

Annual Consolidated Activity Report of the Group of CHIMIMPORT AD, Sofia for 2011

The following Annual Consolidated 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 2011 – 31 December 2011.

It has been prepared in accordance with Article 33, Paragraph 1 from the Accountancy Act; Article 100n, 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.

Managing bodies: General Meeting of the Shareholders, Supervisory Board and Managing Board.

1 Members of the Supervisory Board:

1. Chimimport Invest AD – Represented by Martin Mitev;
2. CCB Group EAD, represented by Miroljub Ivanov;
3. Mariana Bazhdarova.

2 Members of the Managing Board:

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

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

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

Share capital: The Company's share capital amounts to BGN 230 344 603.

Number of shares issued: The share capital of Chimimport AD as at 31 December 2011 consists of 150 857 596 (2010: 150 858 809, 2009: 150 577 390) ordinary shares with a par value of BGN 1 per share and 88 770 671 (2010: 88 787 458, 2009: 89 068 877) preferred shares with a par value of BGN 1, including 5 170 175 (2010: 5 784 484, 2009: 5 643 171) ordinary shares and 4 131 489 (2010: 4 102 889 2009: 4 140 794) preferred shares, acquired by companies of Chimimport Group. The ordinary shares of Chimimport AD are 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 Group's estate.

On 12 June 2009, Chimimport AD issued obligatory convertible preferred shares with a fixed guaranteed annual dividend of 9 % and a guaranteed liquidating dividend. The issuance consists



of 89 646 283 subscribed and paid for preferred shares at issue price of BGN 2.22, representing 99.61 % from the shares offered. The accumulated capital from the offering amounts to BGN 199 014 748.26. The mandatory converting of the shares happens at the end of the seventh year after the subscription and the increase of the share capital in the Trade register.

	2011	2010	2009
Shares issued and fully paid:			
- beginning of the year	229 758 894	229 862 302	144 138 806
- issued during the year /preferred shares/		-	89 646 283
- reduction of preferred shares due to conversion into ordinary shares during the year	(16 787)	(281 419)	(577 406)
- increase in ordinary shares due to conversion of preferred shares into ordinary shares during the year	16 787	281 419	577 406
- treasury shares /ordinary and preferred/, sale, (acquired) by subsidiaries during the year	585 709	(103 408)	(3 922 787)
Shares issued and fully paid as at period end	230 344 603	229 758 894	229 862 302

Share premium

On 12 June 2009 Chimimport AD issued mandatory convertible preferred shares with 9% guaranteed fixed annual dividend and guaranteed liquidation quota. 89 646 283 preferred shares are issued and paid with issue value amounting to BGN 2.22 each, representing 99.61% of the offered shares. The accumulated capital during the public offering amounts to BGN 199 015 thousand. The obligatory conversion of the shares occurs at the end of the seventh year after the registration of the capital increase in the Trade register.

The accumulated funds above the nominal value of the share capital amounting to BGN 105 082 thousand are allocated as follows:

- BGN 27 622 thousand – share premium
- BGN 8 348 thousand – current dividend payables
- BGN 70 008 thousand – non-current dividend payables
- BGN 3 391 thousand – share issue expenses

Dividend payables and share premium, resulting from the conversion of 858 825 preferred shares and the acquisition of 585 709 shares of the Group by subsidiaries, are allocated as follows:

- BGN 28 272 thousand – share premium
- BGN (1 432) thousand – reduction of share premium due to treasury shares acquired by subsidiaries
- BGN 16 770 thousand – current dividend payables
- BGN (849) thousand – reduction of current dividend payables due to treasury shares acquired by subsidiaries
- BGN 56 245 thousand – non-current dividend payables BGN (2 846) thousand – reduction of non-current dividend payables due to treasury shares acquired by subsidiaries



	2011 BGN'000	2010 BGN'000	2009 BGN'000
Premium reserve from 2009, 2007 and 2006	219 761	219 995	260 475
Decrease of the share premium resulting from purchase of shares by subsidiaries	5 882	(234)	(40 480)
	225 643	219 761	219 995

In 2011 the share premium is increased by BGN 5 882 thousand (2010: BGN 234 thousand, 2009: BGN 40 480 thousand) as a result of the sale of treasury shares by subsidiaries.

As at 31 December 2011 share premium amounts to BGN 5 882 thousand (2010: BGN 219 995 thousand, 2009: BGN 260 475 thousand). Share premium is formed by the following issues:

- Share premium amounting to BGN 28 256 thousand from the issue of preferred shares in 2009. The share premium is reduced by the portion of the issue expenses, attributable to equity, at the amount of BGN 2 033 thousand. In 2011, the share premium is increased by BGN 16 thousand, related to the converted during the year 16 787 preferred shares.
- Share premium amounting to BGN 199 418 thousand from secondary public offering of shares of the Group in 2007. The premium is reduced by the issue expenses at the amount of BGN 581 thousand.
- Share premium amounting to BGN 32 925 thousand from initial public offering of shares of the Group for the period of 7 September 2006 to 20 September 2006. Share premium of the issue is reduced by the share issue expenses at the amount of BGN 327 thousand.

The Group of Chimimport AD is engaged in the following business activities:

The main business activity of the Group consists of:

- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies, in which interest is held;
- Bank services, finances, 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 trade 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

The subsidiaries included in the consolidation are as follows:

Name of the subsidiary	Country of incorporation	Main activities	31.12.2011	31.12.2010	31.12.2009
			%	%	%
Central Cooperative Bank AD	Bulgaria	Finance		75.33%	75.30%
Central Cooperative Bank AD – Skopje	Macedonia	Finance		62.24%	62.18%
Stater Bank AD	Macedonia	Finance		70.65%	-
CCB Group EAD	Bulgaria	Finance		100.00%	100.00%
CCB Assets Management EOOD	Bulgaria	Finance		100.00%	100.00%
ZAD Armeec	Bulgaria	Finance		87.90%	87.90%
ZAED CCB Life	Bulgaria	Finance		100.00%	100.00%
ZOK CCB Health EAD	Bulgaria	Finance		100.00%	100.00%
POAD CCB Sila	Bulgaria	Finance		46.78%	89.30%
DPF CCB Sila	Bulgaria	Finance		46.78%	89.30%
UPF CCB Sila	Bulgaria	Finance		46.78%	89.30%
PPF CCB Sila	Bulgaria	Finance		46.78%	89.30%
Chimimport Holland B.V.	The Netherlands	Finance		100.00%	100.00%
Oil and Gas Exploration and Production AD	Bulgaria	Production, Trade and Services		53.94%	54.16%
Zarneni Hrani Bulgaria AD	Bulgaria	Production, Trade and Services		60.07%	60.84%
Bulgarian Oil Refinery EOOD	Bulgaria	Production, Trade and Services		53.94%	54.16%
Slanchevi lachi Provadia EOOD	Bulgaria	Production, Trade and Services		60.07%	60.84%
Prime Lega Consult OOD	Bulgaria	Production, Trade and Services		70.00%	70.00%
SK HGH Consult OOD	Bulgaria	Production, Trade and Services		59.34%	59.34%
Omega Finance OOD	Bulgaria	Production, Trade and Services		83.80%	83.80%
Sofgeoprouchvane EOOD	Bulgaria	Production, Trade and Services		53.94%	54.16%
PDNG – Serviz EOOD	Bulgaria	Production, Trade and Services		53.94%	54.16%
Izdatelstvo Geologia i Mineralni Resursi OOD	Bulgaria	Production, Trade and Services		37.75%	37.91%

Chimimport Group EAD	Bulgaria	Production, Trade and Services	100.00%	100.00%
Bulchimtrade OOD	Bulgaria	Production, Trade and Services	60.00%	60.00%
Chimoil Trade OOD	Bulgaria	Production, Trade and Services	60.00%	60.00%
Rubber Trade OOD	Bulgaria	Production, Trade and Services	60.00%	60.00%
Orgachim Trading 2008 OOD	Bulgaria	Production, Trade and Services	60.00%	60.00%
Chimceltex OOD	Bulgaria	Production, Trade and Services	60.13%	60.13%
Fertilizers Trade OOD	Bulgaria	Production, Trade and Services	52.00%	52.00%
Dializa Bulgaria OOD	Bulgaria	Production, Trade and Services	50.00%	50.00%
Chimimport Pharma AD	Bulgaria	Production, Trade and Services	60.00%	60.00%
Siliko 07 OOD	Bulgaria	Production, Trade and Services	50.00%	50.00%
Medical Center Health Medica OOD	Bulgaria	Production, Trade and Services	90.00%	90.00%
Chimsnab AD Sofia	Bulgaria	Production, Trade and Services	97.29%	93.33%
Brand New Ideas EOOD	Bulgaria	Production, Trade and Services	-	100.00%
IT Systems Consult EOOD	Bulgaria	Production, Trade and Services	100.00%	100.00%
Aris 2003 EOOD	Bulgaria	Production, Trade and Services	-	60.13%
Anitas 2003 EOOD	Bulgaria	Production, Trade and Services	100.00%	100.00%
Goliama Dobrudjanska Melnitsa EAD	Bulgaria	Production, Trade and Services	60.07%	60.84%
Chimtrans OOD	Bulgaria	Production, Trade and Services	60.00%	60.00%
Chimoil BG EOOD	Bulgaria	Production, Trade and Services	53.94%	-
Trans intercar EOOD	Bulgaria	Sea and River Transport	100.00%	100.00%
MAYAK KM AD	Bulgaria	Sea and River Transport	77.44%	77.62%
Port Balchik AD	Bulgaria	Sea and River Transport	62.07%	70.63%
Bulgarian Shipping Company EAD	Bulgaria	Sea and River Transport	100.00%	100.00%
Parahodstvo Bulgarsko Rečno Plavane AD	Bulgaria	Sea and River Transport	82.16%	82.36%
Blue sea horizon corp	Seychelles	Sea and River Transport	82.16%	-
Interlihter EOOD	Slovakia	Sea and River Transport	82.16%	82.36%
VTC AD	Bulgaria	Sea and River Transport	41.90%	42.00%
Port Lesport AD	Bulgaria	Sea and River Transport	99.00%	99.00%
Lesport Project Management EOOD	Bulgaria	Sea and River Transport	99.00%	99.00%
Bulgarian Logistic Company EOOD	Bulgaria	Sea and River Transport	100.00%	100.00%



Port Pristis OOD	Bulgaria	Sea and River Transport	45.19%	-
Bulgarian Aviation Group EAD	Bulgaria	Aviation Transport	100.00%	100.00%
Bulgaria Air AD	Bulgaria	Aviation Transport	99.99%	99.99%
Molet EAD	Bulgaria	Aviation Transport	100.00%	100.00%
Airport Services EOOD	Bulgaria	Aviation Transport	100.00%	100.00%
Bulgaria Air Technique EOOD	Bulgaria	Aviation Transport	99.99%	-
Energoproekt AD	Bulgaria	Construction and engineering	83.20%	83.20%
Triplan Architects EOOD	Bulgaria	Construction and engineering	83.20%	83.20%
Golf Shabla AD	Bulgaria	Real estate	35.06%	35.20%
Sporten Complex Varna AD	Bulgaria	Real estate	65.00%	65.00%
Bulchimex OOD	Germany	Real estate	100.00%	100.00%



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

General changes in the profit and revenue from non-financial activity of the Group by segments:

Business Segmements	Production, Trade and Services	Financial sector	Transport sector	Real estates	Construction and Engineering sector
31 December 2011	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Share of the single segment in the Group's profit	13.04%	76.57%	10.50%	(0.16%)	0.05%

The Finance segment has the biggest share of the Group's net profit in 2011.

Business Segmements	Production, Trade and Services	Financial sector	Transport sector	Real estates	Construction and Engineering sector
31 December 2010	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Share of the single segment in the Group's profit	12.84%	78.15%	8.71%	0.21%	0.10%

Information regarding the income, distributed in separate activity category, internal and external markets

Operating segments	Production, trade and services	Financial sector	Transport sector	Real estate sector	Construction and engineering sector	Elimination	Consolidated
31 December 2011	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Income from non-financial activities from external customers	70 723	19 138	386 211	217	1 590	-	477 879
Profit from the sale of non-current assets	-	20 441	-	-	-	22 642	43 083
Change in fair value of investment property	18 316	12 652	329	-	622	(1 081)	30 838
Inter-segment income from non-financial activities	26 001	4 573	4 691	-	1 907	(37 172)	-
Total income from non-financial activities	115 040	56 804	391 231	217	4 119	(15 611)	551 800
Result from non-financial activities	28 736	56 804	25 738	(237)	659	18 433	130 133
Insurance income from external customers	-	323 650	-	-	-	-	323 650
Inter-segment insurance income	-	5 671	-	-	-	(5 671)	-
Total insurance income	-	329 321	-	-	-	(5 671)	323 650
Result from insurance	-	27 669	-	-	-	(2 607)	25 062
Interest income	9 848	236 969	13 270	507	114	(40 355)	220 353
Interest expenses	(12 693)	(153 689)	(18 437)	(136)	(693)	40 355	(145 293)
Result from interest	(2 845)	83 280	(5 167)	371	(579)	-	75 060
Gains from transactions with financial instruments from external customers	11 211	274 376	847	-	1	-	286 435
Inter-segment gains from transactions with financial instruments	38	3 465	-	-	-	(3 503)	-
Gains from transactions with financial instruments	11 249	277 841	847	-	1	(3 503)	286 435
Result from transactions with financial instruments	8 844	31 944	796	-	1	739	42 324
Administrative expenses	(15 082)	(171 509)	(13 408)	-	-	11 018	(188 981)
Divident income	737	37 476	1 224	-	-	(37 210)	2 227
Net result from equity accounted investments in associates	103	403	10 393	-	-	-	10 899
Other financial income/ expense	(218)	55 890	(4 141)	(419)	14	(8 115)	43 011
Profit for allocating insurance batches	-	(11 127)	-	-	-	-	(11 127)
Profit for the period before tax	20 275	110 830	15 435	(285)	95	(17 742)	128 608
Tax expenses	(1 992)	(3 426)	(705)	62	(29)	85	(6 005)
Net profit for the year	18 283	107 404	14 730	(223)	66	(17 657)	122 603



Information regarding the income, distributed in separate activity category, 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% 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.

