Grant Thornton

Independent Auditor's Report
Consolidated Financial Statements

CHIMIMPORT AD

31 December 2009

CHIMIMPORT
PUBLIC HOLDING COMPANY

Contents

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Chimimport AD
2 Stefan Karadja Street, Sofia

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **CHIMIMPORT AD**, which comprise the consolidated statement of financial position as of 31 December 2009, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by EU and the national legislation. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of CHIMIMPORT AD as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by EU and the national legislation.

Report on other legal and regulatory requirements – Management's report for the year ended 31 December 2009.

We have reviewed the management's report for the year ended 31 December 2009 of CHIMIMPORT AD, which is not part of the consolidated financial statements. The historical financial information in the management's report, prepared by the management, complies in its main aspects with the financial information, presented in the consolidated financial statements for the year ended 31 December 2009, prepared in accordance with International Financial Reporting Standards, as adopted by EU and the national legislation. The preparation of the management's report is responsibility of the management.

Mariy Apostolov
Managing partner

Gergana Mihaylova
Registered Auditor

Grant Thornton Ltd.
Auditing Company

30 April 2010
Bulgaria, Sofia

Consolidated statement of financial position

	Note	31.12.2009 BGN '000	31.12.2008 BGN '000
Assets			
Non-current assets			
Property, plant and equipment	8	587 844	543 578
Investment property	10	47 394	20 114
Investments in associates	6	105 524	137 836
Goodwill	11	49 250	37 527
Other intangible assets	12	74 199	113 857
Long-term financial assets	13	1 080 591	930 661
Long-term related party receivables	45	11 354	5 895
Deferred tax assets	14	2 503	3 107
Non-current assets		1 958 659	1 792 575
Current assets			
Inventory	15	34 262	60 891
Short-term financial assets	16	681 184	465 410
Short-term related party payables	45	88 127	33 407
Trade receivables	17	151 997	181 158
Tax receivables	18	7 314	10 264
Other receivables	19	184 006	125 997
Cash and cash equivalents	20	437 801	519 436
Current assets		1 584 691	1 396 563
Non-current assets, classified as held-for-sale	21	6 535	4 493
Total assets		**3 549 885**	**3 193 631**

Prepared by: ____________________ **Executive director:** ____________________

Date: 30 April 2010

Audited according to the auditor's report:

Consolidated statement of financial position (continued)

Equity and liabilities	Note	31.12.2009 BGN '000	31.12.2008 BGN '000
Equity			
Equity, attributable to the shareholders of Chimimport AD			
Share capital	22.1	229 862	144 139
Share premium	22.2	219 995	192 972
Other reserves	22.3	(9 093)	(9 073)
Retained earnings		403 118	243 769
Profit for the year		129 531	128 624
		973 413	700 431
Minority interest		195 339	188 610
Total equity		**1 168 752**	**889 041**
Specialized reserves	**23**	**106 751**	**97 701**
Liabilities			
Non-current liabilities			
Long-term financial liabilities	24	614 523	637 926
Payables to secured persons	25	120 976	82 563
Long-term trade payables	26	24 317	8 271
Long-term related party payables	45	-	168 353
Finance lease liabilities	9.1	32 899	9 109
Pension provisions	27.2	2 206	1 883
Other non-current liabilities	29	2 725	1 370
Other provisions		383	-
Deferred tax liabilities	14	18 748	16 589
Non-current liabilities		816 777	926 064
Current liabilities			
Short-term financial liabilities	24	1 259 686	1 045 307
Trade payables	26	110 078	104 686
Short-term related party payables	45	4 189	39 544
Finance lease liabilities	9.1	10 083	5 491
Pension and other employee obligations	27.2	13 480	15 732
Tax liabilities	28	13 765	15 410
Other liabilities	29	46 324	54 655
Current liabilities		1 457 605	1 280 825
Total liabilities		**2 274 382**	**2 206 889**
Total equity, reserves and liabilities		**3 549 885**	**3 193 631**

Prepared by: ____________________ **Executive director:** __________________
Date: 30 April 2010
Audited according to the auditor's report:

Consolidated statement of comprehensive income

	Note	2009 BGN '000	2008 BGN '000
Income from non-financial activities	30	574 962	722 461
Gain from sale on non-current assets	31	39 266	13 638
Expenses for non-financial activities	32	(532 906)	(653 822)
Net result from non-financial activities		**81 322**	**82 277**
Insurance income	33	270 704	215 374
Insurance expense	34	(252 146)	(203 968)
Net insurance result		**18 558**	**11 406**
Interest income	35	175 243	126 766
Interest expense	36	(99 547)	(65 536)
Net interest income		**75 696**	**61 230**
Gains from transactions with financial instruments	37	170 500	233 146
Losses from transactions with financial instruments	38	(64 414)	(171 892)
Net result from transactions with financial instruments		**106 086**	**61 254**
Administrative expenses	39	(160 215)	(157 738)
Negative goodwill	40	2 389	29 376
Result from investments in associates	6	6 477	9 922
Other financial income	41	33 286	37 282
Allocation of income to secured persons		(7 292)	16 919
Profit before tax		**156 307**	**151 928**
Tax expenses	42	(12 315)	(10 371)
Net profit for the period		**143 992**	**141 557**
Other comprehensive income			
Donations		(200)	(100)
Share of other comprehensive income of associates		(2 814)	-
Gains/(losses) from financial instruments		1 174	(16 779)
Total comprehensive income		**142 152**	**124 678**
Profit, attributable to:			
the shareholders of Chimimport AD		129 531	128 624
minority interest		14 461	12 933
Total comprehensive income, attributable to			
the shareholders of Chimimport AD		127 587	115 945
minority interest		14 565	8 733
Earnings per share		**BGN**	**BGN**
Basic earnings per share	43	0.8970	0.8716
Diluted earnings per share	43	0.5925	-

Prepared by: ____________________ **Executive director:** ____________________

Date: 30 April 2010

Audited according to the auditor's report:

Consolidated statement of changes in equity

All amounts are presented in BGN'000	Equity, attributable to the shareholders of Chimimport AD					Minority interest	Total equity
	Share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Total**		
Balance at 1 January 2009	**144 139**	**192 972**	**(9 073)**	**372 393**	**700 431**	**188 610**	**889 041**
Increase in share capital and reserves resulting from sale of treasury shares by subsidiaries	218	199	-	-	417	-	**417**
Decrease in share capital and reserves resulting from purchase of treasury shares by subsidiaries	(4 141)	(1 308)	-	-	(5 449)	-	**(5 449)**
Increase in share capital and share premium resulting from issue of preferred shares	89 646	28 132	-	-	117 778	-	**117 778**
Business combinations	-	-	(890)	33 539	32 649	(7 836)	**24 813**
Transactions with owners	**85 723**	**27 023**	**(890)**	**33 539**	**145 395**	**(7 836)**	**137 559**
Profit for the period ending 31 December 2009	-	-	-	129 531	129 531	14 461	**143 992**
Other comprehensive income							
Donations	-	-	(200)	-	(200)	-	**(200)**
Change in share of other comprehensive income of associates			-	(2 814)	(2 814)		**(2 814)**
Gains from financial instruments	-	-	1 070	-	1 070	104	**1 174**
Total other comprehensive income	**-**	**-**	**870**	**126 717**	**127 587**	**14 565**	**142 152**
Balance at 31 December 2009	**229 862**	**219 995**	**(9 093)**	**532 649**	**973 413**	**195 339**	**1 168 752**

