas;
- Creation of facilities in the area of oil industry, production of bio fuel and production of rubber products;
- Production and trading with oil and chemical products;
- Production of vegetable oil, purchase, processing and trade with grain foods;
- Aviation transport and ground activities on servicing and repairing of aircrafts and aircraft engines;
- River and sea transportation and port infrastructure;
- Commercial agency and brokerage;
- Commission, forwarding and warehousing services.

1. Information regarding the value and quantity of general categories of goods, products and/or provided services including their contribution to the issuer's revenue from sales in general and changes occurred in the current year

Due to the specific character of the issuer's business activity - holding activity, the majority of the Company's revenue includes not only the operating revenue, but also financial revenue, which is formed by gains from transactions with financial instruments, interest income and dividends received. The operating income is mainly due to investment property revenue, services and other incomes.

Percentage ratios of the operating revenue

For 2014 the structure of revenue amounting to BGN 79 522 thousand (2013: BGN 81 043 thousand includes:

- gain from transactions with financial instruments – 37.11%. (2013: 31.60%),
- gain from sale of non-current assets – 0.08%. (2013: 0.13%)
- interest income, gains from foreign exchange differences and other gains (net)– 53.19%.(2013: 56.39%)
- revenue from rents, services and gain on investment property revaluation – 7.33%.(2013: 3.49%)
- dividend income – 2.34%. (2013: 2.46%)

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

2.1. Financial indicators

The Company closed the financial year of 2014 with total revenue amounting to BGN 79 522 thousand. The total revenue for 2014 has decreased with 1.84 % compared to BGN 81 043 thousand in 2013.

Operating expenses for the year amount to BGN 33 516 thousand, which is a decrease of BGN 2 426 thousand in comparison with the previous period i.e. decrease with 6.75%.

The financial result for the year ended 2014 is profit before taxes amounting to BGN 46 006 thousand and profit after taxes amounting to BGN 41 572 thousand. The reported decrease of 2.01% for the gross and 1.59% for the net result or BGN 905 thousand, and 650 thousand respectively, is due to a decrease in operating revenue.

The Company's financial indicators for 2014 are as follows:

MAIN FINANCIAL INDICATORS	2014 BGN'000	2013 BGN'000	Change to prior period in %
Operating revenue	37 224	35 339	5.33%
Operating expenses	(3 789)	(6 313)	(39.98)%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	35 142	30 484	15.28%
EBITDA / Sales Revenue (%)	0.94	0.86	9.44%
Earnings before interest and tax (EBIT)	35 069	30 413	15.31%
EBIT / Sales Revenue (%)	0.94	0.86	9.47%
Profit before taxes	46 006	45 101	2.01%
Net profit	41 572	40 922	1.59%
Non-current assets	964 023	929 007	3.77%
Non-current liabilities	205 836	224 547	(8.33)%
Current assets	594 940	594 996	(0.01)%
Current liabilities	180 478	168 381	7.18%
Working capital	414 462	426 615	(2.85)%
Equity capital	1 172 649	1 131 075	3.68%
Non-current capital	1 378 485	1 355 622	1.69%
Financial leverage ratio	0.18	0.20	(11.58)%
Solvency ratio	5.70	5.04	(13.10)%
Current ratio	3.30	3.53	(6.71)%
Cash to current liabilities ratio	0.47	0.51	(8.81)%
Financial balance	414 462	426 615	(2.85)%
ROE	0.17	0.17	1.59%
ROA	0.03	0.03	(0.69)%
Cash and cash equivalents	84 147	86 096	(2.26)%

Revenue and expenses structure

General revenue structure (changes compared to prior period)

	2014 BGN'000	2013 BGN'000	Increase/ (Decrease)
Gains from transactions with financial instruments	29 508	30 473	(3.17)%
Interest income	38 090	42 365	(10.09)%
Other financial income	4 208	3 339	26.03%
Operating revenue	5 831	2 831	105.97%
Dividend income	1 862	1 992	(6.53)%
Gains from sale of non-current assets	23	43	(46.51)%

General expenses structure (changes compared to prior period)

	2014 BGN'000	2013 BGN'000	Increase/ (Decrease)
Loss from transactions with financial instruments			
Loss from transactions with financial instruments	(237)	(10)	2270%
	(237)	(10)	
Interest expense, related to:			
- loans received	(20 701)	(17 668)	17.17%
- interest, associated with preference shares	(5 118)	(6 440)	(20.53)%
- bank loans	(1 334)	(3 569)	(62.62)%
	(27 153)	(27 677)	

	2014 BGN'000	2013 BGN'000	Increase/ (Decrease)
Other financial expenses			
Losses from changes in the exchange rates	(2 244)	(1 812)	23.84%
Bank fees and commissions	(330)	(140)	135.71%
	(2 244)	(1 812)	23.84%
	2014 BGN'000	2013 BGN'000	
Hired services expenses	(1 937)	(4 832)	(59.91)%
Employee benefits expenses	(976)	(776)	25.77%
Written-off receivables	(326)	(327)	(0.31)%
Depreciation and amortization	(73)	(71)	2.82%
Cost of materials	(83)	(78)	6.41%
Cost of goods sold	-	(4)	(100.00)%
Other expenses	(157)	(215)	(26.98)%
	(3 552)	(6 303)	

The Company reports operating expenses for 2014 amounting to BGN 33 516 thousand, which is a decrease of 6.75% compared to 2013.