Income and expenses structure

Income from non-financial activities

	2011 BGN'000	2010 BGN'000	Change
Income from the sale of plane tickets	224 696	228 585	(1.70%)
Income from sale of trading goods	47 153	208 158	(77.35%)
Income from services rendered	93 088	109 075	(14.66%)
Income from sale of finished goods	21 228	23 790	(10.77%)
Other	91 714	67 175	36.53%
	477 879	636 783	

Expenses for non-financial activities

	2011 BGN'000	2010 BGN'000	Change
Cost of finished and trading goods sold	(39 520)	(189 062)	(79.10%)
Cost of materials	(126 344)	(105 979)	19.22%
Hired services	(178 453)	(176 067)	1.36%
Depreciation and amortization	(31 253)	(37 513)	(16.69%)
Employee expenses	(33 445)	(32 113)	4.15%
Other	(12 652)	(16 623)	(23.89%)
	(421 667)	(557 357)	

Change in fair value of investment property

	2011 BGN'000	2010 BGN'000	Change
Proceeds from sale of non-current assets	(851)	(1 714)	(50.35%)
Carrying amount of non-current assets sold	43 934	-	
Gain/(Loss) from sale of non-current assets	43 083	(1 714)	



Insurance income

	2011 BGN'000	2010 BGN'000	Change
Insurance premium income	157 891	146 233	7.97%
Regression income	6 626	7 236	(8.43%)
Income from released insurance reserves	132 771	116 126	14.33%
Income from reinsurance operations	20 648	20 081	2.82%
Other insurance income	5 714	287	1890.94%
	323 650	289 963	

Insurance expenses

	2011 BGN'000	2010 BGN'000	Change
Indemnities paid off	(68 365)	(70 871)	(3.54%)
Liquidation of damages expenses	(2 356)	(2 396)	(1.67%)
Acquisition expenses	(29 947)	(33 502)	(10.61%)
Expenses for insurance reserves set aside	(153 746)	(131 283)	17.11%
Reinsurance expenses	(33 804)	(11 358)	197.62%
Other insurance expenses	(10 370)	(26 562)	(60.96%)
	(298 588)	(275 972)	

Interest income by types of sources:

	2011 BGN'000	2010 BGN'000	Change
Legal entities	150 671	134 047	12.40%
Government securities	25 216	21 812	15.61%
Banks	6 982	696	903.16%
Individuals	36 124	42 096	(14.19%)
Other	1 360	1 168	16.44%
	220 353	199 819	

Interest expenses by depositors:

	2011 BGN'000	2010 BGN'000	Change
Legal entities	(56 340)	(49 257)	14.38%
Individuals	(74 764)	(52 136)	43.40%
Banks	(13 200)	(11 504)	14.74%
Other	(989)	(358)	176.26%

(145 293)	(113 255)
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Gains from transactions with financial instruments

	2011	2010	Change
	BGN'000	BGN'000	
Revaluation of financial instruments	234 674	203 178	15.50%
Gains from transactions with securities	50 497	94 999	(46.84%)
Other	1 264	649	94.76%
	286 435	298 826	

Losses from transactions with financial instruments

	2011	2010	Change
	BGN'000	BGN'000	
Revaluation of financial instruments	(214 578)	(154 348)	39.02%
Losses from transactions with securities	(27 601)	(24 053)	14.75%
Other	(1 932)	(524)	268.70%
	(244 111)	(178 925)	

Dividend income

	2011	2010	Change
	BGN'000	BGN'000	
Dividend income	2 227	1 193	13.25%
	2 227	1 193	

Administrative expenses

	2011	2010	Change
	BGN'000	BGN'000	
Cost of materials	(6 110)	(5 730)	6.63%
Hired services	(58 177)	(51 246)	13.52%
Depreciation and amortization	(35 239)	(12 709)	177.28%
Employee expenses	(61 767)	(60 170)	2.65%
Other	(27 688)	(37 491)	(26.15%)
	(188 981)	(167 346)	

Employee expenses

	2011	2010	Change
	BGN'000	BGN'000	



Wages	(81 125)	(78 748)	3.02%
Social security expenses	(14 087)	(13 535)	4.08%
	(95 212)	(92 283)	

Other financial income, net

	2011	2010	Change
	BGN'000	BGN'000	
Fees and commissions income, net	22 417	22 343	0.33%
Net result from foreign exchange differences	3 995	3 100	28.87%
Cessions income	16 599	3 621	358.41%
Others	43 011	29 064	
	22 417	22 343	0.33%

Fees and commissions income

	2011	2010	Change
	BGN'000	BGN'000	
Servicing loans	2 194	2 681	(18.16%)
Servicing commitments and contingencies	1 163	1 299	(10.47%)
Servicing of deposit accounts	2 507	3 187	(21.34%)
Bank transfers in Bulgaria and abroad	17 596	9 709	81.23%
Other income	5 607	6 939	(19.20%)
Other fees and commissions income, different from banks	-	4 978	(100.00%)
Total fees and commissions income	29 067	28 793	

Fees and commissions expenses

	2011	2010	Change
	BGN'000	BGN'000	
Bank transfers in Bulgaria and abroad	(3 175)	(2 546)	(7.22%)
Servicing accounts	(167)	(180)	24.71%
Release of precious parcels	(158)	(125)	(47.76%)
Transactions with securities	(70)	(134)	93.60%
Other fees and commissions expenses, different from banks	(2 838)	(3 108)	(8.69%)
Other expenses	(242)	(357)	(32.21%)
Total fees and commissions expenses	(6 650)	(6 450)	



Gain/ (loss) from sale of non-current assets	2011	2010	Change
	BGN'000	BGN'000	
Revenue from sales	42 578	8 693	389.80%
Carrying amount of the non-current assets sold	(11 740)	(11 046)	6.28%
Gain/ (loss) from sale of non-current assets	30 838	(2 353)	

In 2011 Chimimport AD paid to its shareholders, owners of preferred shares as at 11 August 2011, guaranteed dividend at the total of BGN 9 532 thousand or BGN 0.1077 per preferred share.

Important Research and Development

The Group did not appoint or perform any important research and development activities during 2011.

Information regarding conclusion of major deals or such of a significant importance for the activity of the issuer

The Group has not made any significant deals according to article 1 of the Law on Public Offering of Securities throughout the accounting period, that may have any serious impact on the future activity of the issuer.

Information regarding the transactions between the issuer and its related parties in 2011, the proposals for concluding such deals, as well as deals 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 Group include the parent company, its subsidiaries, the key management personnel and other parties, described below.

Unless particularly stated, transactions with related parties were not performed under special conditions and no assurance were issued or received.

Transactions with the owners

Transactions with owners

Sale of goods and services, interest income and other income	2011	2010
	BGN'000	BGN'000
<i>- interest income</i>		
Chimimport Invest AD	15 058	9 651

Purchase of services, interest expense and other expenses

<i>- purchase of services</i>		
Chimimport Invest AD	(90)	(25)
<i>- interest expense</i>		
Chimimport Invest AD	(284)	-

Transactions with associates and other related parties under common control

Sale of goods and services, interest income and other income	2011	2010
	BGN'000	BGN'000
<i>- sale of finished goods</i>		
Kavarna Gas OOD	1 379	1 316
Fraport TSAM AD	181	248
Preslava EOOD	-	11
Other	-	3
<i>- sale of finished goods</i>		
Fraport TSAM AD	1 012	724
Asenova Krepost AD	73	83
Chimsnab Trade OOD	22	-
Aviation Company Hemus Air EAD	-	88
Other	-	41
<i>- sale of services</i>		
OAo Airport Kazan	467	-
Lufthansa Technik Sofia OOD	411	-
Aviation Company Hemus Air EAD	191	1 426
Consortium Shlegel - Energoproekt	71	-
Fraport TSAM AD	48	-
Asenova krepost AD	42	-
Chimsnab Trade OOD	4	11

M Car OOD	3	-
PIC Saglasie AD	2	-
Kavarna Gas OOD	1	-
Consortium Energoproekt – Royal Haskoning	-	1 649
CCB Leader VF	-	443
CCB Active VF	-	335
CCB Garant VF	-	6
Other	945	147

- interest income

Aviation Company Hemus Air EAD	7 351	5 207
OAO Airport Kazan	255	-
Fraport TSAM AD	181	187
M Car OOD	161	-
Conor – Switzerland	86	608
Lufthansa Technik Sofia OOD	23	-
Kavarna Gas OOD	5	-
Holding Asenova Krepost AD	-	42
Asenova Krepost AD	-	22
Park Build EOOD	-	5
Other	1 397	682

Purchase of services and interest expense

2011 **2010**
BGN'000 **BGN'000**

- purchase of services

Aviation Company Hemus Air EAD	(16 678)	(7 994)
Fraport TSAM AD	(3 393)	(6 200)
Lufthansa Technik Sofia OOD	(3 002)	-
M Car OOD	(120)	-
OAO Airport Kazan	(37)	-
Capital Invest EAD	(1)	(5)
M Car Stara Zagora EOOD	(1)	-
Chimsnab Trade OOD	-	(4)
Other	(8)	-

- interest expense

Fraport TSAM AD	(480)	(443)
Holding Asenova krepost AD	(95)	-
PIC Saglasie Co.Ltd.	(75)	(1)
Dobrichki panair AD	(32)	-
Amadeus Bulgaria OOD	(29)	(17)

Invest Capital EAD	(11)	(13)
Asela AD	(4)	-
Capital Invest EAD	(3)	(8)
Chimsnab Trade OOD	(1)	(1)
Other	(327)	(5)

Transactions with key management personnel

Key management of the Group includes members of the Managing Board and Supervisory Board. Key management personnel remuneration includes the following expenses:

	2011	2010
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries, including bonuses	2 193	568
Social security costs	28	28
Group car allowance	8	11
Total short-term benefits	<u>2 229</u>	<u>607</u>
Total remunerations	<u>2 229</u>	<u>607</u>

1. Related party balances at year-end

	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Non-current			
Non-current receivables from:			
- <i>associates</i>			
Fraport TSAM AD	1 347	2 738	5 867
Lufthansa Technik Sofia OOD	94	673	-
	<u>1 441</u>	<u>3 411</u>	<u>5 867</u>
- <i>related parties</i>			
Aviation Company Hemus Air EAD	96	-	5 459
Chimsnab Trade OOD	-	25	-
Other	644	3	28
	<u>740</u>	<u>28</u>	<u>5 487</u>
Total non-current receivables from related parties:	<u>2 181</u>	<u>3 439</u>	<u>11 354</u>



	2011 BGN'000	2010 BGN'000	2009 BGN'000
Current			
Current receivables from:			
<i>- owners</i>			
Chimimport Invest AD	147 383	137 979	27 925
	147 383	137 979	27 925
<i>- associates</i>			
Conor GmbH	9 422	-	-
Fraport TSAM AD	5 974	3 129	-
Lufthansa Technik Sofia OOD	726	1 256	2 151
PIC Saglasie Co.Ltd.	649	739	739
Kavarna Gas OOD	531	389	518
Holding Nov Vek AD	-	-	9 605
	17 302	5 513	13 013
<i>- other related parties under common control</i>			
Aviation Company Hemus Air EAD	86 555	58 876	36 577
OAD Airport Kazan	10 571	-	-
Consortium Energoproekt – Royal Haskoning	2 471	-	-
M Car OOD	2 186	-	-
Chimsnab Trade OOD	27	-	-
Asenova Krepost AD	26	728	-
Air Ban Ltd.	-	-	8 405
Other	154	3 702	2 207
	101 990	63 306	47 189
Total current receivables from related parties:	266 675	206 798	88 127

	2011 BGN'000	2010 BGN'000	2009 BGN'000
Non-current payables to:			
<i>- associates</i>			
Fraport TSAM AD	1 430	496	-
Amadeus Bulgaria OOD	130	-	-
PIC Syglasie AD	88	-	-
Lufthansa Technik Sofia OOD	43	-	-
Kavarna Gaz OOD	22	-	-
	1 713	496	-



- other related parties under common control

Aviation Company Hemus Air EAD	170	-	-
Asela AD	46	-	-
Chimsnab Trade OOD	27	-	-
Asenova krepost AD	21	-	-
Capital Invest EAD	9	-	-
Invest Capital EAD	3	-	-
Pamporovo property EOOD	2	-	-
Holding Asenova krepost AD	1	-	-
Other	45	330	-
	324	330	-

Total non-current payables to related parties:

	2 037	826	-
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	2011	2010	2009
	BGN'000	BGN'000	BGN'000

Current

Current payables to:

-owners

Chimimport Invest AD	109	360	-
	109	360	-

-associates

PIC Syglasie AD, together with PPF, UPF and DPF Syglasie	9 046	-	-
Fraport TSAM AD	2 773	22 793	3 263
Lufthansa Technik Sofia OOD	1 766	-	-
Dobrichki panair AD	897	-	-
Amadeus Bulgaria OOD	395	-	-
Kavarna Gaz OOD	62	-	-
Holding Nov Vek AD	-	-	334
	14 939	22 793	3 597

- other related parties under common control

Consortium Energoproekt – Royal Haskoning	2 797	-	-
Holding Asenova Krepost AD	2 192	-	-
Asenova Krepost AD	429	-	-
OAD Airport Kazan	237	-	-
Invest Capital EAD	226	-	-
M Car OOD	216	-	-
Asela AD	138	-	-
Aviation Company Hemus Air EAD	39	189	514
Capital Invest EAD	31	-	-



Chimsnab Trade OOD	19	-	-
Other	652	2 288	3 341
	6 976	2 477	3 855
Total current payables to related parties:	22 024	25 630	7 452

Information regarding unusual events and indices for the issuer that have 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 occurred in 2011.

Information regarding off-balance transactions

As at 31 December 2011, the Group has the following contingent assets and liabilities:

As at 31 December 2011 and 2010, the Group has entered into lease contracts with customers for the total amount of BGN 88 295 thousand and BGN 71 012 thousand respectively. The future disbursement of the sum depends on whether the lessees fulfill certain requirements, including no overdue loans, granting collateral with certain quality and liquidity, etc.

In regards to its insurance activity in 2011, the Group is counterparty in 7 097 claims at the amount of BGN 10 085 thousand, including claims, filed for voluntary compliance and those which have been brought to court. Claims brought to the Group as at 31 December 2011 are 521 totaling BGN 1 172 thousand, including those filed for voluntary compliance and those which have been brought to court. As required by Regulation N27/ 29 March 2006, the Group sets aside reserve for claims that covers more than the amount claimed to the insurance companies of the Group.

The Group is a counterparty to bank guarantees issued under contract dated 2 October 2006 with DSK Bank EAD, secured by mortgage on the building "House of geologist" located in resort St. Constantine and Elena, owned by Park Build Ltd.:

- Bank guarantee in favor of Immorent Bulgaria at the amount of EUR 114 thousand
- Bank guarantee on behalf of PDNG AD in favor of the National Revenue Agency at the amount of BGN 299 thousand.
- Bank guarantee in favor of the Ministry of Economy, Energy and Tourism at the amount of BGN 113 thousand.

The Group is a counterparty to bank guarantees issued by UniCredit Bulbank at the amount of BGN 427 thousand. The bank guarantees expire on 30 November 2030.

On 27 October 2011 in relation to the expiring of the bank guarantee, issued by DSK Bank EAD on 6 August 2010, a new bank guarantee is issued at the amount of EUR 50 thousand, guaranteeing the activities of environmental protection and reclamation of damaged as a result of geological activities plots in Block 1-12 Kneja, Bulgarian land. The bank guarantee expires on 30 June 2015.

On 19 July 2010 DSK Bank EAD, Sofia has issued a bank guarantee at the amount of EUR 32 thousand, guaranteeing the fulfilling of the work program of the Group for the first year under



the Treaty on prospecting and exploration of crude oil and natural gas in Block 1-12 Kneja, Bulgarian land.

Under Sofia City Court Decision №1 dated 27 May 2004 regarding Bulgarian Petroleum Refinery Ltd. a contract for pledge on commercial enterprise is registered – Bulgarian Petroleum Refinery Ltd, as a set of rights, obligations and factual relations including the assets describes in Annex №1 thereto signed between Bulgarian Post Bank AD and Bulgarian Petroleum Refinery Ltd. regarding the bank loan agreement № 532-1464/30.09.2003, concluded with Bulgarian Post Bank AD at the amount of EUR 4 807 thousand. The loan was repaid in full at the end of September 2008; the pledge has not yet been withdrawn

Information regarding the shares of the issuer, its major domestic and foreign investments (in securities, financial instruments, intangible assets and real estate), as well as investments in equity securities outside its economic group and the source of financing

Investments in subsidiaries

Acquisition of Plovdivska stokova borsa AD

In 2011 the Group acquired additional 67.00% share capital of Plovdivska Stokova Borasa AD. As a result of the acquisition goodwill is recognized at the amount of BGN 790 thousand. The Group owned 88 shares of the capital of the company before the acquisition that represent 10% of its share capital.

The total cost of acquisition was BGN 2 101 thousands and includes the components stated below:

	BGN'000
Purchase price, settled in cash	2 101
Total consideration	2 101

The fair value amounts recognized for each class of the acquiree's assets and liabilities of Plovdivska Stokova Borsa AD recognized at the acquisition date are as follows:

	Recognized at acquisition date
Property, Plant and Equipment	56
Other intangible assets	2
Financial Assets	273
Receivables and other assets	1649
Cash and Cash equivalents	106
Payables	(158)
Net value of the assets	1928
Non-controlling interest	(482)
Fair value of identifiable net assets acquired by the Group	1 446



The non-controlling interest in Plovdivska Stokova Borsa AD recognized at the acquisition date was measured at the value of their proportion of identifiable assets and liabilities.

Goodwill has been recognized as a result of the acquisition as follows

	BGN'000
Total consideration	2 101
Fair value of identifiable net assets acquired by the Group	(1 446)
Goodwill	655

No major lines of business have been disposed of as a result of the combination.