Prepared by: ____________________ **Executive director:** ____________________

Date: 30 April 2010

Audited according to the auditor's report:

Consolidated statement of changes in equity (continued)

All amounts are presented in BGN'000	Equity, attributable to the shareholders of Chimimport AD					Minority interest	Total equity
	Share capital	**Share premium**	**Other reserves**	**Share capital**	**Share premium**		
Balance at 1 January 2008	**150 000**	**232 343**	**3 678**	**243 697**	**629 718**	**179 877**	**809 595**
Decrease in share capital and reserves resulting from purchase of treasury shares by subsidiaries	(5 861)	(39 371)	-	-	(45 232)	-	**(45 232)**
Business combinations	-	-	(5 966)	-	(5 966)	2 261	**(3 705)**
Transactions with owners	**(5 861)**	**(39 371)**	**(5 966)**	**-**	**(51 198)**	**2 261**	**(48 937)**
Profit for the period ending 31 December 2008	-	-	-	128 624	128 624	12 933	**141 557**
Other comprehensive income							
Donations	-	-	(100)	-	(100)	-	**(100)**
Losses from financial instruments	-	-	(6 685)	72	(6 613)	(6 461)	**(13 074)**
Total other comprehensive income	**-**	**-**	**(6 785)**	**128 696**	**121 911**	**6 472**	**128 383**
							-
Balance at 31 December 2008	**144 139**	**192 972**	**(9 073)**	**372 393**	**700 431**	**188 610**	**889 041**

Prepared by: ____________________ **Executive director:** ____________

Date: 30 April 2010

Audited according to the auditor's report:

Consolidated statements of cash flows

	Note	31.12.2009 BGN '000	31.12.2008 BGN '000
Proceeds from short-term loans		117 692	137 101
Payments for short-term loans		(161 901)	(141 162)
Proceeds from sale of short-term financial assets		216 305	253 946
Purchase of short-term financial assets		(204 807)	(320 119)
Cash receipt from customers		567 463	891 383
Cash paid to suppliers		(621 351)	(793 722)
Proceeds from secured persons		38 386	35 201
Payments to secured persons		(5 818)	(5 129)
Payments to employees and social security institutions		(91 337)	(94 339)
Cash receipts from banking operations		36 160 566	27 129 140
Cash paid for banking operations		(36 105 852)	(27 334 894)
Cash receipts from insurance operations		136 715	127 064
Cash paid for insurance operations		(72 317)	(101 915)
Income taxes paid		(12 103)	(10 015)
Other cash inflows		14 218	6 165
Net cash flow from operating activities		**(24 141)**	**(221 295)**
Investing activities			
Net payments for acquisition of subsidiaries		(5 738)	(97 110)
Sale of property, plant and equipment		21 257	3 450
Purchase of property, plant and equipment		(65 987)	(105 925)
Purchase of intangible assets		(3 658)	(7 200)
Sale of investment property		7 607	-
Purchase of investment property		(2 405)	(1 055)
Sale of associates		18 460	245
Sale of non-current financial assets		95 269	166 635
Purchase of non-current financial assets		(146 548)	(271 271)
Interest payments received		14 993	11 313
Payments for loans granted		(45 960)	(186 552)
Proceeds from loans granted		37 668	191 590
Other cash (outflows)/ inflows		(425)	3 513
Net cash flow from investing activities		**(75 467)**	**(292 367)**
Financing activities			
Proceeds from issuing of preferred shares		199 015	-
Payments of commissions related to issue of preferred shares		(3 991)	-
Purchase of treasury shares		(9 670)	(43 871)
Proceeds from loans received		181 825	537 703
Payments for loans received		(332 763)	(154 834)
Interest paid		(17 221)	(14 677)
Payments for finance leases		(5 126)	(6 621)
Other cash inflows/(outflows)		5 907	(31 736)
Net cash flow from financing activities		17 976	285 964
Effects of exchange rate changes on cash and cash equivalents		(3)	(1 735)
Cash and cash equivalents, beginning of year		519 436	748 869
Net decrease in cash and cash equivalents		(81 635)	(229 433)
Cash and cash equivalents, end of year	20	**437 801**	**519 436**

Prepared by: ____________________ **Executive director:** ______________

Date: 30 April 2010

Audited according to the auditor's report:

Notes to the consolidated financial statements

1. Nature of operations

Chimimport AD was registered as a joint-stock company at Sofia city court on 24 January 1990. The address of the Company's registered office is 2 St. Karadja Str., Sofia, Bulgaria.

The Company is registered on the Bulgarian Stock Exchange – Sofia on 30 October 2006.

Chimimport AD (The Group) includes the parent company and all subsidiaries, presented in note 5.1.

The Company is engaged in the following business activities:
- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies in which interest is held;
- Bank services, finance, insurance and pension insurance;
- Securitization of real estate and receivables;
- Extraction of oil and natural gas;
- Construction of output capacity in the area of oil-processing industry, production of biodiesel and production of rubber items;
- Production and trading with oil and chemical products;
- Production of vegetable oil, purchasing, processing and trading with grain foods;
- Aviation transport and ground activities on servicing and repairing of aircrafts and aircraft engines;
- River and sea transport and port infrastructure;
- Commercial agency and brokerage;
- Commission, forwarding and warehouse activity.

The parent company has a two-tier management structure consisting of a Supervisory Board and a Managing Board.

The members of the Supervisory Board are as follows:
Chimimport Invest AD
CCB Group EAD
Mariana Bazhdarova

The members of the Managing Board are as follows:
Alexander Kerezov
Ivo Kamenov
Marin Mitev
Nikola Mishev
Miroliub Ivanov
Tzvetan Botev

The parent company is represented by its executive directors Ivo Kamenov and Marin Mitev, together and separately.

2. Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

The financial statements are the consolidated statements of the Company. The parent company has released its separate financial statements on 31 March 2010.

The separate elements of the consolidated financial statements of the Group are in the currency of the main economic environment in which it carries out its activities ("functional currency"). The consolidated financial statements of the Group are presented in Bulgarian Leva (BGN). This is also the functional currency of the Group and all subsidiary companies, excluding those operating in the Netherlands and Germany, which functional currency is Euro and the subsidiary company operating in Macedonia, which functional currency is Macedonian denar.

3. Changes in accounting policies

3.1. Overall considerations

The Group has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2009:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (amended)
- IFRS 2 "Share-based Payment" (amended)
- IFRS 8 "Operating Segments"
- IAS 1 "Presentation of Financial Statements" (revised 2007 and amended)
- IAS 23 "Borrowing Costs" (revised 2007 and amended)
- IAS 32 "Financial Instruments: Presentation" (amended)
- IAS 39 "Financial Instruments: Recognition and Measurement" (amended)
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 14 "IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- "Annual Improvements to IFRSs 2008": IASB has issued Improvements to IFRS 2008. Major part of the changes are effective for reporting periods beginning on or after 1 January 2009;
- IFRS 4 "Insurance Contracts" (amended)
- IFRS 7 "Financial Instruments: Disclosures" (amended)
- IFRIC 9 "Reassessment of Embedded Derivatives" (amended)

Significant effects on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement are described as follows:

The adoption of IAS 1 “Presentation of Financial Statements” (revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Company’s assets, liabilities, income and expenses is unchanged. However, some items that were recognized directly in equity are now recognized in other comprehensive income, for example revaluation of property, plant and equipment. IAS 1 “Presentation of Financial Statements” (revised 2007) affects the presentation of owner changes in equity and introduces a consolidated statement of comprehensive income.