3 Post balance sheet events

There are no significant events after the balance sheet date.

4 Important Research and Development

The Company did not appoint or perform any important research and development activities during 2014.

5 Information regarding concluded significant transactions or such of a significant importance for the activity of the issuer

Chimimport AD has no significant transactions during the period within the meaning of Art. 114, Par.1 of the Public Offering of Securities Act.

6 Information regarding the transactions between the issuer and its related parties in 2014, the proposals for concluding such transactions, as well as transactions not related to the main activity, including the amount of the transactions, the relationship between the parties and any other information, needed for valuation of the impact on the financial statement of the issuer

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

Transactions with owners

Sales	2014	2013
	BGN'000	BGN'000
<i>- sale of services, rental income and interest income</i>		
Invest Capital AD – parent company	7 542	8 710

Purchases	2014	2013
	BGN'000	BGN'000
<i>- purchases of services, goods and interests</i>		
Invest Capital AD – parent company	-	403
<i>-Cash flows</i>		
Amounts provided	2 640	34 966

Transactions with subsidiaries and associates

	2014	2013
	BGN'000	BGN'000
Sales		
<i>- sales of goods</i>		
Bulchimtrade OOD	-	3
	<hr/>	<hr/>
	-	3
<i>- sale of services, rental income and interest income</i>		
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
Himceltex OOD	13	11
Parahodstvo BRP AD	6	5
Others	37	21
	<hr/>	<hr/>
	12 782	13 911

	2014 BGN'000	2013 BGN'000
Purchases		
<i>- purchase of services, goods and interest income(subsidiaries)</i>		
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

Key management personnel comprise the members of Supervisory and Managing Boards. The remuneration of key management personnel includes current salaries and wages, as follows

The transactions with key management personnel are 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)

7 Information regarding unusual events and indices for the issuer that has a significant influence on its activity and realized income and expenses; valuation of this influence on the financial results for the current year.

No unusual events for the issuer that might have a significant impact on its activities that have occurred in 2014.

8 Information regarding off-balance transactions

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

The company is co-signer on the following contracts:

- credit line contract with repayment schedule signed between DSK EAD and Zurneni 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 December 2011 between Alpha Bank EAD and Slanchevi lachi Provadia AD for the carrying amount of 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 amounteing to BGN 15 million under a repayment plan with a maturity 31 May 2023;
- contract signed on 25 November 2011 between Bulgarian Development Bank EAD and Zurneni Hrani Grain AD for the amount of BGN 15 million with maturity date as at 20 May 2016 (as at 31.12.2014 the loan is not utilized);
- credit contract 100-342/10.08.2006 signed between Post Bank AD and Zurneni Hrani Grain AD for the amount of BGN 2 493 thousand with maturity date 10 April 2016. As at 31 December 2014 the remainder of the contract is BGN 1 661 thousand;
- revolving credit contract 26/28.08.2007 and overdraft contract from 28 August 2007 signed between UniCredit Bulbank AD and Zurneni Hrani Bulgaria AD for the amount of BGN 16 million with maturity date on 13 December 2016. According to a contract for undertaking credit commitments from 13 December 2013 borrower is Zurneni Hrani Grain AD; Chimimport is a joint debtor;
- credit contract between DSK Bank EAD and Bulgarian Shipping Company EAD for the amount of EUR 11 million (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 August 2008 with maturity on 28 August 2017, bank loan contract from 16 November 2006 with maturity on 28 August 2017, bank loan contract from 10 November 2006 with maturity on 30 April 2015, of Zurneni 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.

9 Information regarding shares of the issuer, its major investments both domestic and foreign (securities, financial instruments, intangible assets and real estate), as well as investments in securities other than its economic entity and the sources / methods of funding.

Investment 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%
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%
Technoimpex AD	Bulgaria	Manufacturing and trade	480	87.67 %	-	-
ZAO IK Bank	Russia	Financial services	-	-	1 409	3.55%
Chimimport Holland B.V.	Netherlands	Financial services	1 294	100.00%	1 294	100.00%
Oil and Gas Exploration and Production AD	Bulgaria	Manufacturing and trade	16 929	13.84%	956	3.65%
HGH Consult Co. OOD	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%
			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 by 10.19%. The total acquisition cost amounted to BGN 15 973 thousand.

On 31 March 2014 Chimimport acquired 13,335 shares of Technoimpex 98 AD. On 21 April 2014 Technoimpex 98 AD merged its subsidiary Technoimpex AD and under the conversion contract 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	2013
	BGN'000	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
	<u>1 862</u>	<u>1 992</u>

Long-term financial assets

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

	2014	2013
	BGN'000	BGN'000
Available-for-sale financial assets	<u>42</u>	<u>42</u>
	<u>42</u>	<u>42</u>

As at 31 December 2014 there are no financial assets held for sale pledged as collateral.

- **Short-term held to maturity investments**

	2014	2013
	BGN'000	BGN'000
Convertible bonds	<u>19 567</u>	<u>19 567</u>
	<u>19 567</u>	<u>19 567</u>

- **Short-term financial assets at fair value through profit or loss**

	2014 BGN'000	2013 BGN'000
Shares	139 703	58 514
	139 703	58 514

The short-term financial assets 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.

- **Short-term available-for-sale short-term financial assets**

	2014 BGN '000	2013 BGN '000
Shares	9	9
	9	9

The shares in these companies are not traded on a regulated market and their fair value cannot be determined as at 31 December 2014.