Acquisition of Stater Bank AD in 2010 and merger in 2011 with CCB AD, Skopje

In 2010 the Group acquired 323 839 ordinary shares with voting rights of Stater Bank AD's share capital with headquarter in Kumanovo, Republic of Macedonia. As a result the Group acquired 70.65 % of Stater Bank AD's share capital which led to controlling interest in the capital of the subsidiary. Before the acquisition the Group possessed 5 975 preferred shares with no voting right of the capital of the subsidiary.

The acquisition of Stater Bank AD was realized in order to expand the banking sector of the Group in Macedonia and expected decrease in costs for bank activity due to economies of size.

The acquisition costs at the total of BGN 8 539 thousands was paid entirely in cash. Total fair value of acquired net assets is BGN 21 702 thousands. The recognized gain as a result of the acquisition amounts to BGN 6 793 thousands, which is reported in the consolidated statement of comprehensive income in line "Gain from purchases".

The total cost of acquisition was BGN 8 539 thousands and includes the components stated below:

	BGN'000
Purchase price, settled in cash	8 539
Total consideration	8 539

The fair value amounts recognized for each class of the acquiree's assets and liabilities of Stater Bank AD recognized at the acquisition date are as follows:

	Recognized at acquisition date
	BGN'000
Cash and balances on accounts of the Bulgarian National Bank	7 290
Granted credits and advances to clients	10 941
Other assets	298
Financial assets available for sale	30 605
Fixed assets	5 805
Intangible assets	5 988
Distained assets	4 747



Payables to other depositors	(39 944)
Other payables	(3 530)
Net value of the assets	22 200
Net deferred tax	(498)
Net value of the assets, net of deferred tax	21 702

Non-controlling interests (6 370)

Fair value of identifiable net assets acquired by the Group (15 332)

BGN'000

Consideration transferred settled in cash	(11 336)
Cash and cash equivalents acquired	11 068
Net cash outflow on acquisition	(268)

The non-controlling interest (29.35 %) in Stater Bank AD recognized at the acquisition date was measured at the value of their proportion of identifiable assets and liabilities.

Gain has been recognized as a result of the acquisition as follows:

	BGN'000
Total consideration	8 539
Fair value of identifiable net assets acquired	(15 332)
Gain	6 793

No major lines of business have been disposed of as a result of the combination.

On 3 January 2011 Stater Bank AD, Kumanovo merged with Central cooperative bank AD, Skopje. Following this date all assets of Stater Bank AD, Kumanovo is transferred to Central Cooperative Bank AD in its capacity of acquiring company and Stater Bank AD, Kumanovo ceases its existence as a legal entity. As a result of the merger the Group has acquired 483 121 ordinary shares of the share capital of Central Cooperative Bank AD, Skopje (56.35%).

Acquisition of Portstroy Invest EOOD

In 2011 the Group gains control over Portstroy Invest EOOD with registered office in Varna, Bulgaria by incorporation of the company as a result of which owns 100% of the share capital and voting rights of the company.

The incorporation of Portstroy Invest EOOD is conducted for the purpose of providing commercial services related to port activity.

The total cost of acquisition was BGN 5 thousands and includes the components stated below:

	BGN'000
Purchase price, settled in cash	5
Total consideration	5



The allocation of the purchase price to the assets and liabilities of Portstro Invest OOD was completed in 2011. The amounts recognized for each class of the acquiree's assets, liabilities and contingent liabilities recognized at the acquisition date are as follows:

	Recognized at acquisition date
	BGN'000
Cash and cash equivalents	5
Total current assets	5
Total identifiable net assets and liabilities	5
Non-controlling interests	-
Fair value of identifiable net assets acquired by the Group	5
	BGN'000
Consideration transferred settled in cash	5
Cash and cash equivalents acquired	(5)
Net cash outflow on acquisition	-

No goodwill or gain has been recognized as a result of the acquisition.

Acquisition of Bulgaria air OOO, Russia

In 2011 the Group gained control over Bulgaria air OOO, Russia with registered office in Moscow, Russia by incorporation of the company as a result of which owns 99% of the share capital and voting rights of the company.

The incorporation of Bulgaria air OOO, Russia is conducted for the purpose of providing commercial services related to real estate and other related services.

The total acquisition price for the Group is below BGN thousand as well as the fair value of total identifiable net assets recognized at acquisition



Investments in associated

The Group owns shares in the share capital of the following companies:

Name	2011 BGN'000	Share %	2010 BGN'000	Share %	2009 BGN'000	Share %
Fraport TSAM AD	87 313	40,00%	78 446	40,00%	75 242	40,00%
ZAO TAT Avia	53 542	45,00%	-	-	-	-
PIC Saglasie Co.Ltd.	17 736	49,43%	17 333	49,43%	17 317	49,43%
Amadeus Bulgaria OOD	3 460	45,00%	3 301	45,00%	3 055	45,00%
Lufthansa Technik Sofia OOD	3 838	24,90%	1 848	20,00%	79	20,00%
Dobrich fair AD	1 112	37,92%	1 039	37,92%	-	-
Kavarna Gas OOD	557	35,00%	527	35,00%	481	35,00%
Holding Nov Vek AD	-	-	-	-	9 350	28,20%
	167 558		102 494		105 524	

The financial information about the associates can be summarized as follows:

	2011 BGN'000	2010 BGN'000	2009 BGN'000
Assets	506 599	344 930	212 612
Liabilities	266 862	253 318	76 655
Revenues	232 360	145 880	123 651
Profit for the period	29 075	25 987	18 245
Profit attributable to the Group	10 899	8 995	6 477

In 2011 the Group has invested BGN 53 524 thousand in acquisition of 45% of the share capital of ZAO TAT-Avia. The associate is registered in Tatarstan, Russia with main business activity management of companies operating in the aviation sector.

In 2011 the Group has increased its share in Lufthansa Technik Sofia AD with cash payment at the amount of BGN 640 thousand.

In 2010 the Group reports gain from acquisition of Dobrich fair AD at the total of BGN 147 thousand. The gain from the acquisition is included in line "Gain from purchases" in the consolidated statement of comprehensive income.

In 2011 and 2010 the Group has received no dividends from associates. Investments in associates are presented in the financial statements of the Group using the equity method. Associates have a reporting date as at 31 December.



Investments in joint ventures

As at 31 December 2011 the group owns 50% of the voting rights and share capital of Varnaferry OOD established in 2011 by Parahodstvo Balgarsko Rečno Plavane AD and Parahodstvo Bulgarski Morski Flot AD. The share capital of Varnaferry OOD amounts to BGN 100 thousand. The registered office of Varnaferry OOD is in Varna and main business activity is sea transport and other related services. As at 31 December 2011 the investment in Varnaferry OOD at the amount of BGN 50 thousand is fully impaired.

The investment in the joint venture is presented in the financial statements of the Group using the equity method. Associates have a reporting date as at 31 December. The financial information about the joint venture can be summarized as follows:

	2011
	BGN'000
Assets	7 254
Liabilities	(7 268)
Revenues	159
Loss for the period	(114)
Loss attributable to the Group not recognized in result for the current reporting period	<u>(58)</u>

Information regarding the loan contracts concluded by the issuer, its subsidiary or its parent company as lessees.

Financial liabilities

	<u>Current</u>			<u>Non-current</u>		
	2011	2010	2009	2011	2010	2009
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities measured at amortized cost:					0	
Liabilities to depositors	2 035 229	1 342 391	985 618	503 190	534 999	430 792
Liabilities for dividends	15 921	15 974	8 040	53 399	62 174	70 655
Bonds and debenture loan	135 115	2 256	128 935	-	128 884	2 973
Bank loans	42 702	38 781	54 210	151 891	106 952	103 372
Other borrowings	44 379	51 078	50 127	11 331	22 300	6 731
Insurance contract liabilities	18 846	14 515	13 015	-	-	-
Derivatives, held-for-trading	6 098	6 916	12 107	-	-	-
Deposits from banks	50 233	11 564	4 276	-	-	-
Liabilities under repurchase agreements	29 170	22 748	3 825	-	-	-
Total carrying amount	<u>2 377 693</u>	<u>1 506 223</u>	<u>1 260 153</u>	<u>719 811</u>	<u>855 309</u>	<u>614 523</u>



Long- and short-term liabilities to depositors

Analysis by term and type of currency:

	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Demand deposits			
in BGN	384 933	351 315	315 710
in foreign currency	137 410	112 474	80 789
	<u>522 343</u>	<u>463 789</u>	<u>396 499</u>
Term deposits			
in BGN	938 001	514 819	345 376
In foreign currency	963 195	795 248	596 462
	<u>1 901 196</u>	<u>1 310 067</u>	<u>941 838</u>
Savings accounts			
in BGN	65 625	50 153	32 698
in foreign currency	36 902	35 918	33 966
	<u>102 527</u>	<u>86 071</u>	<u>66 664</u>
Other deposits			
in BGN	7 119	11 982	7 968
in foreign currency	5 234	5 481	3 441
	<u>12 353</u>	<u>17 463</u>	<u>11 409</u>
Total liabilities to depositors	<u>2 538 419</u>	<u>1 877 390</u>	<u>1 416 410</u>

	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Individual deposits			
in BGN	954 963	552 578	376 990
in foreign currency	798 491	652 562	501 430
	<u>1 753 454</u>	<u>1 205 140</u>	<u>878 420</u>
Legal entities deposits			
in BGN	431 695	363 709	308 821
in foreign currency	339 288	290 012	219 074
	<u>770 983</u>	<u>653 721</u>	<u>527 895</u>
Deposits of other institutions			
in BGN	7 499	11 982	5 575
in foreign currency	6 483	6 547	4 520
	<u>13 982</u>	<u>18 529</u>	<u>10 095</u>
Total liabilities to other depositors	<u>2 538 419</u>	<u>1 877 390</u>	<u>1 416 410</u>

Dividend liabilities

As at 31 December 2011 dividend liabilities for the preferred shares are as follows:



	Current			Non-current		
	2011	2010	2009	2011	2010	2009
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Dividend liabilities	15 921	15 974	8 040	53 399	62 174	70 655
	15 921	15 974	8 040	53 399	62 174	70 655

In 2011 and 2010 the Group has paid out guaranteed dividend to its preferred shareholders, as at 28 July 2011 and 19 July 2010, at the amount of BGN 17 635 thousand and BGN 9 626 thousand or BGN 0.1998 and BGN 0.1077 per share, respectively.

Dividend obligations of the Group are due to the issued in 2009 mandatory convertible preferred shares by 9% guaranteed fixed annual dividend. Each outstanding preferred share entitles the holder to cumulative guaranteed dividend at the amount of 9% of the issue price. Due to the fact that the preferred shares dividend is guaranteed, it is payable by the Group, no matter whether the General Meeting has decided to allocate dividends in the respective year or not. Due to the fact that the guaranteed dividend is cumulative, it is payable by the Group, no matter whether the Group has formed attributable profit for the respective year.

When converted, the preferred shareholders are considered ordinary shareholders at the date they are registered as such by the Central Depository.

Bonds and debenture loan

	Current			Non-current		
	2011	2010	2009	2011	2010	2009
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Chimimport Holland B.V.	135 115	-	125 962	-	128 884	-
Zarneni Hrani Bulgaria AD	-	2 256	2 973	-	-	2 973
	135 115	2 256	128 935	-	128 884	2 973

Chimimport Holland B.V. – bonds

On 22 August 2008 the Group by its subsidiary Chimimport Holland B.V. has issued *a debenture loan, amounting to EUR 65 million with a 7-year maturity. The loan is with attached coupons bearing a fixed annual interest rate amounting to 7%, as the coupon payments are carried out twice a year, respectively on 22 February and on 22 August. The first payment is due on 22 February 2009. According to the call option in the contract, agreed upon with Chimimport Invest AD, the bonds can be exchanged with ordinary shares of Chimimport AD with par value of BGN 1.00. The redemption of the bonds will be carried out on 22 August 2015 and the price of the redemption will be 118.9%. The increase of the principal amounts to EUR 12 785 thousand will be capitalized to the principal in the period of the 7-year maturity. The fair value of the bonds as of the issue date is EUR 65 000 thousand. The expenditures that are directly attributable to the issue of the bonds – amounting to EUR 2 737 thousand, are deducted from the value of the principal of the bonds. Those expenditures will be amortized in the 7-year maturity period, beginning on 22 September 2008. The value of the redemption and the respective expenditures, related to the bonds are accounted for on the basis of effective interest rate - 9.787968312%,

applied to the principal, amounting to EUR 65 000 thousand. The market value of the bonds and the effective interest rate are calculated based on the method of discounted cash flows. The bonds are valued using the amortized value. In favor of the bond holders 11.6 million ordinary shares of Chimimport AD, owned by the main shareholder “Chimimport Invest” AD, are pledged as collateral

According to Condition 8 (c) from the Terms and Conditions of the issued by Chimimport Holland B.V. bonds as at 31 December 2011 and 31 December 2009, each debenture holder has the right to claim the repurchase right for all or a portion of the bonds. The repurchase right was exercisable on 22 August 2010. On 22 August 2010, none of the repurchase rights were exercised. The next date for exercising the right is 22 August 2012. As at 31 December 2011, the Group’s liability to bondholders amounts to BGN 135 115 thousand, including principal at the amount of BGN 131 921 thousand and interest payables at the amount of BGN 3 194 thousand.

Zaneni Hrani Bulgaria AD – debenture loan

The debenture loan is signed on 10 November 2005 with Central Cooperative Bank AD, as the debenture holders are individuals and legal entities, which are not part of the Chimimport Group. As at 31 December 2011 the debenture loan is fully repaid.

Bank loans

	Current			Non-current		
	2011	2010	2009	2011	2010	2009
	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000
Bank loans	42 702	38 781	54 210	151 891	106 952	103 372

Long-term bank loans

	2011	2010	2009
	BGN’000	BGN’000	BGN’000
Corporate Commercial Bank AD	58 675	-	-
Bulgarian Development Bank AD	40 062	40 062	40 068
UniCredit Bulbank – revolving credit	17 995	17 995	17 995
Alpha Bank, branch Bulgaria – revolving credit	13 088	14 911	5 867
Landensbank Baden-Wuerttemberg – investment loans	8 551	13 053	13 576
DSK Bank EAD – investment credit, long-term portion	7 736	5 000	5 000
United Bulgarian Bank AD – investment credit	3 402	4 843	6 149
Eurobank EFG AD– long portion of investment bank loan	911	-	-
DSK Bank EAD – revolving credit	-	10 001	12 266
Hypovereisenbank AD	-	862	1 455
Other /below 1 000 thousand/	1 471	225	996
	151 891	106 952	103 372



Corporate Commercial Bank AD

In 2011 the Group has received two bank loans by Corporate Commercial Bank AD as follows:

- Long-term bank loan signed on 4 July 2011 for the amount of BGN 19 558 thousand with maturity date 25 June 2017. The interest rate equals 7.375%. All payments are made in euro. According to the repayment schedule, the Group repays the loan by payments as follows: BGN 1 370 thousand on 25 June 2013; BGN 3 323 thousand on 25 June 2014; BGN 4 499 thousand on 25 June 2015; BGN 4 499 thousand on 25 June 2016 and BGN 5 867 thousand on 25 June 2017. The loan is not secured by collateral and in case of deteriorating of financial position of the Group, it should provide additional collateral acceptable by the bank within the specified term. The outstanding balance of the loan as at 31 December 2011 amounts to BGN 19 558 thousand (EUR 10 000 thousand).
- Long-term bank loan signed on 4 July 2011 for the amount of BGN 39 117 thousand with maturity date 25 June 2017. The semi-annual interest rate equals 7.375%. All payments are made in euro. According to the repayment schedule, the Group repays the loan by 5 payments, the first of which is on 25 June 2013. The Group placed a first level collateral on current and future receivables arising from bank account contracts, signed with the bank. The outstanding balance of the loan as at 31 December 2011 amounts to BGN 39 117 thousand (EUR 20 000 thousand).