The adoption of IFRS 8 “Operating Segments” has not affected the identified operating segments for the Group. However, reported segment results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim consolidated financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

The Group has adopted IFRIC 13 “Customer Loyalty Programmes”, which clarifies that when goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group's customer loyalty programmes are designed as short-term incentives and the financial effects of IFRIC 13 “Customer Loyalty Programmes” are not significant for the current and prior reporting periods.

The amendments of IFRS 7 “Financial Instruments: Disclosures” require additional disclosures for financial instruments that are measured at fair value in the consolidated statement of financial position. These fair value measurements are categorized into a three-level fair value hierarchy, which reflects the extent to which they are based on observable market data. A separate quantitative maturity analysis must be presented for derivative financial liabilities that shows the remaining contractual maturities, where these are essential for an understanding of the timing of cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

All remaining standards, amendments and interpretations to IFRS, effective from 1 January 2009, are not relevant to the business activities of the Company and do not have significant effect on the consolidated financial statements.

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

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

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 3 "Business Combinations" (revised 2008) effective from 1 July 2009

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and will have a significant effect on business combinations occurring in reporting periods, beginning on or after 1 July 2009.

IAS 27 "Consolidated and Separate Financial Statements" (revised 2008) effective from 1 July 2009

The revised standard introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. These changes will be applied prospectively in accordance with the transitional provisions and so do not have an immediate effect on the Group's consolidated financial statements.

IFRIC 17 "Distributions of Non-cash Assets to Owners" effective from 1 July 2009

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

IFRIC 18 "Transfers of Assets from Customers" effective from 1 July 2009

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 "Revenue".

IFRS 9 "Financial instruments" effective from 1 January 2013
Improvements to IFRS, effective from 16 April 2009
Prepayments of a minimum funding requirement – Amendment to IFRIC 14 (effective from 1 January 2011) regarding IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments effective from 1 July 2010
Group cash-settled share based payment transactions – Amendment to IFRS 2, effective from 1 January 2010
Amendment to IFRS 2, effective from 16 April 2009
Amendment to IFRS 1 Additional Exemptions for First-time Adopters, effective from 1 January 2010
IAS 24 (revised 2009) Related party disclosures, effective from 1 January 2011

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments effective from 1 July 2010

4. Summary of accounting policies

4.1. Overall considerations

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

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

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

4.2. Presentation of consolidated financial statements

The consolidated financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Group has elected to present the consolidated statement of comprehensive income as a single statement.

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

(i) applies an accounting policy retrospectively,

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

(iii) reclassifies items in the consolidated financial statements.

In this consolidated financial statements the Company presents comparative information for one comparative period. The management considers unnecessary to present comparative information for a second prior reporting period, as the comparative information for 2007 corresponds to that presented in the separate financial statements as at 31 December 2008. When necessary, the comparative information is reclassified and/or recomputed, so that consistency with changes in presentation for the current year is achieved.

4.3. Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 December 2009. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The parent company obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 31 December.

Unrealized gains and losses on transactions between Group companies are eliminated. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Minority interests represent the portion of a subsidiary's profit and loss and net assets that is not held by the Group. If losses in a subsidiary applicable to a minority interest exceed the minority interest in the subsidiary's equity, the excess is allocated to the majority interest except to the extent that the minority has a binding obligation and is able to cover the losses.

4.4. Business combinations

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognized in profit or loss immediately after acquisition.

4.5. Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to the purchase method as explained in note 4.4 above. However, any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investment in associates.

All subsequent changes to the Group’s share of interest in the equity of the associate are recognized in the carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported within 'Share of profit/ (loss) from equity accounted investments' in profit or loss. These changes include subsequent depreciation, amortization or impairment of the fair value adjustments of assets and liabilities.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Unrealized gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment losses from a group perspective.

Amounts reported in the financial statements of associates and jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

4.6. Segment reporting

The Group operates in the following business segments:

- production
- finance sector
- transport sector
- real estate property sector
- construction and engineering sector

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 "Operating Segments" are the same as those used in its consolidated financial statements.

Group assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Information about the results of the separate segments that is regularly reviewed by the chief operating decision maker does not include isolated unrepeated events. Finance income and costs are also not included in the results of operating segments which are regularly reviewed by the chief operating decision maker.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss. No asymmetrical allocations have been applied between segments.

4.7. Foreign currency translation

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

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

4.8. Revenue

Revenue comprises revenue from the sale of goods and the rendering of services from any of the business segments of the Group. Revenue from major products and services is shown in note 30 Revenue from non-financial activities, note 31 Gains/ losses from sale of non-current assets, note 33 Insurance revenue, note 35 Interest revenue, note 37 Foreign exchange gains from transactions with financial instruments.

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates, allowed by the Company. In case of similar assets with similar values are exchanged, the transaction is not recognized as generating income.

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred can be measured reliably; and

Revenue from rendering of services is recognized, when the outcome of the transaction can be measured reliably.

Operating expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date of their origin.

Bank activities

- interest revenue and expenses

Interest revenue and expenses are recognized on a time proportion basis using the effective interest rate method as the difference between the amount at initial recognition of the respective asset or liability and the amount at maturity is depreciated/amortized.

For loans granted by the Group and amounts owed to depositors, where the interest is calculated on a daily basis by applying the contracted interest rate to the outstanding balance, the effective interest rate is considered to be approximately equal to the contracted interest rate due to the nature of the contractual terms.

Interest earned as a result of securities held for trade or securities available-for-sale is recognized as interest revenue. Interest revenue includes the amount of amortization of any discount, premium or other difference between the initial cost of debt securities and their amount at maturity.

Upon acquisition of an interest-bearing security, the interest accrued as of the acquisition date is accounted for as interest receivable.

- fees and commissions

Fees and commissions consist mainly of fees for payment transactions in BGN and in foreign currency, fees for granting and management of loans, opening of letters of credit and issuance of guarantees. Fees and commissions are recognized when the service is performed.

Commissions arising from foreign currency transactions are reported in the statement of comprehensive income on their receipt. Fees and commissions for granting and management of loans, when considered to be part of the effective income, are amortized during the loan term and are recognized as current financial income during the period by adjusting the effective interest income.

Insurance activities

Revenue recognition from premiums over insurance contracts is based on the amount, due by the insured (insuring) person for the whole term of the insurance, which the Group has the right to receive according to insurance contracts signed during the accounting period and for insurances with terms covering whole or parts of the next accounting period.

Reinsurance premiums from inward reinsurance are recognized as revenue based on the premiums due in the accounting period from assignors in connection with reinsurance contracts.

In case of co-insurance revenue is recognized only for the insurer's part from the whole amount of premiums.

Premiums signed away to reinsurers for common insurance include premiums due to reinsurers according to reinsurance contracts for reinsurance of risks over signed during the period contracts on direct insurance and inward reinsurance. The reinsurance premiums, which are not paid as at the balance sheet date, are accounted for as payables.

The amounts for reimbursement by reinsurers in connection with paid by the Group's insurer during the period claims, are accounted for as reinsurer's share including the case in which the settlement of the relations with reinsurers occurs in following accounting period.

In case of co-insurance only the part of the insurer from the total amount of the premium is recognized as income.

Premiums signed away to reinsurers include the premiums payable to the reinsurers for the reporting period in relation to reinsurance contracts for reinsurance of risks over signed during the period contracts, as well as reinsurance of risks related to the premium periods starting during the reporting period.