10 Information regarding the changes of the company's short and long-term investments:

There are no significant changes of the company's short and long-term investments in 2014.

11 Information regarding loan agreements signed by the issuer, the subsidiaries, and the parent company

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

	2014 BGN'000	2013 BGN'000
Short-term receivables from:		
<i>- parent company</i>		
Invest Capital AD	97 520	91 437
<i>- subsidiaries</i>		
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
<i>Including trade receivables</i>	809	3 534
<i>Including interest receivables</i>	5 777	3 398
<i>- associates</i>		
Lufthansa Technik Sofia OOD	5	5
	5	5
<i>- other related parties under common control</i>		
Konor GmbH	11 164	9 828
Aviation Company Hemus Air AD	1 520	1 341
	12 684	11 169
<i>Including trade receivables</i>	1 520	1 341
<i>Including interest receivables</i>	2 158	1 887
Total short-term related party receivables	185 571	173 302

	2014 BGN '000	2013 BGN '000
Long-term payables to:		
- 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
<i>Including interest payables</i>	-	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
<i>Including trade payables</i>	94	51
<i>Including interest payables</i>	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
<i>Including trade payables</i>	1	1
Total short-term related party payables	112 989	92 061

12 Information regarding the use of the funds, received from new emission of shares during the reporting period

In 2014 the Company has not increased its registered capital.

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

In 2013 the Company has not published any forecasts of the financial result for 2014. All publicly announced targets and objectives were accomplished.

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

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

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

The Company will realize its investing objectives through debt and equity.

16 Information regarding changes that occurred during the accounting period in the basic management principles of the issuer and its economic group

During the accounting period no changes took place in the issuer's basic management principles.

17 Information regarding changes in the Managing and the Supervisory boards during the accounting period.

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

18 Information regarding the issuer's shares owned by the members of the Managing and Supervisory Boards

According to a reference from the Central Depository issued as at 31 December 2014, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Managing Board

Name	Number of shares	% of share capital	
Alexander Kerezov		100 000	0.07%
Ivo Kamenov		309 925	0.21%
Nikola Mishev		33 790	0.02%
Miroliub Ivanov		55 666	0.04%

Change in the number of shares held during the period
01 January 2014 – 31 December 2014

Throughout the period Mr Alexander Kerezov has bought 5 000 new shares of the share capital of Chimimport AD.

Members of the Supervisory Board

Name	Number of shares	% of share capital
Invest Capital AD	111 539 365	73.93%

*The presented information is as at 31 December 2014.

The issuer has not presented any options for its shares, or special rights to the members of the Managing Board.

19 Information about participation of Supervisory and Management Board's members in other trade companies as general partners, as owners' of more than 25 % in other capital shares, as managers of other companies and as members of other companies' Supervisory, Management and Directors Boards, regarding Art. 247 of Commercial act.

Ivo Kamenov Georgiev - CEO, Member of Supervisory and management Board of Chimimport AD

- CEO: Chimimport AD, ID:000627519 - Sofia; Invest Capital AD, ID: 831541734 - Sofia; Invest Capital Consult EOOD, ID: 103050543 - Varna; Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD, ID: 103060548 – Varna; Varna Estates Management EOOD ID 203303200 – Varna;
- member of other companies' Supervisory Board: CCB AD, ID: 831447150 – Sofia
- member of other companies' Management Board: CCB Group EAD, ID: 121749139 - Sofia, Chimimport AD, ID:000627519 - Sofia;
- member of other companies' Directors Board: Invest Capital AD, ID: 831541734 - Sofia; Varna - Plod AD, ID:103106697 -Varna;
- owner of more than 25 % in other capital shares: Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna

Marin Velikov Mitev - CEO, Member of Supervisory and management Board of Chimimport AD

- CEO: Chimimport AD, ID:000627519 - Sofia; Invest Capital AD, ID: 831541734 - Sofia; Invest Capital Consult EOOD, ID: 103050543 - Varna; Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; Sporten Komplex Varna AD, ID: 103941472 - Varna, Golf Shabla AD, ID: 124712625 - Shabla, AMG

- EOOD, ID:103131753 - Varna; Graphity galery EOOD, ID: 103812011, ET Marin Mitev - Project Management, ID: 103326073
- procurator of other companies -TIM EOOD, ID:202317193;
 - member of other companies' Supervisory Board;; CCB AD, ID: 831447150 - Sofia; CCB Group EAD, ID: 121749139 - Sofia
 - member of other companies' Management Board: Chimimport AD, ID:000627519 - Sofia
 - member of other companies' Directors Board: Invest Capital AD, ID: 831541734 - Sofia; Sporten Komplex Varna AD, ID: 103941472 - Varna, Golf Shabla AD, ID: 124712625 - Shabla ; Varna Plod AD, ID: 103106697 - Varna; Ahilea EAD, ID: 124609740 - Dobrich;
 - owner of more than 25 % in other capital shares: Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; ET Marin Mitev - Project Management, ID: 103326073

Mariana Angelova Bazhdarova - Member of Supervisory Board of Chimimport AD

- CEO: Technoimpex AD, ID: 121483350 – Sofia;
- member of other companies' Management Board: Technoimpex AD, ID: 121483350 – Sofia;
- does not own direct investment of more than 25 % of the share capital of other companies.