Bulgarian Development Bank AD

As at 31 December 2011 the Group has received the following loans by the Bulgarian Development Bank AD:

- program for targeted refinancing of commercial banks amounting to BGN 35 000 thousand as loan funds are provided by the Group for medium and long-term investment lending and project financing for technical innovation, introduction of new technologies, know-how, increase competitiveness and export potential projects under EU structural funds and short-term pre-export financing of small and medium enterprises registered under the Commercial Code. The deadline for repayment of the loan is 30 December 2018. The Group owes annual interest on the unpaid portion of the loan at the amount of 5%.
- program for providing targeted credit lines to commercial banks, used for financing farmers at the amount of BGN 5 062 thousand, including interest payments. The deadline for repayment of the loan is 30 March 2014. The Group owes annual interest on the unpaid portion of the loan at the amount of 5%.

UniCredit Bulbank AD – revolving loan

In 2007 the Group has received two revolving bank loans, with maturity date 20 September 2013 at the total amount of BGN 18 195 thousand with interest rates as follows: 1-month SOFIBOR, plus 3% premium and 1-month SOFIBOR, plus 3,5% premium. Payments are made in Bulgarian leva. The loans are secured with mortgages on property, plant and equipment under the Law on Registered Pledges, as well as with pledge of inventories and future receivables. The outstanding amount of the loans as at 31 December 2011 amounts to BGN 18 195 thousand (EUR 9 303 thousand), of which long-term portion – BGN 17 995 thousand and short-term portion – BGN 200 thousand.

Alpha Bank, branch Bulgaria – revolving loan

The revolving bank loan contract dated 16 March 2011 between the Group and Alpha Bank, branch Bulgaria expires on 31 December 2015. The interest rate equals 12-month EURIBOR, plus 7.0% premium. All payments are carried out in euro. According to the repayment schedule,

the Group repays the loan by 9 payments at the amount of EUR 1 117 thousand. The loan is secured with mortgages on real estate, pledge on machines, plant and equipment, owned by a subsidiary, and mortgage on real estate, owned by a subsidiary. The outstanding amount of the loan as at 31 December 2011 amounts to BGN 19 721 thousand (EUR 10 083 thousand), of which long-term portion – BGN 13 088 thousand and short-term portion – BGN 6 633 thousand.

Landensbank Baden-Wuerttemberg – Investment loans

The Group has received three revolving bank loans by Landensbank Baden-Wuerttemberg on 10 November 2006, 16 November 2006 and 29 August 2008, with maturity dates 30 April 2015, 28 August 2017 and 28 August 2017, respectively. The interest rate on all three loans equals 6-month EURIBOR, plus 0.875% premium. All payments are carried out in euro. The outstanding balance of the loans as at 31 December 2011 amounts to BGN 10 827 thousand (EUR 5 536 thousand), of which long-term portion – BGN 8 551 thousand and short-term portion – BGN 2 276 thousand.

DSK Bank EAD – investment bank loan/revolving loan

The Group is granted a loan by DSK Bank EAD under Contract 114, dated 6 June 2006, with maturity date 25 April 2016. The interest rate is 3-month EURIBOR, plus 4.5%. The loan is secured with real estate – “Dom na geologa”, located in Varna, St. St. Constantine and Elena resort at the amount of BGN 6 293 thousand – owned by Park Bild OOD. Payments are carried out in euro. According to the repayment schedule, the Group repays the loan by monthly payments at the amount of EUR 97 thousand. The outstanding balance of the loan as at 31 December 2011 amounts to BGN 10 001 thousand (EUR 5 114 thousand), of which long-term portion – BGN 7 736 thousand and short-term portion – BGN 2 265 thousand.

United Bulgarian Bank AD – investment credit

As at 31 December 2011, the Group has received an investment loan from United Bulgarian Bank AD, with maturity date 18 February 2015. The payments are carried out in US dollars and the interest rate is 3-month LIBOR, plus 3.5% premium. The loan is secured with an aircraft BOING 737 – 300. The outstanding balance of the loan as at 31 December 2011 amounts to BGN 4 980 thousand (USD 3 294 thousand), of which long-term portion – BGN 3 402 thousand and short-term portion – BGN 1 578 thousand.

Eurobank EFG Bulgaria AD – investment loan

In 2011 the Group has received a bank investment loan, with maturity date 31 December 2015 at the amount up to BGN 1 437 thousand with interest rate 3-month EUR LIBOR, plus 4.00% premium. Payments are carried out in euro. The loan is secured with mortgage on second and third floors of a building, located on Korab planina Str., as well as guarantor agreement, signed with Chimimport AD. The outstanding balance of the loans as at 31 December 2011 amounts to BGN 1 211 thousand (EUR 619 thousand), of which long-term portion – BGN 911 thousand and short-term portion – BGN 300 thousand.



Short-term bank loans

	2011 BGN'000	2010 BGN'000	2009 BGN'000
DSK Bank EAD	15 265	9 530	10 185
Bulgarian Development Bank AD – overdraft	10 884	9 588	9 198
Alpha Bank, branch Bulgaria – short-term portion and short-term revolving credit	6 633	8 830	20 390
Eurobank EFG Bulgaria AD – revolving bank loan	2 493	2 420	2 497
Landesbank Baden-Wuerttemberg – short-term portion	2 276	3 233	3 583
Oberbank Austria	1 956	-	-
United Bulgarian Bank AD – short-term portion	1 578	1 546	1 193
BNP Paribas S.A. – credit line	-	2 054	-
Eurobank EFG Bank Bulgaria AD – bank loan	-	-	3 287
Other	1 617	1 580	3 877
	42 702	38 781	54 210

DSK Bank EAD

Liabilities of the Group as at 31 December 2011 comprises the following loans:

- **bank loan** - The Group was granted a bank loan by DSK Bank EAD on 5 October 2011 at the amount of BGN 3 000 thousand with maturity date 5 October 2012. The interest rate equals 1-month SOFIBOR plus 4.00% premium as the interest cannot be less than 8.50% and greater than 10.00%. All payments are carried out in Bulgarian leva. The loan is secured with real estate – hotel complex “Geolog”, located St. St. Constantine and Elena resort, owned by Park Bild OOD.
- **revolving bank loan** - The Group is granted an investment loan by DSK Bank EAD under a contract, dated 28 January 2008, with maturity date 25 March 2012. The interest rate equals 1-month SOFIBOR, plus 6% premium. Payments are carried out in Bulgarian leva. The loan is secured with mortgages on real estate, pledge in machines, plant and equipment, and with pledge on tangible fixed assets under the Law on registered pledges.
- **short-term portion of investment loan** – as at 31 December 2011 liabilities at the amount of BGN 2 265 thousand are the short-term portion of investment loan

Bulgarian development bank - overdraft

On 12 May 2009 the Group has signed an overdraft contract with Bulgarian development bank AD for the amount of EUR 6 135 thousand. The repayment date is extended to 30 September 2012. Within this period the Group can obtain overdraft amounts, but only if previously received funds are repaid. The interest rate on the contract is 3-month EURIBOR, plus 7 points, but not less than 8.51%. The contract is secured by Group’s assets – a hangar, pledged rental receivables according to signed operating lease contract with Lufthansa Technik Sofia OOD, pledged assets of the related party Aviation company Hemus Air EAD and a warrantee of the related party Bulgarian Airways Group EAD. The outstanding balance of the loan as at 31 December 2011 amounts to BGN 10 884 thousand (EUR 5 565 thousand).

Alpha bank, branch Bulgaria –revolving credit

The revolving credit signed on 20 August 2008 with Alpha bank, branch Bulgaria with maturity date on 11 August 2013 at interest rate at 12-month EURIBOR plus a premium of 7.5%. Payments are carried out in Euro. The contract is secured by real estate properties. Monthly payments are at the amount of EUR 94 thousand. The outstanding balance of the loan as at 31 December 2011 amounts to BGN 6 633 thousand (EUR 3 391 thousand).

Eurobank EFG Bulgaria AD – revolving credit

The Group has received a bank loan by Eurobank EFG Bulgaria AD under a contract, dated 10 August 2006, with maturity date extended until 10 August 2012. The interest rate is 3-month SOFIBOR plus 5.00% premium. Payments are carried out in Bulgarian leva. The loan is secured with a mortgage of real estates, pledge on fixed assets under the terms of the Law for the Registered Pledges. The outstanding balance of the loan as at 31 December 2011 amounts to BGN 2 493 thousand.

Oberbank Austria – bank loan

As at 31 December 2011, the Group has received a short-term loan by Oberbank Austria at the amount of BGN 1 956 thousand with maturity date on 30 November 2012.

Leases

Finance leases as lessee

The Group participates in its capacity of a lessee in the following more significant finance lease contracts:

- two contracts for the purchase of two vehicles Volkswagen Golf;
- finance lease contract for the purchase of Opel Corsa Classic from DSK Autoleasing EOOD with maturity date 1 July 2013;
- finance lease for the purchase of management software for an insurance company from eINS EOOD with maturity date 31 October 2013;
- finance lease for the purchase of Dell computers from Mobitel EAD with maturity date 12 October 2013;
- seven finance lease contracts with Imorent Bulgaria EOOD for river, dry cargo, covered, self-propelled units type Europe II, drilling tools, stabilizer, a triple and a sixfold axis semi-trailer GOLDHOFER, emergency tool set, equipment for core drilling, drilling equipment – AC Ideal Ring System, maturing in 2015, 2016 and 2017.
- two finance lease contracts with Porsche leasing for the purchase of vehicles, with maturity date 16 October 2014.
- two contracts with Unicredit Leasing AD for the purchase of a manufacturing machinery and a forklift truck with gas engine, with maturity date in 2012.
- eleven finance lease contracts with Interlease EAD for the purchase of a tester for express determination of quantitative indicators of grain and flour, truck tractors and a bus with maturity dates 2012 and 2013, and 2014, respectively.
- four finance lease contracts, signed with Interlease Auto EAD for for automobiles with maturity 2012.
- 77 finance lease contracts, signed with Interlease Auto EAD for the purchase of automobiles with maturity 2012.
- two contracts with Hypo Alpe- Adria- Autoleasing EOOD for 4 cars with maturity in 2012.



The net carrying amount of the assets acquired under the terms of lease contracts amounts to BGN 39 794 thousand (2010: 31 673 thousand, 2009: BGN 58 142 thousand). The assets are included in the consolidated financial statements in item "Property, plant and equipment" (See note **Error! Reference source not found.**).

Finance lease liabilities are secured by the related assets held under finance lease arrangements. Future minimum finance lease payments at the end of each reporting period under review are as follows:

31 December 2011	Within 1 year BGN'000	1 to 5 years BGN'000	After 5 Years BGN'000	Total BGN'000
Lease payments	7 528	21 542	100	29 170
Finance charges	(990)	(1 771)	(1)	(2 762)
Net present values	6 538	19 771	99	26 408
31 December 2010	Within 1 year BGN'000	1 to 5 years BGN'000	After 5 Years BGN'000	Total BGN'000
Lease payments	10 452	26 338	2 837	39 627
Finance charges	(1 638)	(3 002)	(47)	(4 687)
Net present values	8 814	23 336	2 790	34 940
31 December 2009	Within 1 year BGN'000	1 to 5 years BGN'000	After 5 Years BGN'000	Total BGN'000
Lease payments	12 043	32 274	6 793	51 110
Finance charges	(1 960)	(5 987)	(181)	(8 128)
Net present values	10 083	26 287	6 612	42 982

The lease agreements include fixed lease payments and purchase option in the last year of the lease term. The agreements are non-cancellable but do not contain any further restrictions. No contingent rents were recognized as an expense and no sublease income is expected to be received as all assets are used exclusively by the Group.



Operating leases as lessee

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

	Within 1 year BGN'000	1 to 5 years BGN'000	After 5 Years BGN'000	Total BGN'000
31 December 2011	44 396	152 342	70 087	266 825
31 December 2010	48 155	123 004	10 327	181 486
31 December 2009	48 253	170 835	3 749	222 837

Lease payments recognized as an expense during the period amount to BGN 55 091 thousands (2010: 51 714 thousand).

During 2011 the Group has the following more significant operating lease contracts.

- Aircrafts Boeing 737-500 – 2 aircrafts with lessor Ansett. The terms of the contracts are as follows: for LZ BOR until 24 October 2013, and for LZ BOY until 08 March 2013.
- Aircraft Boeing 737-400 – 1 aircraft with lessor Aisling Airlease, Ireland. The term of the contract of MSN 28702 with initials BDB is until 03 June 2014.
- Aircraft Airbus 320 - 1 aircraft with lessor CIT Aerospace International. The term of the contract of LZ FBC is until 09 December 2014.
- Aircraft Airbus 320 - 1 aircraft with lessor CIT Aerospace International. The term of the contract of LZ FBD is until 30 April 2015.
- Aircraft Airbus 320 – 1 aircraft with lessor GECAS. The term of the contract for LZ FBE is until 28 January 2017.
- Aircraft Airbus 319 – 1 aircraft with lessor GECAS. The contract maturity date for the LZ FBF is 30 April 2015.
- Aircraft Airbus 319 – 2 aircrafts with lessor Aviation Company Hemus Air EAD. The contract maturity date is re-negotiated every year.
- Aircraft BAE 146 300 – 4 aircrafts with lessor Aviation Company Hemus Air EAD. The contract maturity date is re-negotiated every year.
- Aircraft Embraer 190AR – 4 aircrafts with lessor ALC Blarney with term ending in 2020.

The Group is party to lease contracts of a massive office building located in the center of Sofia, which will be used as a headquarters of the Bank. The right of use over the building was established for the period up to 2016. The Group is party to operating leases of fourteen massive office buildings located in several major cities across the country that will be used for branches of the Bank. The right of use over the buildings is established for a period up to 2020.

The Group's operating lease agreements do not contain any contingent rent clauses or purchase options.



Operating leases as lessor

In 2011, 2010 and 2009 the Group provides aircrafts to other companies under the conditions of operating lease contracts

The rental revenue recognized in 2011 amounts to BGN 36 121 thousand (2010: BGN 37 726 thousand).

Aircraft	Type of aircraft	Contract date	Term		Payment
VQBAP(BOI)	Boeing 737-300	17.08.2008	17.08.2013	Tatarstan	160 000,00 USD
VQBBN (BOY)	Boeing 737-500	09.12.2008	09.03.2013	Tatarstan	140 000,00 USD
VQBBO(BOR)	Boeing 737-500	16.02.2009	16.11.2013	Tatarstan	140 000,00 USD
VQBDC(BOO)	Boeing 737-300	29.06.2009	29.06.2014	Tatarstan	150 000,00 USD
MSN 28702	Boeing 737-400	26.05.2009	26.05.2014	Tatarstan	165 000,00 USD

In 2011, 2010 and 2009 the Group leases out properties included in Property, plant and equipment, as well as investment property under operating lease contracts.

Rental revenue in 2011 amounts to BGN 4 350 thousands (2010: BGN 3 379 thousand).

Future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2011	16 451	8 500	-	24 951
31 December 2010	37 862	22 136	57	60 055
31 December 2009	34 231	56 334	14	90 579

In 2011 priority charter agreement signed with Alma tour BG AD (insolvent) and Alma tour Fly OOD has been terminated early as a result of which future minimum lease payments of the Group related to aircraft rent have decreased compared to future minimum lease payments as at 31 December 2011.

As of 31 December 2011 the Group operates under the following more significant lease contracts as a lessor:

- Agreements dated 16 November 2010 and 16 November 2009 with Agrokom EOOD for lease of capacity in Grain base – Dobrich, Byala and Ruse with terms of lease till 16 March 2015 and 16 March 2016 respectively;
- Agreement dated 1 July 2011 with Klas Olio OOD for the lease of warehouses in Grain base Karapelit with term of the lease 1 July 2012;
- Agreement dated 1 April 2009 with Golyama Dobrudzhanska melnitsa EOOD for a lease of equipment with term of the lease 1 April 2012;
- Agreement dated 1 July 2010, agreement dated 01 October 2009 and agreement dated 15 September 2010 with Oliva AD for a lease of capacity in Grain base in Lozovo district, Bourgas;

Strajica, V. Tarnovo and Tervel with term of lease till 1 July 2012; 01 October 2013 and 01 July 2014 respectively;

- Agreement with Mobitel EAD dated 1 September 2005 for use of roof spaces with term of lease till 1 September 2015;

- Agreements dated 17 May 2006 and 28 June 2011 with BTC Mobile EOOD for lease of roof spaces with term of lease till 17 May 2016 and 28 June 2012 respectively.