The reinsurance premiums, which are not paid as of the balance sheet date, are reported as payables.

The amounts that are subject to reimbursement from the reinsurer in relation to the claims paid during the period by the insurer, are accounted for as reinsurer's share including the case in which the settlement of the relations with reinsurers occurs in following accounting period.

Aviation activity

Revenue from sales of airline tickets is recognized when the transportation service is rendered. As at 31 December 2009, revenue is accumulated from FIM issued as approximately 95% of the cost of FIM, as the rest is accounted for as provision for FIM. According to IATA, resolution 735d and 735e, FIM document is eligible in case of flight cancellation or in case of air route changes. According to art. A2, 2.6.1 of RAM (Revenue Accounting Manual), under a deal with FIM the receiving party obliges the FIM issuer with the applicable full one-way fee for the corresponding cities where the flight was conducted. A FIM may include a great number of tickets and must be reflected in the fee valid for the date of the trip of each passenger. After the receipt of the proper invoice the receiving air company has the right to do a debit note based on a prorated value according to art. A2 2.6.2 and A10 4.1. of RAM up to 6 months of the issuance of the invoice and to re-debit on the basis of pro-rate cost. When receiving the re-debited invoice the arisen account is closed. After expiration of the 6 month period for appeal (re-debit), unclaimed amounts are recognized as revenue.

Pension insurance activities

The revenue is recognized by the fair value of the received or receivable remuneration. The revenue is recognized when the service is completed or when the risk is transferred to the customer. The pension funds of the Group recognize as revenue the fees from Voluntary Pension Fund (VPF), Universal Pension Fund (UPF), and Professional Pension Fund (PPF).

Health insurance activities
The revenue is recognized by the fair value of received consideration or receivable taking into account payment. The revenue is recognized when the service is completed or when the risk is transferred to the customer. The health insurance company of the Group recognizes as revenue premiums from health insurance contracts based on the payment due to the insured person or the insurer for the all covered period and also in the cases when the covered period covered the next reporting period.
The negotiated health insurance contracts, depending on their duration, can be separated on long-term contracts and short-term contracts. The short-term contracts ensured health insurance defense for the fixed period and give an opportunity the condition of the contract to be corrected at the end of the negotiated date, for example the sum of health insurance premium or the range over the payment. For the recognized revenue of health insurance premiums are formed health insurance reserves in accordance with ZOTP, which bear the respective risks of the health insurance packages to a sufficient extend.

When according to the health insurance contract premiums are due by installments, each future installment recognized as revenue as at the date of the balance sheet is reflected as a receivable.

4.9. Operating expenses

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

4.10. Interest expenses and borrowing costs

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

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

4.11. Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Group's share of the identifiable net assets acquired (see note 4.4). Goodwill is carried at cost less accumulated impairment losses. Refer to note 4.16 for a description of impairment testing procedures.

4.12. Other intangible assets

Intangible assets include trade marks, licenses and patents, software products, relations with clients, research and development products, assets for research and valuation of mineral resources and other. They are accounted for using the cost model. The cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the income statement for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognized as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance; and this expenditure can be measured and attributed to the asset reliably. If these two conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

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

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

- software 2-5 years
- property rights 5-7 years

Amortization has been included in the statement of comprehensive income within 'Amortization of non-financial assets', included in item Expenses for non-financial activities and Administrative expenses.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset, and is recognized in profit or loss within 'Gain/(Loss) from sale of non-current assets'.

4.13. Property, plant and equipment

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

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

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

Residual value estimates and estimates of useful life of property, plant and equipment are updated as at each reporting date.

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

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

• Buildings	25 years
• Machines	3-5 years
• Fixtures and fittings	from 4 to 25 years
• Vehicles	from 4 to 10 years
• Aircrafts	10 years
• Engines	3-5 years
• Marine vessels	30 years
• Equipment	7 years
• Other	7 years

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

4.14. Leases

In the capacity of lessee

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

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

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

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

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

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

In the capacity of lessor

Assets subject to operating lease agreements are presented in the consolidated statement of financial position and are depreciated and amortized in accordance with the depreciation and amortization policy of the Group for similar assets and with the requirements of IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”. Income from operating lease contracts is recognized on a straight-line basis in the consolidated statement of comprehensive income for the reporting period.

Assets held under a finance lease agreement are presented in the consolidated statement of financial position as a receivable at amount equal to the net lease investment. The sales revenue from assets is recognized in the consolidated income statement for the reporting period. The recognition of the finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding.

4.15. Impairment testing of other intangible assets and property, plant and equipment

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

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

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

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.16. Investment property

The Group recognized as investment properties land and buildings held to earn rentals and/or for capital appreciation, and is accounted for using the cost model.

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

Following the initial recognition, the investment property is measured at cost less any subsequent accumulated depreciation and any subsequent impairment losses.

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

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

Depreciation is calculated using the straight-line method over the estimated useful life of the buildings, which is 25 years.

Rental income and operating expenses from investment property are reported in the statement of comprehensive income within 'Revenue from non-financial activities' and 'Expenses for non-financial activities' respectively, and are recognized as described in note 4.8 and note 10.

4.17. Assets of exploration and evaluation of mineral resources

The exploration and evaluation of the mineral resources of the Group is related to the search and exploration of crude oil and natural gas. After being granted the rights for these activities, all corresponding expenses are capitalized initially in a specific "Block".

The Group recognizes as exploration and evaluation assets all accrued expenses in the process of search of resources, exploration with commercial purpose, expenses that can be related directly to specific exploration area "Block", for which the Group has permission for search and exploration, issued by the state. These expenses include at least the following types:

- Acquisition of exploration rights;
- Topographic, geologic, geochemical and geophysical exploration;
- Exploration drilling;
- Probing for analysis;
- Activities, related to evaluation of technical execution and commercial applicability of the extraction of mineral resources.

All expenses made before the permission for search and exploration are assigned to the gain or loss for the period, they were incurred in.

Exploration and evaluation assets of mineral resources can be classified as follows:

- Permission for search and exploration, issued by MEW and MEE, in compliance with the Mineral Resources Act and the related taxes.
- All expenses for topographic, geological, geochemical and geophysical exploration, exploration drilling, digging work, probing for an analysis and other activities, related to the evaluation of the technical execution and the commercial applicability of the extracted mineral resources, as well as other expenses for exploration and evaluation, which are made for a specific area, for which the Group has a permission to explore, are also capitalized. These expenses also include employee remuneration, materials and used fuel, expenses for logistics and payments to suppliers.

The exploration and evaluation expenses of mineral resources are capitalized and recognized as intangible assets until the technical feasibility and trade application of the mineral resource are determined and they are transformed in "Property, plant and equipment".

All capitalized expenses are reviewed technically, financially and on a management level, at least annually, with the purpose of confirmation of the continuation of the exploration activities and benefiting from the discovery, as well as for impairment testing. In case that the Group does not intend to continue the exploration activities or indications for impairment are identified, the expenses are written-off.

The exploration and evaluation assets of the mineral resources are measured at cost at their initial recognition. The elements of their cost include the search and evaluation activities.

"The search activities" means activities with the purpose of discovery of oil accumulation. The search include, without being limited to, geological, geophysical, photographic, geochemical and other analyses, studying and explorations, as well as drilling, further deepening, abandonment or besiege and perforation, as well as testing of searching drillings for oil discovery, and the purchase, renting or acquisition of such resources, materials, equipment for such activities, which can be included in the approved annual working projects and budgets.