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

- CEO: Chimimport Pharma AD, ID: 131181471 – Sofia; Bulchimtrade OOD, ID 200477808 – Sofia; Dializa Bulgaria OOD, ID: 131084129 – Sofia;
- procurator of other companies: Dializa Sofia OOD, ID: 131180953 – Sofia;
- member of other companies' Management Board: (Vice – Chairman) CCB AD, ID: 831447150 – Sofia; Chimimport AD, ID: 000627519 – Sofia;
- member of other companies' Directors Board: Chimimport Pharma AD, ID: 131181471 – Sofia; Petrohim Trade EAD ID 130535554 – Sofia.
- does not own direct investment of more than 25 % of the share capital of other companies.

Alexander Dimitrov Kerezov – Vice - Chairman and member of the Management Board of Chimimport AD

- CEO: Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia; HGH Consult, ID: 130452457 – Sofia;
- member of other companies' Supervisory Board: POAD CCB, ID: 825240908, - Sofia;
- member of other companies' Management Board: CCB AD, ID: 831447150 – Sofia; Chimimport AD, ID: 000627519 – Sofia; ZAD Armeec, ID: 121076907 – Sofia; Parahodstvo BRP AD, ID: 827183719 – Ruse; CCB Group EAD, ID: 121749139 - Sofia; Bulgarian Airways Group EAD, ID:131085074 – Sofia; Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia; Asenova Krepost AD ID 112012041.
- does not own direct investment of more than 25 % of the share capital of other companies

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

- CEO: Satellit X OOD, ID: 130584793 – Sofia; Omega Finance OOD, ID: 831385114 – Sofia; Prime Lega Consult OOD, ID: 130993620 – Sofia; Oxymoron 2003 EOOD, ID: 131224983 – Sofia; CCB Real Estates Fund REIT, ID: 131550406 – Sofia; Capital Invest EAD, ID: 121878333 – Sofia; Invest Capital Asset Management" JSC ID: 200775128 – Sofia;
- member of other companies' Management Board: PDNG AD, ID: 824033568 – Sofia; Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia;
- member of other companies' Directors Board: CCB Real Estates Fund REIT, ID: 131550406 – Sofia; Bulgarian Shipping Company EAD, ID: 175389730 – Sofia; NATIONAL COMMODITY EXCHANGEAD, ID: 115223519 – Plovdiv; Capital Invest EAD, ID: 121878333 – Sofia; Invest Capital EAD, ID: 200775128 – Sofia;
- member of other companies' Supervisory Board: POAD CCB, ID: 825240908, - Sofia;
- does not own direct investment of more than 25 % of the share capital of other companies.

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

- CEO: Petrochim Trade EAD, ID: 130535554 – Sofia; Chimsnab Trade OOD, ID: 131388356 – Sofia; Rubber Trade OOD, ID: 130430425 – Sofia; Pamporovo Property EOOD, ID: 200886790 – Asenovgrad; Bulchimtrade OOD, ID: 200477808 – Sofia; Chimceltex OOD, ID: 130434434 – Sofia; Asenova Krepost AD, ID: 115012041 – Asenovgrad;
- member of other companies' Board of Directors: : Petrochim Trade EAD, ID: 130535554 – Sofia; Asela AD, ID: 115023575 – Asenovgrad;
- member of other companies' Management Board: Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia; Asenova Krepost AD, ID: 115012041 – Asenovgrad;
- does not own direct investment of more than 25 % of the share capital of other companies.

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

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

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

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

22 Information regarding the Program for Applying the Internationally Recognized Corporative Governance Standards through the art. 100n from the Public Offering of Securities Act

Information regarding this point is presented in a separate document.

23 Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the prices of the ordinary and preference shares during the twelve month period in 2014 are as follows:

Ordinary shares

Opening price : BGN 2.080 on 02 January 2014
Closing price : BGN 1.727 on 30 December 2014

Preference shares

Opening price : BGN 2.300 on 03 January 2014
Closing price : BGN 2.197 on 30 December 2014

RISKS, TO WHICH THE COMPANY IS EXPOSED TO IN THE NEXT FINANCIAL PERIOD

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

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

The global economic crisis increases the risk for the investors when investing in shares of Chimimport AD

Such an event is the "mortgage crisis", which started in the USA during the second half of 2007 and affected the real estate markets and the financial markets. Due to the high extent of globalization, the crisis had a negative impact both in the United States and all other financial markets. This resulted in a serious decrease in the prices of traded shares on the Bulgarian Stock Exchange. The difficulty to foresee those events and the inability for a full insurance requires the use of a precise method for analysis of the available information, insurance of owned property and definition of a strategic plan, to be used in case of a crisis. According to data from the

economic review of Bulgarian National Bank for the first quarter of 2009, the effects of the global financial crisis on the Bulgarian economy, for the period from the end of 2007 to the middle of September 2008, were limited.

- The first manifestation of the crisis was on the Bulgarian Stock Exchange, where as a result of the global uncertainty and declining liquidity that started in October 2007, a decline of indexes and daily turnovers has begun. The SOFIX index has lost nearly 70% of its value for the period from the middle of October 2007 to the middle of October 2008.
- Increased risk perceptions and lower liquidity in the international context affected the interbank money market, where spreads to euro zone interest rates began to rise from the last quarter of 2007. As at October 2008 the spread between LEONIA and EONIA indexes was approximately 250 b.p. The same spread was below 20 b.p. in the middle of the previous year. A similar dynamics was observed in interest rates on loans and deposits.
- Banks, operating domestically, as well as those operating worldwide, began to tighten terms and conditions for lending and to raise interest rates. In the end of the second quarter of 2008 in Bulgaria, the receivables of banks from non-governmental sector increased by 12.4% compared to the first three months and in the end of the third quarter - by 7.1% compared to the end of June.
- The decrease of international prices of major raw materials and fuel from the second half of 2008 has contributed for rapid slowdown of inflation in the country.