- Lease Agreements dated 2010 and 2011 with Intershipping AD for the lease of five marine

Information regarding the resources from the issuance of securities during the reporting period

- In 2011 the issuer did not increase its capital.

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

In 2011 the Company has not published any forecasts of the financial result for the year. All publicly announced targets and objectives of the Group were accomplished.

Analysis and valuation of the financial resources management policy, including the ability to cover debt payments, subsequent 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 services its debt.

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.

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

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

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

During the accounting period no changes took place in the number and the individual, participating in the Managing and Supervisory boards of the company.

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 2011, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Supervisory Board



Name	Number of shares	% of share capital
1. Chimimport Invest AD	108 533 269	71.94%
2. CCB Group EAD	4 395 005	2.91%

Members of the Managing Board

Name	Number of shares	% of share capital
1. Alexander Kerezov	95 000	0,06%
2. Ivo Kamenov	309 925	0,21%
3. Marin Mitev	65 301	0,04%
4. Nikola Mishev	33 464	0,02%
5. Miroljub Ivanov	55 666	0,04%

During the period the following change in the number of shares held by members of the Managing Board has occurred: Marin Velikov Mitev – member of the Managing Board and Executive Director of the Company has reduced its interest in the share capital with 167 706 shares, representing 0.05 % of the share capital of Chimimport AD.

The issuer has not presented neither options for its shares, nor privileges to the Managing Board.

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

On the 20th April 2011 with resolution 3236-II, The Privatization and Post-Privatization Control Agency has decided to open a procedure of privatization sale of 704 276 number of shares from capital of Chimimport AD owned by Consolid Comers EAD.

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 suits, administrative or arbitration proceedings, receivables or liabilities that together or apart, do not exceed 10 % of the owner's equity.

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

Information regarding this section is presented in a separate document.

Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the share prices during 2011 are as follows:

Ordinary shares

Opening price : BGN 2.362 on 04 January 2011

Closing price : BGN 1.349 on 30 December 2011

Preferred shares

Opening price : BGN 2.361 on 04 January 2011

Closing price : BGN 1.808 on 30 December 2011

Risk management objectives and policies

Categories of financial assets and liabilities

The carrying amount of the Group's financial assets and liabilities, can be presented in the following categories:

Financial assets	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Financial assets held to maturity			
- Non-current	130 919	157 949	106 252
- Current	130 504	29 650	21 551
Financial assets available for sale			
- Non-current	346 360	209 003	124 008
- Current	32 858	67 639	37 613
Financial assets held for trading (carried at fair value through profit or loss):			
- Non-current	2 520	1 245	99 413
- Current	542 326	425 829	83 609
Loans and receivables:			
- Non-current	865 084	862 056	790 524
- Current	1 340 502	1 084 473	826 543
Cash and cash equivalents	1 021 696	681 959	437 801
	4 412 769	3 519 803	2 527 314



Financial liabilities	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Financial liabilities, measured at amortized cost:			
Non-current:			
- liabilities to depositors	503 190	534 999	430 792
- dividend obligations	53 399	62 174	70 655
- loans	163 202	258 136	113 076
- finance lease obligations	2 037	826	-
- trade and other payables	450 025	380 128	148 018
Current:			
- liabilities to depositors	2 035 229	1 342 391	985 618
- dividend obligations	15 921	15 974	8 040
- loans	222 196	92 115	233 272
- finance lease obligations	22 024	25 630	7 452
- trade and other payables	197 449	302 955	153 518
	3 664 672	3 015 328	2 150 441

Financial instruments risk

Risk management objectives and policies

Due to the use of financial instruments and as a result of its operating and investment activities, the Group is exposed to various risks – insurance risks, market risk, foreign currency risk, interest risk, as well as price risk. The Group's risk management is coordinated by the Managing board, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to risks. Long-term financial investments are managed to generate lasting returns.

The Group is exposed to different types of risk with regards to its financial statements. The most significant financial risks to which the Group is exposed to are described below.

Insurance risk

The insurance risk is the risk of occurrence of insured event, where the damage cost and the indemnity owed exceeds the set-aside insurance reserves

This depends on the frequency of the occurring insurance events, the type of the insurance portfolio and the size of the indemnities. The diversity of the insurance portfolio and the probability theory are of major importance for the mitigation of this risk.

The Group is exposed mainly to the following risks:

- Risk, related to the profitability of the investments – risk of loss when the profitability of the investment is different from what is expected;
- Risk, related to the expenses – risk of loss when the expenses are different from what is expected.



The Group is aiming at relatively steady allocation of the insurance contracts. It also seeks to analyze the different types of insurance risks, which is included in the general conditions. By means of variable methods of assessment and control, the director of Internal Control department is making regularly assessments of the risks and scrutinizes the accumulation of insured amounts by groups of clients and regions. The risk management is performed by the Internal Control department in collaboration with actuaries and the management of the Group.

The positive financial result of the Group depends on primary factors such as the quota for damages, the quota for expenses and income from investments.

The following table illustrates the Group's sensitivity to the profit, owner's equity, solvency limit, and coefficient of solvency limit coverage (callable capital) with equity.

Simulations as at 31.12.2011	Profit before taxes BGN'000.	Equity BGN'000	Solvency limit BGN'000.	Coverage Coefficient %	Δ of the coverage coefficient %
Current capital position	899	40 517	25 750	157%	
Return on investments (+2%)	3 431	43 049	25 750	167%	10%
Return on investments (-1.5%)	255	39 873	25 750	155%	-3%
Increase of the expenses quota (+10%)	-2 309	37 309	25 750	145%	-12%
Increase of the damages (+10%)	-3 002	36 616	25 750	142%	-15%

Simulations as at 31.12.2010	Profit before taxes BGN'000.	Equity BGN'000	Solvency limit BGN'000.	Coverage Coefficient %	Δ of the coverage coefficient %
Current capital position	6 572	41 706	25 254	165%	-
Return on investments (+2%)	8 345	43 479	25 254	172%	31%
Return on investments (-1.5%)	5 242	40 376	25 254	160%	29%
Increase of the expenses quota (+10%)	3 324	38 458	25 254	152%	29%
Increase of the damages (+10%)	3 232	38 366	25 254	152%	33%

When there is a simulated increase of the investments income by 2 % and the amounts of the damages quota and the expenses quota stay the same, an increase of the profit, owner's equity and

coverage coefficient occurs. The solvency limit remains the same because there is no change in the premium income or damages.

When there is a simulated decrease of the investments income by 1.5% and the amounts of the damages quota and the expenses quota remain the same, a decrease of the profit, owner's equity and coverage coefficient occurs. The solvency limit again remains the same because there is no change in the premium income or damages.

When there is a simulated increase of the net quota for expense by 10%, a decrease of the profit, owner's equity and coverage coefficient occurs. The solvency limit remains unchanged because the premium income, used for calculation basis of the solvency limit, remains the same.

When there is a simulated increase of the net quota for expenses by 10%, a decrease of the profit, owner's equity and coverage coefficient occurs. The solvency limit does not change.

The sensitivity analysis presented above shows a good level of capitalization for the Group.

Reinsurance strategy

The Group reinsures part of its risks with the purpose of controlling its exposition to losses and protection of its capital resources. All contracts for facultative reinsurance are preliminary approved by the management. Before signing a reinsurance contract, the Group analyzes the credit rating of the respective reinsurer. Only the ones with high credit rating are being chosen. The Group periodically analyzes the current financial position of the reinsurers, which the Group has reinsurance engagements with.

The Group enters reinsurance engagements with different reinsurers with high credit ratings, to control the exposure to losses caused by the insurance event.

Damages settlement procedure

The damages table and namely the percentage of the damages quota ensures the opportunity for more precise information about the risk development during the reporting periods:

Type of insurance	2011 Damages, quota, gross %	2011 Damages, quota, gross %	2010 Damages, quota, gross %	2010 Damages, quota, gross %
Accident insurance	45%	43%	53%	53%
Including obligatory accident insurance of the passengers in the public transport	0%	0%	0%	0%
Illness	0%	0%	0%	0%
Casco	59%	59%	55%	56%
Insurance of vehicles, excluding rail vehicles	0%	0%	0%	0%
Casco of aircrafts	45%	73%	39%	47%
Casco of vessels	39%	41%	30%	50%
Cargo insurance during transportation	1%	1%	12%	13%



Type of insurance	2011 Damages, quota, gross %	2011 Damages, quota, gross %	2010 Damages, quota, gross %	2010 Damages, quota, gross %
Fire and natural calamities insurance	15%	11%	13%	0%
Property damage insurance	-23%	-26%	136%	150%
Insurance associated with the ownership and usage of motor vehicles, including:	59%	55%	19%	13%
Third-party vehicle insurance	60%	55%	17%	12%
“Green Card” insurance	26%	32%	39%	46%
Third-party boarder insurance	4%	4%	40%	40%
Third-party carrier insurance	52%	54%	94%	97%
Third-party aviation insurance	0%	44%	1%	9%
Third party vessels insurance	263%	56%	107%	45%
General third-party insurance	72%	61%	175%	198%
Credit insurance	76%	76%	601%	601%
Guarantees insurance	0%	0%	0%	0%
Insurance against financial losses	-1%	-1%	-2%	-2%
Travel assistance	35%	35%	46%	46%
Total:	52%	53%	48%	49%



The following table shows the paid indemnities, classified by type and group of insurances:

Type of insurance	BGN	Number	Average indemnity 2011 BGN	Average indemnity 2010 BGN	Average indemnity 2009 BGN	Average indemnity 2008 BGN
Accident insurance	667 927	1 286	519	967	512	535
Including obligatory accident insurance of the passengers in the public transport	-	-	-	-	794	3 050
Illness	-	-	-	-	-	-
Casco	48 269 606	63 471	760	735	804	762
Insurance of vehicles, excluding rail vehicles	-	-	-	-	-	-
Casco of aircrafts	2 431 697	15	162 113	14 077	97 693	12 514
Casco of vessels	200 221	13	15 402	12 199	20 002	19 141
Cargo insurance during transportation	57 110	48	1 190	414	1 724	1 990
Fire and Natural calamities insurance	1 033 945	1 072	965	1 476	1 179	1 345
Property damage insurance	460 415	54	8 526	9 433	3 008	2 059
Insurance associated with the ownership and usage of motor vehicles, including:	14 064 823	6 451	2 180	2 291	2 154	2 071
Third-party vehicle insurance /pecuniary/	6 298 291	6 238	1 010	1 378	1 508	1 435
Third-party vehicle insurance/non- pecuniary/	7 590 387	189	40 161	27 827	24 449	16 399
Third-party carrier insurance	176 146	24	7 339	6 297	1 160	1 222
Third-party aviation insurance	5 222	1	5 222	-	-	130 915
Third party vessels insurance	72 541	2	36 270	14 200	20 292	-
General third-party insurance	597 843	46	12 997	14 572	1 287	3 312
Credit insurance	1 660 957	41	40 511	78 899	21 405	50 605
Guarantees insurance	161	1	161	-	7 270	-
Insurance against financial losses	36 751	5	7 350	13 152	5 801	3 519
Travel assistance	865 632	881	983	836	858	878
Total:	70 424 851	73 387	960	935	964	922



The table below presents the development of the reserve for unsettled insurance claims from prior periods so it can be compared to the reserve, disclosed in the current consolidated financial statements. The reserves for the upcoming payments, included in the statement of financial position, and an assessment of the general risks are also stated.

	Year the insurance event occurred						Total
	2011	2010	2009	2008	2007	2006	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	
At the end of the period	42 859	47 162	42 582	34 214	19 627	11 693	198 137
1 year later	-	19 442	16 905	20 187	13 057	7 046	76 637
2 years later	-	-	3 701	2 503	2 239	1 056	9 499
3 years later	-	-	-	2 113	2 037	1 093	5 243
4 years later	-	-	-	-	1 745	325	2 070
5 years later	-	-	-	-	-	126	126
General assessment of the indemnities	42 859	66 604	63 188	59 017	38 705	21 339	291 712
As at 31 December							
Payments:							
Assessment:	30 983	10 228	5 742	2 475	230	-	49 658
Actual	33 266	10 791	11 171	7 270	5 548	1 306	69 351

The presented table shows that the reserves for unsettled payments are adequate as at the end of 2011.

Solvency limit

As at the end of 2011 the defined solvency limit is in accordance with the respective legal requirements:

	2011 BGN '000
Equity, less intangible assets	33 856
Share capital	15 019
Reserves and funds	45 000
Revaluation reserve	(19 503)
Deductions	
Participation in subsidiaries	(410)
Intangible assets	(6 250)
Solvency limit	25 750
Surplus/Deficit	8 106



	2010
	BGN '000
Equity, less intangible assets	33 679
Share capital	15 019
Reserves and funds	38 282
Revaluation reserve	(18 888)
Deductions	
Participation in subsidiaries	(410)
Intangible assets	(324)
Solvency limit	24 530
Surplus/Deficit	9 149

Foreign currency risk

Group's policies regarding other than banking activities

Most of the Group's transactions are carried out in Bulgarian leva. Exposures to currency exchange rates arise from the Group's overseas transactions, mainly denominated in US-Dollars. The Group's long-term commercial liabilities and financial lease liabilities carried out in US-Dollars are related to purchases of aircrafts. These liabilities are recorded at their amortized cost. The Group has short- and long-term loans in US-Dollars. These receivables are classified as loans and receivables.

Group's foreign transactions, denominated in Euro, do not expose the Group to foreign currency risk due to the fact that under the conditions of the Currency Board Act, the Bulgarian Lev (BGN) is fixed to the Euro.

In order for the foreign currency risk to be decreased, the non-BGN cash flows are monitored by the Group. Generally, the Group has different procedures for risk management for the short-term (due within 6 months) and long-term non-BGN cash flows.

Group's policies regarding the banking activities

The foreign currency risk is a potential cause for losses for the Group when the foreign currency rates fluctuate.

In the Republic of Bulgaria the rate of the Bulgarian Lev (BGN) to the Euro (EUR) is fixed under the Currency Board. The long position in Euro of the Bulgarian bank does not carry any risk for the Group.

The foreign currency positions include mainly subsidiary's assets and liabilities, denominated in Macedonian denars, which is the functional currency of the subsidiary. As a result of this, these positions do not expose the Group to foreign currency risk.