"Evaluation activities" means evaluation works (part of the search) and working program for evaluation, being done after the discoveries, aiming to outline the natural reservoir, to which the discovery is related, in terms of thickness and lateral distribution, and evaluation of the extractable quantities in it, and should include, without being limited to, geological, geophysical, photographic, geochemical and other analyses.

4.18. Financial instruments

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

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

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

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

All financial assets are recognized on their transaction date.

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

4.18.1. Financial assets

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

- Loans and receivables;
- Financial assets at fair value though profit or loss;
- Held-to-maturity investments;
- Available-for-sale financial assets.

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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

Loans and Receivables

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

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

Financial assets at fair value though profit or loss

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

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

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

Impairment for uncollectibility, regarding the banking activity of the Group.

The financial assets are impaired in the presence of an indication of impairment: information for financial difficulties; contractual breach; restructuring of the debt; exclusion of the securities from the Stock exchange.

Available-for-trading financial assets are tested for impairment, regarding the preparation of the annual consolidated financial statements, as far as the impairment has not reflected on the revaluation as at the date of the annual financial statements. When conditions for impairment are present, a recoverable value of the financial assets is determined. If the expected recoverable value is smaller than the gross carrying amount, an impairment test is performed, and the carrying amount of the financial assets is reduced to their recoverable value. The difference is accounted for as current financial expense and a reduction of the value of financial assets.

Available-for-sale financial assets measured at their fair value are tested for impairment, regarding the consolidated financial statements, as far as the impairment is not reflected in the revaluation as at the date of the consolidated financial statements. When there are conditions present for impairment, a recoverable value is determined. If the expected recoverable value is less than the gross carrying amount, an impairment test is performed as follows:

- if no revaluation reserve is formed as at the date of impairment – the difference between the gross carrying amount and the expected recoverable value is reflected as current financial expense and reduction of the value of financial assets.
- if revaluation reserve is formed as at the date of impairment, which has a positive value and is less than the amount of the impairment – in this case the gross carrying amount of the assets and the value of the revaluation reserve (which remains zero) is reduced by the part of the impairment up to the value of the revaluation reserve. The remaining part of the impairment is reflected as current financial expense and reduction of the gross carrying amount of the assets.
- if revaluation reserve is formed as at the date of impairment, which has a negative value – the difference between the carrying amount and the expected recoverable value is reflected as current financial expense and the reduction of the value of the financial asset, and the negative value of the revaluation reserve is transferred, and is reflected on the current financial expenses.

- if revaluation reserve is formed as at the date of impairment, which has a positive value and is larger than the amount of the impairment – in this case the value of the investment is reduced by the value of the revaluation reserve and the part of the impairment.

Financial assets held-to-maturity by the Group are tested for impairment in relation to the preparation of the consolidated financial statements. Impairment of uncollectibility for owned by the Group securities, carried at amortized cost, are defined as difference between the gross carrying amount and the present value of the future cash flows, discounted with the initial effective interest rate. If, the present value of the future cash flows of the securities is lower than the gross carrying amount, impairment is performed. The difference is reflected as current financial expense and reduction of the value of the credits. The reduction of impairment of uncollectibility is recognized in the statement of comprehensive income for the current period. Recoverable amounts, previously written-down are recognized as revenue by reduction of the impairment of uncollectibility during the year.

Loans and advance payments, initially recognized within the Group with fixed maturity, are tested for impairment in regards to the preparation of the annual consolidated financial statements. Impairment of uncollectibility for loans, granted by the Group, carried at amortized cost, are defined as difference between the gross carrying amount and the present value of the future cash flows, discounted with the initial effective interest rate, if necessary. The management defines the expected future cash flows after review of the individual client receiving the credit, credit exposure and other influencing factors. In case the present value of the future cash flows of the credits is lower than the gross carrying amount, impairment is performed. The difference is reflected as current financial expense and reduces the value of the credits. The reduction of impairment of uncollectibility is recognized in the statement of comprehensive income for the current period. Recovered amounts, previously written-down, are recognized as revenue by reduction of the impairment of uncollectibility during the year. The uncollectable credits and advance payments, which cannot be recovered, are written-down and are net from accumulated impairment for uncollectibility. After all legal procedures are concluded, and when the value of the loss is defined, these credits are written-down.

The Group has adopted a methodology for the calculation of loans' impairment provisions based on IFRS and in accordance with the bank legislation in Bulgaria. The Group classifies loans in a few groups. Percentages that exceed the regulations' minimal requirement are applied for loans out of the group of regular loans. The contracted cash flows are decreased by those percentages to determine future cash flows after which they are discounted by the effective interest rate, as stated above. Other specific regulations' requirements are related to conditions for reclassification of invalid loans as valid and the recognition of liquid collateral for the purpose of determining the loan impairment provisions.

The amount of losses which are not specifically identified, but can be expected based on previous experience with loans with similar risk characteristics, is also incurred as a provision expense and the gross carrying amount of the loans is decreased. The losses are evaluated based on historic experience, credit rating of clients and the economic environment of the debtor.

4.18.2. Financial liabilities

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

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

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

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

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

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

4.19. Derivatives

Derivative financial instruments are recognized initially at fair value and reported subsequently at fair value in the consolidated statement of financial position. The derivatives fair value is based on their market value or similar valuation models. The derivative assets are presented as financial assets held-for-trading, and the derivative liabilities are presented as other liabilities. Changes in the fair value of derivatives designated as held-for-trading are recognized in net income from business operations in the consolidated statement of comprehensive income.

4.20. Receivables and liabilities under repurchase agreements

Receivables and liabilities under repurchase agreements are recognized at cost, which represents the funds placed/obtained by the Bank owned by the Group, secured by the value of the securities. Interest due on the fair value of the funds placed/obtained for the term of the agreement is accounted for and recognized as interest income/expense in the period of its occurrence.

4.21. Fair value of financial assets and liabilities

IFRS 7 Financial Instruments: "Disclosures" requires the disclosure of information about the fair value of financial assets and liabilities in the notes to the consolidated financial statements. For this purpose, fair value is defined as the value, for which an asset can be exchanged or a liability can be settled in a direct transaction between informed and willing to conclude the deal parties.

The Group's policy is to disclose information of the fair value of these assets and liabilities, for which present market information exists and which fair value is significantly different from their gross carrying amount. The fair value of cash and cash equivalents, deposits and loans granted by the Group, other receivables, deposits, loans and other short-term payables is approximating to the carrying amount, in case their maturity is in a shorter period. Currently not enough market expertise exists, nor does any stable and liquid market for credits, or some other financial assets and liabilities, for which no market information is published. Therefore their fair value cannot be determined reliably. According to the management, under the existing circumstances, the reported recoverable values of the financial assets and liabilities are most reliable and useful for the purposes of the financial statements

The Group reports the level of hierarchy for the fair values of the recognized assets and liabilities for each category of financial instruments. Each significant transfer between level 1 and 2 and its causes, as well as a comparison between the opening and ending balance of the valuations at level 3 are also disclosed.

Hierarchy of fair value:
The Group uses the following hierarchy for determining and reporting the fair values of its financial instruments through valuation techniques:

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

4.22. Provisions for credit-related contingent liabilities

The amount of provisions for guarantees and other off-balance credit-related commitments is recognized as an expense and a liability when the Group has current legal or constructive obligations, which have occurred as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and a reasonable estimate of the amount of the liability can be made. Any loss resulting from recognition of provisions for liabilities is reported in the statement of comprehensive income for the respective period.