After September 2008 (after the bankruptcy of Lehman Brothers) the global financial crisis has become a global economic crisis and the decline in economic activity in the developed countries in its scope and scale is defined as the most serious since the Great Depression in the 30 years of XX century. The contraction of world trade and production worldwide affected markedly the Bulgarian economy:

- Industrial export sales have fallen significantly. The availability of export orders in industry is deteriorated. Capacity utilization in industry fell from nearly 75% in 2008 to below 70% in the first months of 2009.
- Increasing uncertainty in the economic environment appears to be the most serious constraint for business development in all economic sectors and forces some companies to postpone their investment projects and plans for hiring of more employees.
- Consumers react to uncertainty about future income by postponing purchases of durables and repairs of houses and in this way increase the savings rates.

The impact of the global economic crisis on the Bulgarian economy can be conditionally divided mainly into two periods, according to the speed of recovery of business processes in the country:

1. The first period of the crisis is in the first quarter of 2010. This period was characterized by deterioration in key macroeconomic indicators in the country. Negative GDP growth of -3.5% in the first quarter of 2009, -4.9% in the second quarter and -5.4% for the third quarter led to a recession in 2009. The Bulgarian economy was hit by the global financial crisis with some delay, mainly through the shrinking external demand and sharply diminished financial inflows, including FDI. These factors, together with the contraction of domestic demand and led to a negative -5.8% GDP growth in the fourth quarter of 2009. The resulting negative trend in 2009 continued in the first quarter of 2010.

2. The second period covers the second quarter of 2010 until within the time of writing this report (January 2014). This period was characterized by improvement of basic macroeconomic indicators in the country, albeit tentatively. Refunds of exported to EU countries is one of the main reasons for this. From the second quarter of 2010 when GDP growth was positive by 0.5% to the third quarter of 2011 (2.3% positive real growth rate) data from the Bulgarian National Bank registered an uptrend, the main macroeconomic indicators (GDP). In the third and fourth quarters of 2011 and the first quarter of 2012 this trend was interrupted, but GDP still grew. Given the difficult economic situation and the ongoing debt crisis in the EU, the growth rate of GDP has decreased in general for 2012, but it is still with positive rate measured of 0.8%. During this second period, the government maintains relative macroeconomic stability, as a number of economic indicators (such as the budget deficit and the BGNel of public debt) of Bulgaria that are fairly good against the economies of the European Union, it must be noted, that during 2014 these indicators are going worse. Other macroeconomic indicators such as the BGNel of employment and income, however, continued to deteriorate or to remain without any significant changes.

The impact of the global financial crisis on world economy and the euro zone

The economic crisis hit the world hard in 2008 and especially 2009. Certain countries (China, Russia, India, Brazil and others.), however, felt it poorly or were not at all affected. Within the EU, only Poland maintains economic growth throughout the period. The recovery of the world economy has become more stable since the end of 2010 despite prevailing differences in patterns of growth in countries and regions. In late 2011 and early 2012 a new critical phenomenon began to show signs, both within the euro area and the world as a whole.

Countries like China and India, which were identified as engines of the world economy reduced their rate of economic growth. U.S., supported by cheap energy sources, largely overcame the effects of the crisis, but still can't revert to the same driving force of the world economy.

Year after the debt crisis in Greece, which subsequently spread to many other countries, the state of public finances in the euro area as a whole has begun to stabilize. Greece, Ireland and Portugal, and subsequently in other countries, have received substantial financial assistance, accompanied with actions for cutting budget expenditures. It can be assumed, that fears about public finances in the EUROZONE through 2014 significantly weaken.

Despite the overall improvement, the situation in Greece, Spain, Cyprus, Portugal, Italy, Belgium, Slovenia, and perhaps in other countries also raises some concerns

Most economists warn, however, that the measures to reduce budget deficits and reducing public debt may be charged to the potential of the euro area to generate economic growth for the short term period. There is a risk, that this will affect the Bulgarian economy mainly through the reduction of exports (European countries are major trading partners) and a decline in inflows of foreign capital, which reflects the investment activity, unemployment, domestic consumption. Also there is a risk throughout the EU - for wide discontent among the population, of both the indebted countries and among those that provide net finance bailouts

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

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

Chimimport Group is in the process of introducing a number of reorganizations, completed some time ago, restructuring of the part of its manufacturing and trade companies, through the merger of Chimimport Group EAD in Zurneni Hrani Bulgaria AD. The Group expects that these reorganizations will result in economies of funds and a more effective management of the businesses. There is no certainty, however, that Chimimport Group will manage to implement the planned reorganizations timely and completely nor that they will generate the expected benefits, including economies of expenses.