The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2011 is as follows:



	BGN	EUR	USD	Other	Total
Financial assets					
Placements with, and advances to, banks	11	369 050	17 977	18 747	405 785
Receivables under repurchase agreements	32 444	-	-	-	32 444
Financial asset held-for-trading	57 885	4 396	5 931	3 565	71 777
Loans and advances to customers, net	754 936	520 942	149 004	24 887	1 449 769
Available-for-sale financial assets	79 772	178 395	48	3 614	261 829
Held-to-maturity financial assets	71 099	77 147	-	89 501	237 747
Total assets	996 147	1 149 930	172 960	140 314	2 459 351
Financial liabilities					
Deposits from banks	8 156	10 178	1 884	309	20 527
Credits from banks	40 062	1 956	-	1 342	43 360
Liabilities under repurchase agreements	3 008	16 874	-	-	19 882
Liabilities to other depositors	1 469 179	989 157	128 205	81 456	2 667 997
Other attracted funds	762	-	-	-	762
Total liabilities	1 521 167	1 018 165	130 089	83 107	2 752 528
Net Position	(525 020)	131 765	42 871	57 207	(293 177)

The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2010 is as follows:

	BGN	EUR	USD	Other	Total
Financial assets					
Placements with, and advances to, banks	2 052	57 716	31 484	2 398	93 650
Receivables under repurchase agreements	27 813	-	13 208	-	41 021
Financial asset held-for-trading	28 022	12 693	6 356	2 056	49 127
Loans and advances to customers, net	749 452	401 887	42 835	25 606	1 219 780
Available-for-sale financial assets	32 493	96 326	47	4 121	132 987
Held-to-maturity financial assets	59 996	78 973	-	52 933	191 902
Total assets	899 828	647 595	93 930	87 114	1 728 467
Financial liabilities					
Deposits from banks	6 292	5 221	44	1	11 558
Credits from banks	40 062	-	-	297	40 359
Liabilities under repurchase agreements	3 010	19 739	-	-	22 749



Liabilities to other depositors	1 055 122	758 719	120 758	69 643	2 004 242
Other attracted funds	1 017	-	-	2 198	3 215
Total liabilities	1 105 503	783 679	120 802	72 139	2 082 123

Net Position	(205 675)	(136 084)	(26 872)	14 975	(353 656)
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The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2009 is as follows:

	BGN	EUR	USD	Other	Total
Financial assets					
Placements with, and advances to, banks	27	29 169	32 108	2 991	64 295
Receivables under repurchase agreements	11 528	-	-	-	11 528
Financial asset held-for-trading	6 123	7 310	12 358	1 181	26 972
Loans and advances to customers, net	778 990	328 206	40 777	8 946	1 156 919
Available-for-sale financial assets	40 399	14 938	43	221	55 601
Held-to-maturity financial assets	36 816	54 904	-	12 744	104 464
Total assets	873 883	434 527	85 286	26 083	1 419 779
Financial liabilities					
Deposits from banks	4 125	118	19	30	4 292
Credits from banks	40 068	-	-	284	40 352
Liabilities under repurchase agreements	3 001	824	-	-	3 825
Liabilities to other depositors	729 483	687 592	104 863	22 661	1 544 599
Other attracted funds	2 005	-	-	-	2 005
Total liabilities	778 682	688 534	104 882	22 975	1 595 073
Net Position	95 201	(254 007)	(19 596)	3 108	(175 294)

Interest rate sensitivity

Group's policy regarding other than banking activities

The Group's policy is to minimize interest rate risk exposures on short-term financing. As at 31 December 2011, the Group is exposed to changes in market interest rates through short-term bank loans at variable interest rates.

Group's policy regarding banking activities

Regarding the Group's banking activities interest risk is the probability of potential changes of the net interest income or the net interest margin, resulting from changes of the general market interest rates. The Group's interest risk management is aiming at minimizing the risk of a decrease of the net interest income, due to the changes in the interest rates.

For measurement and evaluation the interest rate risk the Group applies the method of the GAP analysis. (gap/ imbalance analysis). It identifies the sensitivity of the expected revenue and expenses, in relation to the interest rate.

The method of the GAP analysis determines the Group's position, totally and the separate types of financial assets and liabilities, in relation to expected changes of the interest rates and the impact of this change over the net interest income. It facilitates the assets' and the liabilities' management and it is an instrument for providing sufficient and stable net interest profitability.

The Group's imbalance between the interest bearing assets and liabilities as at 31 December 2011 is negative, amounting to BGN 367 721 thousand. The GAP coefficient, as an indicator for this imbalance, compared to the total income generating assets of the bank of the Group (interest bearing assets and equity instruments) is minus 12.53%.

	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Interest-bearing assets						
Placements with, and advances to banks	402 173	530	-	3 082	-	405 785
Receivables under repurchase agreements	6 033	14 379	12 032	-	-	32 444
Financial assets held-for-trade	872	-	-	25 471	138	26 481
Loans and advances to customers, net	122 414	77 653	481 586	501 279	266 837	1 449 769
Financial assets available-for-sale	741	-	-	95 741	136 099	232 581
Financial assets held-to-maturity	52 223	37 278	21 437	109 205	17 604	237 747
Total interest-bearing assets	584 456	129 840	515 055	734 778	420 678	2 384 807
Interest-bearing liabilities						
Deposits from banks	16 487	4 040	-	-	-	20 527
Credits from banks	190	106	2 273	5 633	35 158	43 360
Liabilities under repurchase agreements	18 017	1 865	-	-	-	19 882
Liabilities to other depositors	891 637	393 752	867 300	508 857	6 451	2 667 997
Other attracted funds	139	45	241	337	-	762
Total interest-bearing liabilities	926 470	399 808	869 814	514 827	41 609	2 752 528
Imbalance between interest bearing assets and liabilities, net	(342 014)	(269 968)	(354 759)	219 951	379 069	(367 721)

The Group is exposed to a reduction of the interest income when the interest rates rise, as the Group holds a negative imbalance. The imbalance impact, as at 31 December 2011, over the net interest income, assuming an increase of 2% (2010: 2%, 2009: 2%) of the interest rates for one year is a reduction of the net interest income amounting to BGN 984 thousand (2010: BGN 1 920 thousand, 2009: BGN 576 thousand).



The Group's imbalance between the interest bearing assets and liabilities as at 31 December 2010 is negative, amounting to BGN 403 833 thousand. The GAP coefficient, as an indicator for this imbalance, compared to the total income generating assets of the bank of the Group (interest bearing assets and equity instruments) is minus 18.14%.

	<u>Up to 1 month</u>	<u>From 1 to 3 months</u>	<u>From 3 to 12 months</u>	<u>From 1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Interest-bearing assets						
Placements with, and advances to banks	77 808	-	12 908	-	2 934	93 650
Receivables under repurchase agreements	22 008	19 013	-	-	-	41 021
Financial assets held-for-trade	-	-	4 157	7 002	5 798	16 957
Loans and advances to customers, net	67 626	168 250	280 798	469 649	233 457	1 219 780
Financial assets available-for-sale	1 162	-	12 053	22 969	78 746	114 930
Financial assets held-to-maturity	52 770	-	4 684	132 385	2 063	191 902
Total interest-bearing assets	221 374	187 263	314 600	632 005	322 998	1 678 240
Interest-bearing liabilities						
Deposits from banks	7 558	-	4 000	-	-	11 558
Credits from banks	-	-	-	5 293	35 066	40 359
Liabilities under repurchase agreements	20 884	1 865	-	-	-	22 749
Liabilities to other depositors	803 530	231 616	426 873	542 219	4	2 004 242
Other attracted funds	1996	63	360	634	162	3 215
Total interest-bearing liabilities	833 968	233 544	431 233	548 146	35 232	2 082 123
Imbalance between interest bearing assets and liabilities, net	(612 594)	(46 281)	(116 633)	83 859	287 766	(403 883)

Other price risk sensitivity

A threat for the Group is the decrease of the market prices of its equity instruments, held-for-trade, which will lead to a decrease of the net profit. The Group does not possess significant exposure to derivative instruments, based on the equity instruments and indices. The carrying amount of equity instruments and investments in mutual funds, which are from financial assets held- for-trade portfolio, exposures to risk amounts to BGN 35 834 thousand (2010: 23 758 thousand).



Credit risk sensitivity

Group's policy regarding other than banking activities

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

	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Financial assets – carrying amounts:			
Non-current assets			
Long-term financial assets	479 799	1 226 814	1 080 591
Related parties receivables	2 181		
Long-term receivables	862 903	3 439	11 354
Current assets			
Related parties receivables	266 675	206 798	88 127
Cash and cash equivalents	1 021 696	681 959	437 801
Trade and other receivables	1 073 827	311 860	343 317
Carrying amount:	4 412 769	3 502 745	2 642 374

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group'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.

In respect of trade and other receivables, the Group 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 different industries and geographical areas. Based on historical indicators, the management considers that the trade receivables that are not past due are of good credit quality.

The credit risk related to cash and cash equivalents and financial market funds is considered immaterial as the contracting parties are banks with good reputation and good credit rating.

The carrying amounts presented above represent the maximum exposure to credit risk the Group might experience, regarding these financial instruments.

Group's policy regarding banking activities

The credit risk represents the probability of losses, due to the inability of the counterparty to meet its liabilities in time. The Group structures the credit risk as it sets limits for the credit risk as a maximum exposure to one debtor, to a group of related parties, to geographic regions and the different business sectors. In order to reduce the credit risk, in compliance with the internal credit rules, corresponding securities and guarantees are required.

The cash and bank accounts in the Central bank, amounting to BGN 475 545 thousand (2010: BGN 497 530 thousand) do not carry any credit risk for the Group, due to their nature and the ability of the Group to dispose of them.

The placements and advances to banks with book value BGN 405 785 thousand (2010: BGN 93 785 thousand) are mainly deposits in first-class international and Bulgarian financial institutions with maturity up to 7 days. These financial assets bear certain credit risk, whose maximum exposure, according to the Group, as percentage is 20% and as absolute value equals BGN 81 751 thousand (2010: BGN 25 340 thousand). As at 31 December 2011 the provisions for coverage of losses from impairments of the placements and advances to banks amount to BGN 135 thousand. (2010: BGN 135 thousand).

The receivables under repurchase agreements, amounting to BGN 32 444 thousand carries credit risk to the Group, which is dependent on the credit risk of the collateral. One part of receivables amounting to BGN 16 389 thousand (2010: BGN 41 021 thousand), does not carry any credit risk to the Group, as they are secured by the Bulgarian government securities. The remaining receivables amounting to BGN 16 055 thousand carry credit risk 100% to the Group, as they are secured by corporate securities.

The held-for-trading financial assets, amounting to BGN 71 777 thousand (2010: BGN 49 127 thousand) carry mainly market risk to the Group, which is analyzed in the notes, related to the market risk

The equity instruments held-for-sale, amounting to BGN 30 226 thousand (2010: BGN 18 299 thousand), are shares in financial and non-financial companies as well as shares in mutual funds, that carry credit risk, whose maximum exposure percentage is 100% or BGN 30 226 thousand (BGN 18 299 thousand). As at 31 December 2011 the provisions for coverage of losses from impairment of the held-for-sale equity instruments, amount to BGN 237 thousand. (2010: BGN 241 thousand).

The debt instruments held-for-sale and issued by the Republic of Bulgaria, amounting to BGN 101 047 thousand (2010: BGN 40 645 thousand) bear the credit risk of the country issuer.

The debentures held-for-sale and issued by local and foreign companies, amounting to BGN 130 793 thousand (2010: BGN 74 284 thousand), bear credit risk, whose maximum exposure is 100% or BGN 130 793 thousand (2010: BGN 74 284 thousand).

The debt instruments held-to-maturity and issued by Republic of Bulgaria, amounting to BGN 127 343 thousand (2010: BGN 117 865 thousand) do not carry credit risk to the Group, as they are secured by Bulgarian government.



The debt instruments held-to-maturity and issued by the National Bank of the Republic of Macedonia, amounting to BGN 51 270 thousand (2010: BGN 48 249 thousand), do not bear any credit risk for the Group, as they are secured by the National Bank of the Republic of Macedonia. The debt instruments held-to-maturity and issued by the National Bank of the Republic of Macedonia at the amount of BGN 38 231 thousand (2010: BGN 4 684 thousand) do not bear any credit risk as they are guaranteed by the Republic of Macedonia.

The debt instruments held-to-maturity and issued by foreign company at the amount of BGN 20 903 thousand (2010: BGN 21 104 thousand) bear credit risk with maximum exposure of 100% or BGN 20 903 thousand (2010: BGN 21 104 thousand).

Loans and advances to customers with book value of BGN 1 479 831 thousand (2010: BGN 1 246 949 thousand) expose the Group to credit risk. In order to determine the amount of exposure of the Group to this kind of risk, an analysis is being conducted of the individual risk for the Group, originating from every specifically determined exposure, as the Group applies the criteria for evaluation and classification of the risky exposures, set in the bank legislation of the Republic of Bulgaria and the Republic of Macedonia. In accordance with these criteria and the conducted analysis the Group's maximum exposure amounts to BGN 1 153 075 thousand (2010: BGN 967 894 thousand). In order to minimize the credit risk, in the process of granting credits detailed procedures, regarding the analysis of the economic appropriateness of any single project, the different kinds of securities acceptable by the Group, the control of the placements and their administration, are applied. The Group monitors the observance of the limits for credit exposure by regions and industries. The purpose of the above-mentioned limits is to limit the concentration of one region or industry in the portfolio, which could lead to increased credit risk. The Group has adopted the methodology for calculating the provisions for impairment of loans and advances to customers, based on the requirements of the bank legislation, respectively in the Republic of Bulgaria and the Republic of Macedonia, as they do not differ significantly. As at 31 December 2011 the provisions for coverage of losses from impairment of loans and advances amount to BGN 30 062 thousand (2010: BGN 27 169 thousand).

Classes of financial assets as at 31 December 2011:

Debt Group	Granted loans			Unutilized engagement		Given guarantees	
	Amount BGN '000	Share %	Provisions BGN '000	Amount BGN '000	Share %	Provisions BGN '000	Amount BGN '000
Regular	1 370 424	92.61	3 154	89 097	71 985	100	84
Monitored	33 275	2.25	1 370	525	-	-	-
Irregular	28 771	1.94	3 152	129	-	-	-
Not serviced	47 361	3.20	22 386	529	-	-	-
Total	1 479 831	100.00	30 062	90 280	71 985	100	84



Classes of financial assets as at 31 December 2010:

Debt Group	Granted loans			Unutilized engagement Group	Given guarantees		
	Amount BGN '000	Share %	Provisions BGN '000		Amount BGN '000	Share %	Provisions BGN '000
Regular	1 122 180	89.99	2 036	72 978	65 290	100	137
Monitored	65 293	5.24	1 504	527	-	-	-
Irregular	20 254	1.62	2 763	109	-	-	-
Not serviced	39 222	3.15	20 866	107	-	-	-
Total	1 246 949	100	27 169	73 721	65 290	100	137

Classes of financial assets as at 31 December 2009:

Debt Group	Granted loans			Unutilized engagement Group	Given guarantees		
	Amount BGN '000	Share %	Provisions BGN '000		Amount BGN '000	Share %	Provisions BGN '000
Regular	1 079 542	91.56	2 269	89 381	103 345	100	8
Monitored	49 047	4.16	1 511	814	-	-	-
Irregular	25 914	2.20	3 661	387	-	-	-
Not serviced	24 486	2.08	14 629	131	-	-	-
Total	1 178 989	100	22 070	90 713	103 345	100	8

The loans granted by the Group can be summarized in the following table:

Name of the group	31.12.2011				31.12.2010			
	Loans, granted to non-financial clients		Loans to banks and receivables under repurchase agreements		Loans, granted to non-financial clients		Loans to banks and receivables under repurchase agreements	
	BGN '000	%			BGN '000	%		
Not outstanding and not impaired	941 880	63.65		32 444	848 995	68.08		41 021
Outstanding but not impaired	465 503	31.46		-	329 832	26.45		-
Impaired on individual base	72 448	4.89		-	68 122	5.47		-
Total	1 479 831	100		32 444	1 246 949	100		41 021
Set-aside provisions	30 062			-	27 169			-
Net loans	1 449 769			32 444	1 219 780			41 021

As at 31 December 2011 and 2010 the predominant share of the loans, represented as outstanding but not impaired, are loans, for which a 30-day delay in payment is allowed. The Group considers that such incidental delays are not indication for impairment of these loans.



Loans and advances, which are not outstanding and not impaired, are presented in the following table:

	31.12.2011	31.12.2010	31.12.2009
	BGN'000	BGN'000	BGN'000
Individuals			
Credit cards and overdrafts	21 188	22,854	21,789
Consumer loans	104 473	131,869	157,769
Mortgage loans	50 723	61,446	74,602
Corporate clients	765 355	632,826	550,510
Total	941 880	848,995	804,670

The value of the outstanding loans that are not impaired is presented in the table below. These loans are not impaired, as the delays are accidental and of up to a 30-day period, which does not necessitate their impairment.