4.23. Inventories

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

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

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

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

4.24. Income taxes

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

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

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

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

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 334.37.

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

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

4.25. Cash and cash equivalents

Cash and cash equivalents, for the purpose of preparation of the consolidated statement of cash flows, include cash in hand as well as bank accounts, deposits, balances on accounts of the Bulgarian National Bank (BNB) and nostro accounts, which are unrestricted demand deposits at other banks, as well as placement with, loans and advances to other banks with a maturity up to 3 months.

4.26. Equity and dividend payments

Share capital of the Group represents the nominal value of shares that have been issued.

Share premium includes any premiums received on the initial and subsequent issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

When the subsidiaries of the Group purchase shares from the parent company of the Group (treasury shares), the paid remuneration, including all inherent taxes, is reduced from the Group's equity, until the shares are sold outside the Group. In case these shares are sold outside the Group, the received remuneration, net of the necessary inherent taxes, is included in the owner's equity.

Other reserves are formed on the base of the requirements of the Commercial act for the formation of legal reserves.

All transactions with the owners of the Group are presented separately in the statement of changes in equity.

4.27. Social security and pension contracts

The pension insurance company of the Group manages and represents three pension funds for supplementary pension insurance – Voluntary, Professional and Universal.

The Voluntary Pension Fund performs supplementary voluntary pension insurance for personal supplementary voluntary pension. The insurance cases covered are: old age, disability and death. Each individual above 16 years of age may insure himself or herself voluntarily.

The pension plans offered are developed upon previously determined insurance installments.

The voluntary insurance payments could be at the expense of the individual itself and/or employer and/or other insurer.

The types of pension plans are:

- Individual pension plan – on the basis of single or periodical installments at the expense of the individual;
- Collective pension plan – on the basis of single or periodical installments at the expense of an employer or other insurer;

The additional pension is for life or over a term period as the chosen type and term of pension is stated in the pension contract when the right to receive the pension is obtained.

The insurance payments are based on:

- Additional pensions for old age and disability;
- Single or periodical disbursement of the funds from individual batches;
- Disbursement if inherited pension;
- Single or periodical disbursements of the remaining funds from an individual batch to the heirs of the insured person or the pensioner.

The amount of the personal supplementary old-age life pension is calculated based on:

- The accumulated funds in the individual batch;
- The technical interest rate;
- Biometric tables.

The right to supplementary pension can be obtained by depositing lump-sum contributions. The amount of the pension is determined based on actuarial reports.

The technical interest rate and the biometric tables are approved by the deputy director of the Financial Supervisory Commission, who is in charge of "Insurance control" department.

The insurance contract is terminated in the following cases:

- When the insured person deceases;
- When the insured person transfers the whole amount of his/her individual batch to a third party or another pension fund;
- When the insured person withdraws the whole amount from his/her individual batch.

The Professional Pension Fund offers periodic professional pensions for early retirement.

The insured persons of the professional pension fund have the right to a periodic pension for early retirement. The professional pension for early retirement is disbursed until the right to length of service and age pension is acquired under the requirements of part one of the Social Security Code (SSC).

The insured persons of the fund have the right to:

- a periodic pension for early retirement when working under the conditions of I and II category labor, according to the labor category.
- Single disbursement of up to 50% of the amount accumulated in the individual batch in the case of permanent loss of working capacity of over 70.99%.
- Single or periodical disbursement of the accumulated funds from an individual batch to the heirs of a deceased insured person or a pensioner of the fund.

The amount of the professional pension for early retirement is calculated based on:

- The accumulated funds in the individual batch;
- The period for the pension disbursement;
- The technical interest rate, approved by the deputy director of the Financial Supervisory Commission.

When acquiring the right to length of service and age pension under requirements of part one of SSC before the period of the professional pension has ended, the remaining funds in the individual batch are disbursed with the last professional pension.

The insurance contract is terminated in the following cases:

- When the insured person deceases;
- When the insured person enters an actual insurance contract with a professional pension fund, managed by another pension insurance company, signed with the Group's given consent for change of the fund.

The insurance is realized with monthly cash insurance contributions, the amount of which is determined in SSC as a percentage of the insurance income.

Universal Pension Fund

The supplementary life insurance for old age is based on a contract between the Group and in the insured persons. The choice of a Universal Pension Fund is a result of the official allocation done by National Income Agency.

An insured person has the right to a personal supplementary length of service and age pension from an universal pension fund, when he/she acquires the right to a length of service and age pension under the requirements of part one of SSC, or 5 years before turning the age for receiving pension under the condition that the accumulated funds allow the disbursements of such a pension, not smaller that the size of the minimal length of service and age pension under article 68, paragraph 1-4.

The insured persons of the fund have the right to:

- supplementary life pension for old age after acquiring the right to a length of service and age pension under the requirements of part one of the Social Security Code.
- supplementary life pension for old age five years before turning the age for receiving length of service and age pension under article 68, paragraph 1-4 of SSC under the condition that the accumulated funds from the individual batch allow the disbursement of such a pension, not smaller than the size of the minimal length of service and age pension under article 68, paragraph 1-4 of SSC.
- single disbursement of up to 50% of the amount accumulated in the individual batch in the case of permanent loss of working capacity of over 70.99%.
- single or periodical disbursement of the accumulated funds from an individual batch to the heirs of a deceased insured person or a pensioner of the fund.

The amount of the professional pension for early retirement is calculated based on:
- the accumulated funds in the individual batch;
- the technical interest rate;
- biometric tables.

The technical interest rate and the biometric tables are approved by the deputy director of the Financial Supervisory Commission, who is in charge of "Insurance control" department.

The insurance contract is terminated in the following cases:
- when the insured person deceases;
- when the insured person enters an actual insurance contract with a pension fund, managed by another pension insurance company, signed with the Group's given consent for change of the fund.
- when the insured person withdraws the whole amount from his/her individual batch.

The insurance is realized with monthly cash installments. SSC determines their amount as a percentage of the insurance income.

4.28. Specialized reserves for pension insurance activity

With respect to SSC the Group sets aside pension reserves in order to guarantee minimal pay-out from the activity of the supplementary obligator pension insurance. The pension reserves, formed up to now are 1.05% of the assets of the Universal Pension Fund and 1.07% of the assets of the Professional Pension Fund. The accumulated reserves are invested according to the SSC requirements.

4.29. Health insurance reserves

The Group allocates health insurance reserves in accordance with the Health Insurance Act and the related sub-delegated legislation. The accumulated reserves are invested in accordance with the Health Insurance Act, by ensuring of security, profitability, and liquidity in compliance with the health insurance contracts.

4.30. Pension and other employee obligations

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

In accordance with the Labor Code requirements, in case of retirement, after the employee has gained the legal right of pension due to years of service and age, the Group is obligated to pay out compensation at the amount of up to six gross wages.

The liability reported in the statement of financial position regarding the deferred income, presents the current amount of the obligation at the end of the reporting period. It includes the corrections for unrecognized actuarial profits or losses and expenses for services rendered.

Group's management evaluates the obligation for paying off the deferred income once a year with the assistance of an independent actuary. The evaluation of the liabilities is based on the standard inflation percentages, the expected variation change in retirements and mortality rate. Future salary increases are also taken into consideration. The discount factors are determined at the end of each year in regards with the yield of government bonds.

Actuarial gains and losses are recognized as expenses when their cumulative sum exceeds 10% of the higher from the obligation amount and the plan assets. The amount exceeding this corridor of 10% is recognized as profit or loss during the period of the expected remaining length of service. Actuarial gains and losses within this 10% corridor are reported separately.