Rapid growth of Chimimport Group and the restructuring in the Group can be a challenge for its systems of operational, administrative and financial control

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

Group Chimimport may choose inappropriate market strategy

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

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

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

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

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

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

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

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

Abrupt climate changes and natural disasters may have a negative impact on the yield of grains which will have an adverse effect on the grain business of the Group, including cargo turnover of Parahodstvo BRP and make it difficult to obtain payments on the loans to agricultural producers given by CCB. A decline in the yield of agricultural activities related to unfavourable climate conditions, pests or other reasons may lead to overdue receivables related to the sale of fertilizers

with deferred payments and, as a result, to a decrease in the revenue of the Group from the production of and trading in chemical products. The coming into being of large-scale insurance events may lead to difficulties for ZAD Armeec with the compensation payments, irrespective of the reinsurance strategy of the company. Terrorist attacks on sites of the air, river and maritime transport in the region may bring about a reduction in the flow of travellers and traffic and to losses for the companies of the transport branch of the Group: Air Company Bulgaria Air, and Parahodstvo BRP. The activities of the latter may suffer the negative impact of changes in the navigability of the Danube. Both extremes – a critically low and a critically high BGNel of the river - are exceedingly problematic for shipping, because the impeded or completely interrupted navigation results in an increase in expenses and a drop in income for the company.

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

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

Compliance with the legislation concerning the protection of the environment requires constant expenses and commitments by the Group and any noncompliance with the regulatory obligations may lead to significant sanctions and termination of activities.

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

The Group may fail to fund the planned capital expenses and investments.

The businesses of the Group require significant capital expenses, including such for production, exploitation, marketing, environment protection, etc. Chimimport Group expects a great part of these expenses to be funded from the Group's own funds. In case of unfavourable

economic situation or the coming into being of other unfavourable events, it may be necessary to fund these expenses primarily from external sources. There is no certainty whether external funding will be found under acceptable conditions. It may be necessary for Chimimport Group to reduce its planned capital expenses and investment which would have an adverse effect on the operating results and the financial position of the Group.

Group's financial results depend on the prices of several raw materials (such as crude oil, petroleum products, grain, oil seeds, vegetable oils and other) and exchange rates.

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

The volatility of international prices of grain, oil seeds, vegetable oils and other have an impact on the revenue and profit of Zurneni Hrani Bulgaria, as it can result in decrease in the turnover and margins, as well as in increasing the risk of operations (in particular, taking into account the influence of the changes in the exchange rates, specifically USD/EUR).

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

The Group carries out activities exclusively in Bulgaria which is now an EU Member State but has so far been classified as a newly-emerging market by the international investors. The newly-emerging markets are associated with higher risks in comparison to the more developed markets, including, in some cases, material legal, economic and political risks (refer to "*Risks Related to Bulgaria*" below).

A delay in the growth of Bulgaria's economy as a result of political or economic factors (internal and external) will lead to a decrease in the demand for products and services of the Group. In particular, the development of negative macroeconomic processes (decrease in income, increase in unemployment, decrease in assets prices, including real estate, deteriorating in the business climate, general macroeconomic instability, etc.) in the country may lead to direct and indirect impact on the operations of the companies in Chimimport Group, such as:

The creditworthiness of part of CCB's clients worsened and an increase in the amount of unserved loans in its portfolio also worsened. In addition, significant decline in the real estate prices is also possible and may result in impairment of part of the collateral, pledged to CCB. Various factors, including regulatory changes, may force the Bank to allocate more funds for provisions which in turn would decrease her profit.

A decrease in the growth rate of the social security contributions to pension funds (most notably the voluntary, but also for the mandatory ones).

A decrease in the willingness and ability for private and business trips, limiting the cargo turnover and purchases (including imported goods) and other may have an adverse impact on the business of the transport companies in the Group.

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

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

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

Insurance coverage of the activities and assets of the Group may prove to be insufficient

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

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

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

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



Changes in the State policy regarding the mixing of biofuels with petroleum-based fuels, and associated time limits endorsed in the normative acts, would have a negative impact on the income of Zarneni Hrani Bulgaria” in the future.

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

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

General risks

Emerging markets

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

Risks associated with the Bulgarian securities market

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

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

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

At the end of 2014, issues of securities listed on the central market of the BSE are as follows: 111 issues of shares (excluding REITs) of companies, of which 267 are segment shares Premium, a 90 segment shares Standard and 14 issues of shares (listed on the segment of companies with special investment purpose). Registered shares for trading on the Alternative Market are 217, separately traded and 50 shares of companies with special investment purpose.

At the end of 2014 market capitalization of companies traded on the Central Market of the Stock Exchange amounted to 1.683 billion BGN (segment shares Premium), 5.406 billion BGN (segment shares Standard) and 0. 565 billion BGN (segment for companies with special investment purpose).

Separately, the companies traded on Segment shares for trading on the Alternative Market have capitalization of 1.086 billion BGN, and those traded on Segment special-purpose vehicles in the same market - 1,017 billion BGN

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

Risks associated with Bulgaria

Political risks

Under continued still international economic crisis conditions, the usual political risks have an additional burden, related to timely and adequate response of political structures, legislative and executive authorities to the economic situation.