	31.12.2011	31.12.2010	31.12.2009
	BGN '000	BGN '000	BGN'000
Individuals			
Credit cards and overdrafts	7 579	9,329	9,770
Consumer loans	24 385	29,353	32,032
Mortgage loans	24 392	24,493	22,631
Corporate clients	409 147	266,657	269,696
Total	465 503	329,832	334,129

The book value of the loans, with accrued provision on an individual basis as at 31 December 2011, 2010 and 2009, is BGN 72 448 thousand, BGN 68 122 thousand and BGN 40 190 thousand, respectively. These amounts do not include cash flows from the collaterals of these loans.

	Book value before impairment	Book value before impairment	Book value before impairment	Total highly liquid collateral
2011	Group II	Group III	Group IV	
	BGN'000	BGN'000	BGN'000	BGN'000
Credit cards and overdrafts	3 061	1 888	5 369	-
Consumer loans	11 912	4 587	15 315	5 016
Mortgage loans	39	224	2 342	3 502
Corporate clients	3 218	4 470	20 023	11 132
Total	18 230	11 169	43 049	19 650



2010	Book value before impairment	Book value before impairment	Book value before impairment	Total highly liquid collateral
	Group II	Group III	Group IV	
	BGN'000	BGN'000	BGN'000	BGN'000
Credit cards and overdrafts	2 826	1 230	3 730	-
Consumer loans	10 889	4 423	10 168	4 323
Mortgage loans	91	194	704	1 094
Corporate clients	1 678	872	9 521	7 680
Total	15 484	6 719	24 123	13 097

2009	Book value before impairment	Book value before impairment	Book value before impairment	Total highly liquid collateral
	Group II	Group III	Group IV	
	BGN'000	BGN'000	BGN'000	BGN'000
Credit cards and overdrafts	2 393	1 200	2 644	-
Consumer loans	11 022	5 370	8 674	1 514
Mortgage loans	49	154	882	1 662
Corporate clients	1 714	1 437	3 166	1 208
Total	15 178	8 161	15 366	4 384

The following table presents the Group's portfolio by type of collateral:

	2011	2010	2009
Secured with cash and government securities	142 651	94 953	108 545
Mortgage	510 301	516 115	484 835
Other collateral	702 108	510 635	512 638
No collateral	124 771	125 246	72 971
Expenses for provisions of impairment losses	(30 062)	(27 169)	(22 070)
Total	1 449 769	1 219 780	1 156 919



Business segment, classification group and delays of payments as at 31 December 2011:

Segment	Amount Group	Number of transactions	Debt	Delays of payments			Provisions	Unutilized engagement
				Principal	Interest	Court receivables		
Trade	Regular	75 233	219 836	359	275	-	3 088	33 416
	Monitored	4 670	23 682	780	435	-	1 241	399
	Not serviced	2 024	13 047	1 097	573	-	2 692	112
	Loss	7 311	22 417	3 865	1 508	8 451	15 583	125
Total		89 238	278 982	6 101	2 791	8 451	22 604	34 052
Corporate	Regular	1 543	1 101 984	28 788	3 249	-	66	54 304
	Monitored	183	9 593	278	153	-	129	126
	Not serviced	58	15 724	6 799	730	-	460	17
	Loss	296	24 944	3 864	870	12 914	6 803	404
Total		2 080	1 152 245	39 729	5 002	12 914	7 458	54 851
Budget	Regular	9	48 604	-	630	-	-	1 377
	Monitored	-	-	-	-	-	-	-
	Not serviced	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-
Total		9	48 604	-	630	-	-	1 377
Total portfolio		91 327	1 479 831	45 830	8 423	21 365	30 062	90 280

Business segment, classification group and delays of payments as at 31 December 2010:

Segment	Amount Group	Number of transactions	Debt	Delays of payments			Provisions	Unutilized engagement
				Principal	Interest	Court receivables		
Trade	Regular	81 553	263 387	585	328	-	1 977	35 426
	Monitored	5 255	26 171	806	496	-	1 382	428
	Not serviced	2 166	12 108	988	557	-	2 532	79
	Loss	7 533	17 754	3 071	811	8 898	12 974	99
Total		96 507	319 420	5 450	2 192	8 898	18 865	36 032
Corporate	Regular	1 696	842 530	5 428	2 507	-	-	37 370
	Monitored	167	39 122	1 168	580	-	122	99
	Not serviced	97	8 146	738	392	-	231	30
	Loss	301	21 468	5 205	1 049	5 997	7 951	8
Total		2 261	911 266	12 539	4 528	5 997	8 304	37 507
Budget	Regular	8	16 263	-	-	-	-	51
	Monitored	-	-	-	-	-	-	-
	Not serviced	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-
Total		8	16 263	-	-	-	-	51
Total portfolio		98 776	1 246 949	17 989	6 720	14 895	27 169	73 590



Business segment, classification group and delays of payments as at 31 December 2009:

Segment	Amount Group	Number of transactions	Debt	Delays of payments			Provisions	Unutilized engagement
				Principal	Interest	Court receivables		
Trade	Regular	90 711	294 746	725	281	-	2 264	42 217
	Monitored	6 608	28 134	794	464	-	1 347	657
	Not serviced	3 016	13 553	945	595	-	3 222	358
	Loss	6 446	14 968	1 881	762	6 833	11 341	98
Total		106 781	351 401	4 345	2 102	6 833	18 174	43 330
Corporate	Regular	1 820	774 539	2 425	1 115	-	6	44 672
	Monitored	202	20 915	630	280	-	164	157
	Not serviced	92	12 361	1 099	537	-	439	29
	Loss	129	9 520	1 034	364	3 161	3 287	33
Total		2 243	817 335	5 188	2 296	3 161	3 896	44 891
Budget	Regular	6	10 253	-	-	-	-	2 492
	Monitored	-	-	-	-	-	-	-
	Not serviced	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-
Total		6	10 253	-	-	-	-	2 492
Total portfolio		109 030	1 178 989	9 533	4 398	9 994	22 070	90 713

Liquidity risk analysis

Liquidity risk is the risk that the Group cannot meet its liabilities. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash in- and outflows due to 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. The need for cash is compared to the available loans in order to determine shortage or surplus. This analysis determines whether the loans available will be enough to cover the Group's needs for the period.

The Group maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and sale of long-term financial assets.



As at 31 December 2011 Group's liabilities (including interest payables where applicable) have contractual maturities, summarized below:

31 December 2011 г.	Current		Non-current
	Within 12 months	From 1 to 5 years	Within 12 months
	BGN'000	BGN'000	BGN'000
Dividend payables	15 921	53 399	-
Bank and other loans	222 196	140 021	23 181
Related parties payables	12 573	2 037	-
Financial lease payables	6 538	19 771	99
Trade and other payables	2 220 105	951 178	-
Total	2 477 333	1 166 406	23 280

As at 31 December 2010 Group's liabilities (including interest payables where applicable) have contractual maturities, summarized below:

31 December 2010 г.	Current		Non-current
	Within 12 months	From 1 to 5 years	Within 12 months
	BGN'000	BGN'000	BGN'000
Dividend payables	15 951	38 450	23 638
Bank and other loans	92 115	237 515	20 621
Related parties payables	25 630	826	-
Financial lease payables	8 814	23 336	2 790
Trade and other payables	1 629 589	356 666	178 333
Total	1 772 099	656 793	225 382

As at 31 December 2009 Group's liabilities (including interest payables where applicable) have contractual maturities, summarized below:

31 December 2009 г.	Current		Non-current
	Within 12 months	From 1 to 5 years	Within 12 months
	BGN'000	BGN'000	BGN'000
Dividend payables	8 040	46 233	24 422
Bank and other loans	233 272	91 919	21 157
Related parties payables	4 189	-	-
Financial lease payables	10 083	26 287	6 612
Trade and other payables	1 174 776	324 479	130 630
Total	1 430 360	488 918	182 821



As at 31 December 2009, in regards to the issued secured exchangeable bonds by a company from the group of Chimimport AD there is an option in accordance with Condition 8 (c) from Terms and Conditions of the bonds issued on 22 August 2008 by Chimimport Holland B.V. (with sole owner of the share capital being Chimimport AD) at the amount of EUR 65 000 000 with 7% interest rate and exchangeable for ordinary shares of Chimimport AD (called “the Bonds”), each bondholder had 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 2010. As at 22 August 2010 none of the rights were exercised. The following date for exercising the repurchasing rights is 22 August 2012.

The amounts, reported in this analysis for the maturity of the liabilities represent the non-discounted cash flows from the contracts, which may differ from the carrying amounts of the liability as at the reporting date. The annual interest payments amount to BGN 19 861 thousand (2010: BGN 29 951 thousand, 2009: BGN 17 221 thousand).

Group’s policy regarding banking activities

The group follows the obligations and restriction arising from the regulations of the banking legislations in counties involved in the management and supervision of bank’s liquidity. The group maintains specialized collective bodies for liquidity’s management, which adopt the Group’s policy of managing the liquidity risk.

Quantitative measurement of liquidity risk, according to the regulations of the banking legislation is the coefficient of liquid assets, expressing the ratio of liquid assets to borrowing of the Group.

The Group traditionally maintains huge volume of highly liquid assets – cash and cash equivalents on hand and cash in Central Banks, which ensures the Group’s smooth addressing of liquid need. As an additional tool for ensuring high liquidity the Group uses resources and advances given to financial institutions. Essentially, these are deposits in prime foreign and Bulgarian financial institutions with maturity of 7 days. As of 31 December they cover about 13% of the total assets. Bonds issued by the Republic of Bulgaria and from National Bank of the Republic of Macedonia, which the Group possesses and has not pledged as a security are about 6.5% of the Group’s assets. Maintaining over 30% of its assets in highly liquid assets, the Group is able to cover all its needs regarding payments on matured financial liabilities.

The allocation of financial liabilities of the Group as of 31 December 2011, according to their residual term is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Above 5 years	Total
Financial liabilities						
Deposits from banks	16 487	4 040	-	-	-	20 527
Credits from banks	190	106	2 273	5 633	35 158	43 360
Obligations under agreements for security repurchasing	18 017	1 865	-	-	-	19 882
Liabilities to other depositors	891 637	393 752	867 300	508 857	6 451	2 667 997
Other borrowed funds	139	45	241	337	-	762
Other liabilities	13 021	-	-	-	-	13 021
Total financial liabilities	939 491	399 808	869 814	514 827	41 609	2 765 549



Financial liabilities of the Group are formed mainly by borrowing from other depositors – deposits of natural persons and legal entities. Most of them – above 33% have residual maturity of less than one month. Usually customers of the Group that prefer concluding deposit contract with 1 month maturity renegotiating it for longer period later on. Therefore, one-month deposits are essentially long and relatively permanent resource for the Group.

The allocation of financial liabilities of the Group as of 31 December 2010, according to their residual term is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Above 5 years	Total
Financial liabilities						
Deposits from banks	7 558	-	4 000	-	-	11 558
Liabilities to other depositors	2	-	133	5 000	35 224	40 359
Other borrowed funds	20 884	1 865	-	-	-	22 749
Other liabilities	803 530	231 616	426 873	542 219	4	2 004 242
Obligations under agreements for security repurchasing	93	63	227	2 054	778	3 215
Short-term loans	12 831	-	-	-	-	12 831
Total financial liabilities	844 898	233 544	431 233	549 273	36 006	2 094 954

Financial assets as means for managing the liquidity risk

While appraising and managing the liquidity risk the Group measures the expected cash flows from financial instruments, namely the available cash and trade receivables. The available cash resources and trade and other receivables significantly exceed the current needs of cash outflow. According to the concluded agreements all cash flows from trade and other receivables are due within 1 year.

Capital management policies and procedures

The Group's capital management objectives are:

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

The Group monitors capital on the basis of the correlation between capital to net debt.

The Group determines the capital based on the carrying amount of the equity presented in the statement of financial position.

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

Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The capital for the presented reporting periods is summarized as follows:

	2011	2010	2009
	BGN'000	BGN'000	BGN'000
Shareholders' equity	1 414 233	1 324 283	1 168 752
Equity	1 414 233	1 324 283	1 168 752
Debt	3 799 467	3 140 180	2 274 382
- Cash and cash equivalents	(1 021 696)	(681 959)	(437 801)
Net debt	2 777 771	2 458 221	1 836 581
Capital to net debt	1.96	1.86	1.57

3

The increase in ratio during 2011 is primarily a result of the increase in the Group's net debt due to its bank and other activities.

The Group has honoured its covenant obligations, including maintaining capital ratios



INFORMATION REGARDING

Chimimport AD,

according to Annex No.11 to Article 32, Paragraph 1, Item 4 of Regulation No. 2 as at 17.09.2003 for the prospectus for the public offering and admission to trading on the regulated market for securities and the disclosure of information by the public entities and other issuers of securities

Capital structure of the Group of Chimimport AD, including the securities, unadmitted to trading on the regulated market in the Republic of Bulgaria or other member-country, indicating the different classes of shares, the rights and the obligations, related to each class of shares, and the portion of the total share capital, constituting each class.

The share capital of Chimimport AD as at 31 December 2011 consists of 150 857 596 (2010: 150 858 809, 2009: 150 577 390) ordinary shares with a par value of BGN 1 per share and 88 770 671 (2010: 88 787 458, 2009: 89 068 877) preferred shares with a par value of BGN 1, including 5 170 175 (2010: 5 784 484, 2009: 5 643 171) ordinary shares and 4 131 489 (2010: 4 102 889 2009: 4 140 794) preferred shares, acquired by companies of Chimimport Group. The ordinary shares of Chimimport AD are 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 Group's estate.

	2011	2010	2009
	Number of shares	Number of shares	Number of shares
	229 758 894	229 862 302	144 138 806
Shares issued and fully paid:		-	89 646 283
- at the beginning of the period	(16 787)	(281 419)	(577 406)
- issued during the period /preferred shares/	16 787	281 419	577 406
- reduction of the preferred shares converted into ordinary shares during the period	585 709	(103 408)	(3 922 787)
- increase of the ordinary shares converted into preferred shares	230 344 603	229 758 894	229 862 302
- own shares /ordinary and preferred/, acquired by subsidiaries	(9 301 664)	(9 887 373)	(9 783 965)

On 12 June 2009, Chimimport AD issues mandatory convertible preferred shares with a 9% On 12 June 2009 Chimimport AD issued mandatory convertible preferred shares with 9% guaranteed fixed annual dividend and guaranteed liquidation quota. 89 646 283 preferred shares are issued and paid with issue value amounting to BGN 2.22 each, representing 99.61% of the offered shares. The accumulated capital during the public offering amounts to BGN 199 015 thousand. The obligatory conversion of the shares occurs at the end of the seventh year after the registration of the capital increase in the Trade register.