Interest expenses related to the pension obligations are included in the statement of comprehensive income under "Interest expenses". All other expenses related to the employee's pension remunerations are included in "Employee expenses".

Short-term employee obligations, including the unused paid leaves, are included in current liabilities section, under "Pensions and other employee obligations". They are reported at their unamortized cost that is expected to be paid out by the Group.

4.31. Insurance operations

The Group applies IFRS 4 – Insurance contracts. The standard defines the requirements for disclosure of the accounting policy and representation of the comparative information with respect to the insurance assets and liabilities as well as income and expenses related to insurance activity. The accounting policy of the Group is taken into consideration with respect to the specificity of the insurance services and the respective legal requirements.

4.32. Insurance contracts

Insurance contracts are those that transfer significant insurance risk over to the Group. The Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event, which are at least 10% higher than the benefits payable if the insured event had not occurred.

Once classified as insurance contracts at the date of the inception, the Group continues to present them as insurance contracts over their lifetime, even if the insurance risk reduces significantly during this period.

4.33. Reinsurance contracts

The Group assumes and cedes to reinsurers some of the risk undertaken in the normal course of business. The expected benefits arising from reinsurers contracts are recognized as assets in the statement of financial position at the time of their occurrence.

The Group performs an impairment review on all reinsurance assents on a regular basis. Reinsurance assets are impaired only if there is objective evidence that the Group may not receive the entire amount due to it under the term of the contract and that this can be measured reliably. The difference is performed as change in the reinsurers' share into a reserve for outstanding payments in the technical statements for the insurance activity.

The Group also performs active reinsurance. The premiums and the collaterals on active reinsurance are accounted together with the registered insurance premiums and the paid gross collaterals on direct insurance operations.

4.34. Insurance reserves

Insurance reserves are formed by the insurance company in order to cover present and future liabilities to insured persons or organizations in accordance with the insurance contract. Insurance reserves are calculated by the actuary of the Group by the use of actuarial methods, which consist of mathematical and statistical methods and rules. Insurance reserves are presented in gross in the Group's statement of financial position, as well as the reinsurer's portion. When the insurance is denominated in foreign currency, the corresponding reserves are formed in the same currency. The insurance reserves that have been formed during the prior period are recognized as income from released insurance reserves in the current period. The reserves formed at the year-end are recognized as expense for the formation of insurance reserves in the statement of comprehensive income. The insurance reserves referring to the reinsurers' share formed in the prior period are recognized as expense for released insurance reserves in the current period statement of comprehensive income and the reserves formed at the year-end are recognized as income from released insurance reserves in the current period statement of comprehensive income.

The Group should invest its insurance reserves into assets in the ratios regulated by the Insurance Code and article 4 from Regulation №27/29.03.2006 of the Financial Supervisory Commission regarding the order and the methodology for forming the technical reserves of the insurers.

4.35. Adequacy test of insurance reserves

An adequacy test is performed by the actuaries to ensure that the reserves, reduced by deferred acquisition costs, are sufficient to meet potential future payments. In accordance with the regulatory requirements the amount of the reserves formed should be completely secured with investments in highly liquid assets (given in percentage, regulated by the applicable acts and regulations).

When performing an adequacy test, the cash flows related to payment of collaterals, cash flows generated by collected premiums, and paid commissions are taken into consideration.

4.36. Provisions, contingent liabilities and contingent assets

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

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

Any reimbursement from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

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

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognized. Contingent liabilities are evaluated according to the higher amount of the described above comparable provision and the originally recognized sum decreased with the accumulated amortization.

Possible inflows of economic benefits that do not satisfy the criteria for asset recognition are considered contingent assets.

4.37. Significant management judgment in applying accounting policies

The significant management judgments in applying the Group's accounting policies are described below. The main uncertainty sources when using approximations in the accounting assessment are explained in note **Error! Reference source not found.**.

4.37.1. Leases

According to IAS 17 Leases, the management classifies the lease contracts for aircrafts, automobiles, real estate and other assets as financial lease. In some cases the lease transaction is not easily classified and the management determines whether the contract is financial lease and all the risks and benefits associated with the asset and transferred to the lessee.

4.37.2. Deferred tax assets

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

4.38. Estimation uncertainty

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

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

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

4.38.1. Impairment

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.15). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

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

4.38.2. Useful lives of depreciable assets

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

As at 31 December 2009 management determines the useful life of the assets or the expected period over which they will be used by the Group. The carrying amounts are analyzed in notes 8 and 12. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

4.38.3. Deferred income payable obligation

Every year the management together with an independent actuary reviews the deferred income payables. The actual amount of the liability may differ from the original estimation due to its uncertainty. The obligation amounts to BGN 43 thousand (2008: BGN 0). The evaluation is based on standard inflation percentages, the expected variation change in retirement and mortality rates. Future salary increases are also taken into consideration. The discounted factors are determined at the end of each year in regards to the profitability of government bonds.

4.38.4. Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management uses estimates about future cash flows and discount rates, however, the actual results may vary. Any measurement changes upon initial recognition would affect the measurement of goodwill. Details of acquired assets and liabilities are given in note 5.

5. Basis of consolidation

5.1. Investments in subsidiaries

The subsidiaries, included in the consolidation are as follows:

Name of the subsidiary	Country of incorporation	Main activities	2009 %	2008 %
Central Cooperative Bank AD	Bulgaria	Finance	75.88%	75.78%
ZAD Armeec	Bulgaria	Finance	87.90%	83.60%
CCB Group EAD	Bulgaria	Finance	100.00%	100.00%
CCB Assets Management EAD	Bulgaria	Finance	100.00%	100.00%
ZAED CCB Life	Bulgaria	Finance	100.00%	100.00%
ZOK CCB	Bulgaria	Finance	100.00%	100.00%
CCB Macedonia AD	Macedonia	Finance	82.57%	82.57%
POAD CCB Sila	Bulgaria	Finance	89.31%	89.31%
DPF CCB Sila	Bulgaria	Finance	100.00%	100.00%
UPF CCB Sila	Bulgaria	Finance	100.00%	100.00%
PPF CCB Sila	Bulgaria	Finance	100.00%	100.00%
Chimimport Holland B.V.	The Netherlands	Finance	100.00%	100.00%
Oil and Gas Exploration and Production Plc.	Bulgaria	Production and Trade	54.24%	53.66%
Zarneni Hrani Bulgaria AD	Bulgaria	Production and Trade	61.21%	59.81%
Bulgarian Oil Refinery EOOD	Bulgaria	Production and Trade	100.00%	100.00%
Slanchevi lachi Commerce EOOD	Bulgaria	Production and Trade	0.00%	100.00%
Slanchevi lachi Provadia EOOD	Bulgaria	Production and Trade	100.00%	100.00%
Bulgarian Drilling Company EOOD	Bulgaria	Production and Trade	0.00%	100.00%
Prime Lega Consult OOD	Bulgaria	Services	70.00%	70.00%
SK HGH Consult OOD	Bulgaria	Services	59.34%	59.34%
Omega Finance OOD	Bulgaria	Production and Trade	96.00%	96.00%
Geofizichni izsledvania EOOD	Bulgaria	Production and Trade	0.00%	100.00%
Sofgeoprouchvane EOOD	Bulgaria	Production and Trade	100.00%	100.00%
PDNG – Serviz EOOD	Bulgaria	Production and Trade	100.00%	100.00%
Petrogaz Antika EOOD	Bulgaria	Production and Trade	0.00%	100.00%
Izdatelstvo Geologia i Mineralni Resursi OOD	Bulgaria	Production and Trade	70.00%	70.00%
Chimimport Group EAD	Bulgaria	Production and Trade	100.00%	100.00%
Bulchimtrade Ltd.	Bulgaria	Production and Trade	60.00%	60.00%
Chimoil Trade OOD	Bulgaria	Production and Trade	60.00%	60.00%
PDNG Oil AD	Bulgaria	Production and Trade	0.00%	100.00%
Rubber Trade OOD	Bulgaria	Production and Trade	60.00%	60.00%
Orgachim Trading 2008 OOD	Bulgaria	Production and Trade	60.00%	60.00%
Chimceltex OOD	Bulgaria	Production and Trade	60.00%	60.00%
Fertilizers Trade OOD	Bulgaria	Production and Trade	52.00%	52.00%
Dializa Bulgaria OOD	Bulgaria	Production and Trade	50.00%	50.00%