A political risk is also the successful carry on of Bulgaria's integration to the EU. Bulgaria's accession to the EU legitimates the economic reforms that have been undertaken in the name of the country's integration to the Union. In the future the economic growth will depend on the political will to carry on with the economic reforms and to apply the best market practices of the EU, as well as on the impact on the Bulgarian economy of the financial crisis. The Government's ability to implement reforms, in turn, depends on the extent to which the members of the government can continue its efforts in the promotion of this reform, especially in times of economic ambiguity. In the fourth quarter of 2014, a further deterioration of the overall political situation in the country after the ease of tension in the beginning of the year, is noted. Held on May 25, European Parliament elections in Bulgaria were convincingly won by the opposition party GERB. This and other events led to turmoil in the ruling coalition promised to resign the government of Oresharski and scheduling early parliamentary elections on October 5, 2014. The election results led to Parliament with a record number of parties and coalitions, but after intense

negotiations, was formed pro-European government coalition. Despite this, the political risk in the country remains strong.

Economic risks

This is the risk of macro economical concussion, which could be reflect on economic growth, incomes, demand and supply, profits and etc. Bulgaria has an open-ended economy and its development depends directly on the international or external market conditions. Thus raging since mid-2008 global economic crisis is negatively affecting the economic situation in the country, mainly through the reduction in exports and a decline in inflows of foreign capital, which reflects the investment activity, unemployment, income and domestic consumption. This led to a negative real economic growth. Negative GDP growth of -3.5% in the first quarter of 2009, -4.9 percent in the second quarter and -5.4% for the third quarter led to a recession in 2009, the Bulgarian economy has been hit by the global financial crisis with some delay, mainly through the shrinking external demand and sharply diminished financial inflows, including FDI. These factors, together with the contraction of domestic demand led to a negative 5 percent real growth rate of GDP in 2009. In 2010 and 2011 positive real annual growth rate of GDP of 0.74% and 2% respectively was made. In 2012, the growth rate of GDP remained positive, but lower than in the previous 2011 and amounted to 0.5%. In the end of 2013 the growth rate of GDP is 0.9%. GDP growth in the last four years, for now does not lead to a reduction in unemployment. So for 2011, the coefficient the unemployment rate rose to 11.4% in December compared with 10.2% in 2010 to the end of 2012 the unemployment rate rose again to 12.34%. In the third quarter of 2013, there are signs for the first time that this adverse trend may change as data on the Employment Agency unemployment rate dropped to 11.8%

A trend on a monthly basis for reduction of unemployment rate, amounting to 10.5% was noted in 2014 by the end of September.

There is a steady increase in the average monthly wage observed in recent years: - for 2010 it amounted to BGN 648; for 2011 BGN 686; for 2012 – BGN 713; and for 2013 there was yet another increase going up to BGN 808.

Inflation at the end of 2011 (measured by the CPI at the end of the period) grew by 2.8 percent over the previous year. According to NSI data, inflation this year (December 2012 to December 2011) is 4.2%. In the period of 2013, NSI is reported a deflation of 1.6% (as measured by the CPI, compared to the corresponding period of the previous year).

Average annual inflation rate for 2012 is 3% and for 2013 is 0.09%. At the end of the third quarter of 2014 a deflation of 0.8% is noted for the country.

In 2013, the National Bank of Bulgaria has a current account surplus of EUR 857 million, compared with a deficit of EUR 848 million in 2012. One of the main factors for this is an improvement in the trade balance. For January-December 2012 it was negative EUR 3 460.3 million (5.6% of GDP), while in 2012 the negative balance of EUR 3 460.3 million (8.5% of GDP). For the third quarter of 2013, the country has a negative balance of EUR 2 430 million (-5.9% of GDP).

The decrease in the trade deficit in the last year is due to growth in exports of machinery and equipment, food and living animals, as well as the reduction in imports of mineral fuels. The balance of the financial and equity account of positive EUR 1 806 million in 2012 is changed to

negative in 2013 (EUR 1 008.8 mln.). In the end of the third half of 2014 the current account was positive and amounted to EUR 543.5 million and the trade balance is negative and amounts to EUR 2 108.7 mln.

In 2011, the maintained strict fiscal discipline will reduce the projected budget deficit below the Maastricht threshold of 3% of GDP (2.1% according to Eurostat data), while in compare period it had a reported deficit of 3.1%. For the period of 2012 the budget deficit is 0.8% while in 2013 a deficit is higher end reached 1.2 % of GDP. The consolidated budget for the end of November 2013 has been negative amounted to BGN 1 448.4 mln., which is formed from the national budget deficit amounted to 891.6 million BGN and deficit in EU funds amounting to 28 981, BGN 4 million.

Budget balance under the consolidated fiscal program at the end of November 2014 was negative amounting to BGN 1 600.70 million. The fiscal reserve as at the end of 2012 is BGN 6.1 billion, and in the end of December 2013 amounted to BGN 4.7 billion and at the end of September is BGN 8.8 billion, including BGN 8.1 billion deposits of the fiscal reserve account and banks and BGN 0.7 billion receivables from EU funds for certified expenditure, repayments and others. At the end of 2014, according to Eurostat data, the BGN of indebtedness of the country (government and government debt) remains second lowest ratio among all EU countries (Estonia only has better data). What is worrying is that at the end of 2015 is projected sharp increase in government debt to about 30% of GDP according to preliminary data from the Ministry of Finance, by the end of December 2013 nominal of public debt amounted to BGN 7 218.7 million of forecasted GDP for the year.

At the end of the second quarter of 2014, one of the largest banks in the country Corporate Trade Bank after the problems of a different kind, was placed under special supervision, thereafter and its subsidiary CB "Victoria", by the Central Bank. Subsequently, on the second Bank (FIB) an attempt was made to straighten its intentional liquidity problems, which can then be transferred to the banking system. Relatively coordination between institutions led to parry these trials and calming the system (including the European Commission approved state aid of 3.3 billion BGN).