The accumulated funds above the nominal value of the share capital amounting to BGN 105 082 thousand are allocated as follows:

- BGN 27 622 thousand – share premium
- BGN 8 348 thousand – current dividend payables
- BGN 70 008 thousand – non-current dividend payables
- BGN 3 391 thousand – share issue expenses

Dividend payables and share premium, resulting from the conversion of 858 825 preferred shares and the acquisition of 585 709 shares of the Group by subsidiaries, are allocated as follows:

- BGN 28 272 thousand – share premium
- BGN (1 432) thousand – reduction of share premium due to treasury shares acquired by subsidiaries
- BGN 16 770 thousand – current dividend payables
- BGN (849) thousand – reduction of current dividend payables due to treasury shares acquired by subsidiaries
- BGN 56 245 thousand – non-current dividend payables
- BGN (2 846) thousand – reduction of non-current dividend payables due to treasury shares acquired by subsidiaries



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

	2011 Number of ordinary shares	2011 %	2010 Number of ordinary shares	2010 %	2009 Number of ordinary shares	2009 %
Chimimport Invest AD	108 533 269	71.94%	109 348 114	72.48%	109 724 464	72.87%
Artio International Equity Fund	10 693 367	7.09%	10 693 367	7.09%	10 693 367	7.10%
CCB Group EAD	4 395 005	2.91%	5 192 408	3.44%	5 192 408	3.45%
CACEIS Bank Deutschland GmbH	2 833 188	1.88%	2 840 358	1.88%	1 275 706	0.85%
DIAS Investment Company	1 500 000	0.99%	1 501 935	1.00%	1 171 377	0.78%
EFG EUROBANK ERGASIAS	1 378 750	0.91%	1 362 229	0.90%	1 362 229	0.90%
Unicredit Bank Austria	1 161 064	0.77%	1 198 300	0.79%	1 266 249	0.84%
PIC Saglasie Co.Ltd.	850 672	0.56%	255 672	0.17%	244 672	0.16%
LIC Saglasie AD	765 000	0.51%	-	0.00%	-	0.00%
Consolid Commerce	704 276	0.47%	704 276	0.47%	704 276	0.47%
The Bank of New York Mellon	633 049	0.42%	328 842	0.22%	91 250	0.06%
Other legal entities	11 061 102	7.33%	10 768 767	7.14%	12 600 137	8.37%
Other natural persons	6 366 854	4.22%	6 664 541	4.43%	6 251 255	4.15%
Chimimport Invest AD	150 875 596	100.00%	150 858 809	100.00%	150 577 390	100.00%
Shares of the Group, acquired by subsidiaries						
CCB Group AD	(4 395 005)	2.91%	(5 192 408)	3.44%	(5 192 408)	3.45%
ZAD Armeec	(463 100)	0.31%	(463 100)	0.31%	(405 848)	0.27%
CCB AD	(57 000)	0.04%	(56 309)	0.04%	-	-
POAD CCB Sila	(255 070)	0.17%	(72 667)	0.05%	(44 915)	0.03%
	(5 170 175)	3.43%	(5 784 484)	3.83%	(5 643 171)	3.75%
Net number of shares	145 705 421		145 074 325		144 934 219	



The list of principle shareholders, holding shares (ordinary shares and preferred shares) of the capital of Chimimport AD is presented as follows:

	2011	2011	2010	2010	2009	2009
	Number of	%	Number of	%	Number of	%
	shares		shares /ordinary		shares	
	/ordinary and		and preferred/		/ordinary and	
	preferred/				preferred/	
Chimimport Invest AD	179 885 551	75.06%	180 713 551	75.41%	181 149 195	75.59%
Artio International Equity Fund	17 109 388	7.14%	17 109 388	7.14%	17 729 376	7.40%
CCB Group EAD	7 468 658	3.12%	8 266 061	3.45%	8 307 853	3.47%
CACEIS Bank Deutschland GmbH	2 833 188	1.18%	2 840 358	1.19%	1 275 706	0.53%
UniCredit Bank Austria	1 909 993	0.80%	2 102 255	0.88%	2 257 850	0.94%
Dias investment company	1 500 000	0.63%	1 501 935	0.63%	1 171 377	0.49%
Efg eurobank ergasias	1 378 750	0.58%	1 800 964	0.75%	1 362 229	0.57%
Other legal entities	18 838 765	7.86%	22 656 654	9.45%	19 548 826	8.16%
Other natural persons	8 721 974	3.64%	2 655 101	1.11%	6 843 855	2.86%
	239 646 267	100%	239 646 267	100%	239 646 267	100%
Shares of the Group, acquired by subsidiaries						
CCB Group AD	(7 468 658)	3.12%	(8 266 061)	3.45%	(8 307 853)	3.47%
ZAD Armeec	(463 100)	0.77%	(463 100)	0.19%	(551 864)	0.23%
CCB AD	(82 800)	0.03%	(81 509)	0.03%	-	-
POAD CCB Sila	(1 287 106)	0.54%	(1 076 703)	0.45%	(924 248)	0.39%
	(9 301 664)	4.46%	(9 887 373)	4.13%	(9 783 965)	4.08%
Net number of shares	230 344 603		229 758 894		229 862 302	

Withholding tax for dividends due from individuals and foreign legal entities for 2010, 2011 and 2012 amounts to 5% and the tax is deducted from the gross amount of dividends.

Limitations on share transfer, such as limitations on the holding of shares or the requirement for approval by the company or another shareholder.

Issue and disposal of dematerialized shares requires mandatory registration with the Central Depository

Information regarding the direct and indirect holding of more than 5% from the voting right at the General Meeting of the Shareholders, including shareholders data, the amount of the equity and the manner, in which the shares are held.

As at 31 December 2011, shareholders owning 5% and more Group's capital, are as follows:

Name	Number of shares	%
Chimimport Invest AD	108 533 269	71.94%
Artio international equity fund Julius Baer Investment Management LLC - USA	10 693 367	7.09%

The rest shareholders (legal entities and individuals) own shares for less than 5% of the Group's capital.

Shareholders with special control rights

No shareholders of the Group have special control rights.

Control system and restrictions on the exercise of the voting right at the shareholders' General Meeting.

Chimimport AD lacks control system when exercising the voting rights in the cases when Group's employees are also its shareholders and the rights are exercised by them personally. All shareholders, who are also Group's employees exercise their voting rights at their own judgement.

Agreements between shareholders

The Company is not familiar with any agreements between shareholders that may reflect in limitations in share transfer or voting rights.

Electing and dismissing of Group's managing bodies

The Group's managing bodies are:

- Shareholders' General Meeting;
- Supervisory Board;
- Managing Board;

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

The members of the Managing Board are appointed by the Supervisory Board, which can replace them anytime. One person cannot be both a member of the Managing and Supervisory Board of the Group. The members of the Managing Board may be re-elected without any restriction.

For members of the Managing Board of the Group of Chimimport can be elected only individuals, who meet the law requirements, namely:

to be physical or legal entities;

at the date of the election are not convicted for crimes against the property, business or financial, tax or insurance system, conducted in Republic of Bulgaria or abroad, unless rehabilitated;

were not members of managing or supervisory body of companies, ceased due to bankruptcy in the last 2 years preceding the date of the declaration of bankruptcy, if there are unsatisfied creditors;

Amendments and additions to the Group's Statute are adopted by the Shareholders' General Meeting.

Responsibilities of the governing bodies of the Group, including decisions on the issue and redemption of shares

The Managing board of the Group of Chimimport manages ongoing activities of the Group and represents it before the legal and natural persons in Bulgaria and abroad. The Managing Board shall decide all matters not within the exclusive competence the General Meeting or the Supervisory Board, subject to the General Meeting resolutions and the Supervisory Board, the provisions of the Charter and the law. For its activities The Managing board reports to the Supervisory board and the General Meeting.

The Managing Board adopts rules of procedure, approved by the Supervisory Board.

The Managing Board shall report its activities to the Supervisory Board of the Group at least once every three months. The Managing Board shall immediately notify the Chairman of the Supervisory Board of any relevant circumstances, essential to the Group.

The Managing Board submits to the Supervisory Board the annual financial statements, the annual activity report and the auditor's report, as well as the proposal for profit distribution, which it will present to the Shareholders' General Meeting.

By decision dated 17.09.2007 within 5 (five) years from the registration of this amendment to the Statute in the trade register, the Managing board may decide to issue bonds, including convertible to a total of BGN 100 000 000 (one hundred million) or the equivalent in another currency. In its decision-making the Governing Council determines the type of bonds, debenture loan parameters and procedures for the issuance of bonds. Decisions under this Article shall be adopted by the Board with the approval of the Supervisory Board.

Under decision dated 17 Septemebr 2007 within 5 years of registering of this amendment to the statutes in the commercial register under Art. 196, para. 1 of the Commercial Code, the Managing Board may decide to increase the share capital up to an aggregate nominal value of BGN 175 000 000 /one hundred seventy-five million/, by issuing new ordinary or preferred shares. Decisions under the preceding sentence are adopted by the managing Board with the approval of the Supervisory Board.

Major contracts of the Group of Chimimport

The Group has not entered into any agreements that might cause any activity, change or be terminated as a result of a change in the Group's control.

Agreements between the Group and its managing bodies

The Company has not entered into any agreements with its managerial bodies and employees, providing compensation in case of a dismissal or a lay off without legal basis or when the termination of the labor contract is relating to tender offerings.

Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization, except the following:

➤ On 6 January 2012, the name of Bulgarian Aviation Group EAD is changed to Bulgarian Airways Group EAD. On 29 February 2012, the name of Molet EAD is changed to Airport Services - Bulgaria EAD and the subsidiary Airport Services EOOD has merged with its sole owner Molet EAD.

➤ As at 31 March 2012, Fertilizers Trade OOD and Chimtrans OOD have been liquidated.

➤ On 10 January 2012, Parahodstvo Balgarsko Rechno Plavane AD has entered into a selling agreement with Konstructus EOOD for the sale of 1 100 shares of the capital of VTC AD, thus decreasing its shareholding in the company to 41%.

➤ On 12 March 2012, Port Pristis OOD was registered as a public transport port of regional importance - Pristis.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization

INFORMATION REGARDING THE IMPLEMENTATION BY THE CORPORATE MANAGEMENT OF CHIMIMPORT AD OF THE RECOMMENDATIONS OF THE NATIONAL CODE OF CORPORATE GOVERNANCE

On 18 January 2008, **Chimimport AD** adopted the National Code of Corporate Governance. The corporate governance program of Chimimport AD is subject to the principal of “APPLICATION OR EXPLANATION”, according to which the corporate governance of the Company should present information about the degree to which the Company applies the behavior principals, founded in the Code and should present explanation of how the problematic situation would be resolved, when one or more principles are not applicable according to **Chimimport AD**.

As at the date of adopting the National Code, the Company operates in full accordance with its principles and regulations.

CORPORATE GOVERNANCE – MANAGING BOARD

Chimimport AD is a public company with tier system of governance.

All members of the Managing Board and the Supervisory Board fulfill the legal requirements for assuming the office. The functions and obligations of the corporate government, as well as their structure and competence are in compliance with the requirements of the Code.

- The Managing Board governs according to the established vision, goals and strategy of Chimimport AD
- The members of the Managing Board are guided in their actions by the accepted principles of integrity and managerial and professional competence.

In the annual management report are disclosed the remunerations for the members of the Managing Board in compliance with the legal and structural measures of the Company. The shareholders have easy access to the information regarding the remunerations. The members of the Managing Board avoid and prevent actual and potential conflict of interest..

CORPORATE GOVERNANCE – SUPERVISORY BOARD

The Supervisory Board regulates the activities performed by the Managing Board regarding the managing of the Company, guaranteeing that the actions of the Managing Board increase the shareholders' interest and assist in the application of the principles for the good corporate management of the Company. It takes part in all significant decision-making processes, regarding the Company's operations.

Supervisory Board, if necessary, may take the necessary studies to support their duties by consultation with experts.

Supervisory Board appoints and dismisses members of the Board delimiting the powers delegated to them, the manner in which they apply their powers and the frequency with which they are accountable to the Supervisory Board.

The Supervisory Board adopts rules concerning the age limit for individuals elected to the Managing Board.

The Supervisory Board assesses the overall performance of the Company, paying particular attention to the information received by the Managing Board and regularly compares the planned and achieved results, and analyses the reason for the differences.

The Supervisory Board monitors and controls the process of disclosure of information about the Company.

The Supervisory Board adopts guidelines regarding the maximum number of companies in which members of the Managing and Supervisory Board of Chimimport AD participate in as managing and supervisory bodies, the participation in which is considered acceptable regarding the requirements for effective implementation of the obligations they have as members of the Boards of the Company.

The Supervisory Board defines criteria that differentiate the participations in other companies, depending on the assumed position and the time that each of them requires.

Following the requirement of the Law on the Public Offering of Securities and the Satute of the Company, the Supervisory Board if necessary revises the structure of the Managing Board, the duties, powers and remunerations of each of the members of the Managing Board and if necessary takes measures to change them.

In carrying out their activities, the members of the Supervisory Board are obligated to perform their duties in a manner they consider to be in all shareholders' interests of the Company and use only information that is considered to be reliable and complete, and to be loyal to the Company under the requirements of the Law on Public Offering of Securities.

The Supervisory Board of the Company is supported by the Auditing Committee. On the General Meeting of the Shareholders conducted on 11.03.2009, acting on a proposal of the Supervisory Board, the shareholders of Chimimport AD elected the following individuals to the Auditing Committee. Dina Krusteva Paskova, 7906246297 - chairman, Mariana Zarkova Purvanova 5712316258 and Zortitsa Krasimirova Aleksova 7707306773 – members.

The structure and functions of the Committee are defined in the Corporate Management of Chimimport AD.

AUDIT AND INTERNAL CONTROL



Chimimport AD has a developed and functioning system for internal control, that guarantees the accurate identification of the risks, related to the Company's activity and promotes their effective management; secures the adequate functioning of the reporting systems and information disclosure.

Registered auditor, appointed by the General Meeting of the Shareholders of Chimimport AD for authorization of the annual financial report of the Company for 2010 is the specialized audit company "Grant Thornton" OOD, registered under No.32 in the special register of the IDES. In respect to ensuring the efficiency of the work of the external auditors of **Chimimport AD**, in 2010 the Managing Board developed and adopted measures for ensuring the effective fulfillment of the duties of the auditors of the Company, based on the requirements of the Law on the Independent Financial Audit.

In respect to the Law on Independent Financial Audit, the Managing Board of **Chimimport AD** recommended to the audit committee to comply with this principle regarding the newly offered auditors of the Company.

PROTECTING THE SHAREHOLDERS' INTERESTS

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

The Company ensures the protection of the rights of each shareholder by:

- Facilitating the effective participation of the shareholders in the work process of the General Meetings of the Shareholder by the timely announcement of the materials for OCA on the following websites: www.x3news.com, www.investor.bg, as well as on the Group's website www.chimimport.bg
- Conducting of clear procedures regarding the convening and conducting of the General Meetings of the Shareholders – regular and extraordinary meetings
- Developing rules for representation of a shareholder in the General Meeting, including submission of samples of proxies both in Bulgarian and English
- Possibility for participating in the distribution of the Company's profit, in case the General Meeting of the Shareholders accept the decision for dividend distribution
- Undertaking policy for facilitating the execution of the shareholders' rights.

DISCLOSURE OF INFORMATION

Reglamentations have been adopted regarding the internal information and the internal for the Company individuals that regulate the obligations, order and the responsibility for the public disclosure of internal information about Chimimport AD, ban of the trade with internal information and manipulation of the market for financial instruments.

The public information, related to the operations of Chimimport AD is presented to the Financial Supervisory Commission, the Bulgarian Stock Exchange – Sofia AD and the investing community. The information spreads to the public through the X3 NEWS - www.x3news.com.

Chimimport AD regularly renews its corporate web page www.chimimport.bg both in Bulgarian and English, in respect to the structure and volume of the presented information with the recommendations of the National Code and the approved good practices regarding the systems for disclosure of information. On the web page general information could be found regarding the Company and the operation segments of all companies from the economic group, current data regarding the financial and economic condition of the Company, including the interim and annual financial reports of **Chimimport AD** both individual and consolidated, as well as information regarding the structure of the economic group, the corporate governance and management of the Company, corporate documents, constructed and approved by the Managing Board of the Company and the issued securities. All shareholders, investors and interested parties can receive information regarding the forthcoming and the already occurred significant corporate events, meetings of the General Meeting of the Shareholders and the planned investment policy of the Company.

INTERESTED PARTIES

Chimimport AD identifies as interested parties with a relation to its operations, all individuals, who are not shareholders and benefit from the economic prosperity of the Company

- stockholders, if such are issued,
- employees,
- customers,
- suppliers,
- creditor banks and
- the society as a whole.

the following group of individuals: customers, employees, creditors, suppliers and other contracting parties, related to the activity of the Company.

In its policy regarding the interested parties, the Company considers the legal requirements on the principles of transparency, accountability and business ethics. The interested parties are presented with the needed information regarding the activity of the Company, current data for the financial situation and everything that may assist them in their orientation and decision-making process.

The Managing Board encourages the cooperation between the Company and the interested parties for increasing the welfare of the parties and the ensuring of the steady development of the Company.

Authorization of the Annual Consolidated Activity Report

As at 31 December 2010, the Annual Activity Report of the Group of Chimimport (including comparatives) was approved by the Managing Board on 29 April 2011.

**MANAGING BOARD
OF CHIMIMPORT AD
SOFIA**