In the fourth quarter of 2014 the banking system continues to stabilize in early December began payment of deposits in the CCB by the Guarantee Fund Bank Deposit (though partly at the cost of borrowed funds) is still uncertainty about future CCB continues and CB "Victoria" was again open

Bulgaria's credit rating was BBB long term on the scale of Standard & Poor's and as at 01.12.2009 the prospect was raised from negative to stable. At 22.07.2011 rating agency Moody's recently increased the credit rating of Bulgaria from Baa2 to Baa3 for long-term bank deposits and the outlook is stable. In the third quarter of 2013 there are no new changes in the credit rating.

Of key importance for the Bulgarian macroeconomic and financial stability is the stability and predictability of exchange rate regime and its credibility. Currently in the society as a whole, there is consensus on the need of the Currency Board and the fixed Exchange rate of EURO to BGN to remain until Bulgaria enters the Eurozone.

In addition to the above-mentioned political risks with regards to the crisis it should be noted that business in Bulgaria has a relatively limited operating history in free market conditions.

Compared to companies operating in countries with developed market economy, the Bulgarian companies are largely characterized by a lack of managerial experience in market conditions and have limited capital resources to develop their operations, and also have low labour efficiency.

The Results of the Group, of operations and financial condition largely depend on the Bulgarian economy, which in turn affects the growth of loans, interest costs and the ability of customers to fulfil their obligations on time. Any negative change in one or more macroeconomic factors like interest rates, which are influenced by Eurozone interest rates under the current rules in Bulgaria currency board, inflation, wage BGN, unemployment, foreign investment and international trade may have significant adverse effect on the issuer's results of operations and financial condition.

Taxation

Taxes payable by Bulgarian companies include withholding taxes, local (municipal) taxes and fees, corporate tax, value-added tax, excise duties, export and import duties and property taxes. In recent years, under conditions of international and domestic economic growth, several governments have taken measures to optimize and reduce the tax burden on businesses and on citizens. During economic crisis opportunities for further reducing the tax burden are very limited. It is possible to reverse the process (by increasing the tax burden or by reducing the amount of services, investments and etc., provided by government).

Bulgaria's accession in EU led to increased competition and additional and more burdensome regulations

Since the accession of Bulgaria on 1 January 2007 in the European Union the issuer faces a competitive pressure from companies in the same branch on the single market. Accession to the European Union led to increased competition for the issuer as the elimination and reduction of barriers led to new competitors from other Member-States entering the Bulgarian market. This leads to reduced revenues and profits of the Group. On the other hand, the harmonization of Bulgarian legislation with the legal acts of European Union on competition is essential. Each change in legislation leads to the need for the Issuer to comply with additional and more onerous rules.

Financial instruments risks

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	2014	2013
	BGN '000	BGN '000
Financial assets available-for-sale:		
Shares	51	51
Held-to-maturity investments:		
Bonds	19 567	19 567
Financial assets available-for-sale designated at fair value through profit or loss:		
Shares	139 703	118 362
Loans and receivables:		
Loans granted	228 152	246 398
Related party receivables	268 151	263 874
Trade and other receivables	49 203	37 112
Cash and cash equivalents	84 147	86 096
	788 923	771 460
Financial liabilities	2014	2013
	BGN '000	BGN '000
Borrowings measured at amortized cost:		
Non-current liabilities:		
- dividend liabilities	22 215	34 851
- loans	155 690	175 441
- finance lease liabilities	-	3
Current liabilities:		
- dividend liabilities	16 791	16 770
- loans	141 259	117 891
- finance lease liabilities	5	24
- trade and other receivables	31 571	30 954
	367 531	375 934

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 annual financial statement's notes. 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.

Market risk analysis

Foreign currency risk

Most of the Company's transactions are carried out in Bulgarian leva. Exposures to currency exchange rates arise from the Company's 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 '000	EUR '000	USD '000	EUR '000
31 December 2014				
Financial assets	24 883	125 030	-	-
<i>Incl. short-term deposits in a bank</i>	<i>14 110</i>	-	-	-
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	-	-
<i>Incl. short-term deposits in a bank</i>	<i>11 971</i>	-	-	-
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 + / - 1.80%). These 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 BGN '000	Decrease 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.

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 2013, 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 (2 158)	BGN'000 2 158
31 December 2013	Impact on post-tax profit of the year	
	12M EURIBOR	
	+14%	-14%
	BGN'000 (31)	BGN'000 31

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.

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.

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	Within 12 months	2 to 5 years
	BGN'000	BGN'000	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.

Fair value measurement

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 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total 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	-	131 168
31 December 2013					
	Note	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total 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	-	58 373

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.

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 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
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Investment property:

Land and building	-	-	33 572	33 572
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31 December 2013	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
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Investment property:

Land and building	-	-	31 555	31 555
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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 31.12.2014. The previous revaluation was made on 31.12.2013.

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:	2 017
- increase in fair value of investment property	
Balance at 31 December 2014	33 572
Total amount included in profit or loss for unrealised gains	2 017

Capital management policies and procedures

The Company's capital management objectives are:

- 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	2013
	BGN'000	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.

**Approved by Managing Board of
Chimimport AD**

**30 March 2015
Sofia**