Name of the subsidiary	Country of incorporation	Main activities	2009 %	2008 %
Chimimport Pharma AD	Bulgaria	Production and Trade	60.00%	60.00%
Siliko 07 OOD	Bulgaria	Production and Trade	50.00%	50.00%
Ecoland Engineering OOD	Bulgaria	Production and Trade	0.00%	52.00%
Kame Bulgaria OOD	Bulgaria	Production and Trade	0.00%	75.00%
Medical Center Health Medica OOD	Bulgaria	Production and Trade	90.00%	51.00%
Chimsnab AD Sofia	Bulgaria	Production and Trade	93.33%	93.33%
Brand New Ideas EOOD	Bulgaria	Production and Trade	100.00%	100.00%
IT Systems Consult EOOD	Bulgaria	Production and Trade	100.00%	100.00%
Aris 2003 EOOD	Bulgaria	Production and Trade	100.00%	100.00%
Anitas 2003 EOOD	Bulgaria	Production and Trade	100.00%	100.00%
Burgaska melnica EOOD	Bulgaria	Production and Trade	0.00%	100.00%
Goliama Dobrudjanska Melnitsa AD	Bulgaria	Production and Trade	100.00%	0.00%
Chimtrans OOD	Bulgaria	Production and Trade	60.00%	60.00%
Transcar serviz EOOD	Bulgaria	Sea and River Transport	0.00%	100.00%
Korabno Mashinostroene AD	Bulgaria	Sea and River Transport	0.00%	51.81%
Trans intercar EOOD	Bulgaria	Sea and River Transport	100.00%	100.00%
MAYAK KM AD	Bulgaria	Sea and River Transport	94.25%	77.19%
Port Balchik AD	Bulgaria	Sea and River Transport	100.00%	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and River Transport	100.00%	100.00%
Parahodstvo Bulgarsko Rechno Plavane AD	Bulgaria	Sea and River Transport	82.89%	80.96%
ViTiSi AD	Bulgaria	Sea and River Transport	51.00%	51.00%
Harbor Lesport AD	Bulgaria	Sea and River Transport	99.00%	99.00%
Lesport Project Management EOOD	Bulgaria	Sea and River Transport	100.00%	0.00%
Bulgarian Logistic Company EOOD	Bulgaria	Sea and River Transport	100.00%	0.00%
Bulgarian Aviation Group EAD	Bulgaria	Aviation Transport	100.00%	100.00%
Bulgaria Air AD	Bulgaria	Aviation Transport	99.99%	99.99%
Hemus Air EAD	Bulgaria	Aviation Transport	0.00%	100.00%
Molet EAD	Bulgaria	Aviation Transport	100.00%	100.00%
Airport Services EOOD	Bulgaria	Aviation Transport	100.00%	100.00%
Galata Investment Company AD	Bulgaria	Real estate	0.00%	60.00%
Golf Shabla AD	Bulgaria	Real estate	65.00%	65.00%
Sporten Complex Varna AD	Bulgaria	Real estate	65.00%	65.00%
Energoproekt AD	Bulgaria	Construction	83.20%	83.20%
Triplan Architects OOD	Bulgaria	Construction	100.00%	0.00%
Bulchimex GmbH	Germany	Real estate	100.00%	100.00%

5.2.Acquisition of 100% of the share capital of Triplan Architects EOOD

In 2009 100% of Triplan Architects EOOD's share capital was acquired. As a result of the acquisition, no goodwill was recognized.

	2009 BGN'000
Purchase consideration – cash paid:	
- Purchase price	50
Fair value of net assets acquired (see below)	50
Exceeding of the fair value of the net assets acquired over the investment value	**-**

The acquired entity has increased the net profit of the Group with BGN 14 thousand for the period between its acquisition and 31 December 2009.

The shares are acquired as follows:

	Fair value 2009 BGN'000	Book value of the company acquired 2009 BGN'000
Property, plant and equipment	73	6
Receivables and other assets	22	22
Liabilities	(45)	(45)
Net assets	**50**	**(17)**

5.3. Acquisition of 0.10% of the share capital of CCB AD

In 2009 the Group has acquired new 0.10% of the share capital of CCB AD. As a result of the acquisition a negative goodwill at the amount of BGN 88 thousand has been recognized.

	2009 **BGN'000**
Purchase consideration – cash paid:	
- Purchase price	142
Fair value of net assets acquired (see below)	230
Exceeding of the fair value of the net assets acquired over the investment value	**(88)**

The shares are acquired as follows:

	Fair value	**Book value of the company acquired**
	2009	**2009**
	BGN'000	**BGN'000**
Property, plant and equipment	63 806	63 806
Other intangible assets	40 334	40 334
Investments in subsidiaries	34 881	34 881
Financial assets	1 193 211	1 193 211
Inventory	8	8
Receivables and other assets	101 592	101 592
Cash and cash equivalents	380 749	380 749
Liabilities	(1 584 412)	(1 584 412)
Net assets	**230 169**	**230 169**
Net assets acquired	**230**	

5.4. Acquisition of 2.30% of the share capital of Zarneni Hrani Bulgaria AD

In 2009 the Group has acquired 2.30% of the capital of Zarneni Hrani Bulgaria AD and as a result a negative goodwill at the amount of BGN 2 049 thousand has been recognized.

	2009 BGN'000
Purchase consideration – cash paid:	
- Purchase price	2 342
Fair value of net assets acquired (see below)	4 391
Exceeding of the fair value of the net assets acquired over the investment value	**(2 049)**

The shares were acquired as follows:

	Fair value 2009 BGN'000	Book value of the company acquired 2009 BGN'000
Property, plant and equipment	148 931	148 931
Other intangible assets	964	964
Investment property	5 961	5 961
Investment in subsidiaries	74 417	74 417
Financial assets	22 062	22 062
Inventory	3 720	3 720
Receivables and other assets	82 431	82 431
Cash and cash equivalents	566	566
Liabilities	(148 153)	(148 153)
Net assets	**190 899**	**190 899**
Net assets acquired	**4 391**	

5.5. Acquisition of 4.30% of the share capital of ZAD Armeec

In 2009 the Group has acquired 4.30% of the share capital of ZAD Armeec. As a result of the acquisition goodwill at the amount of BGN 8 117 thousand has been recognized.

The acquisition is completed as follows:

	2009 BGN'000
Purchase consideration – cash paid:	
- Purchase price	9 492
Fair value of net assets acquired (see below)	1 375
Goodwill	**8 117**

The fair value of the acquired net assets is as follows:

	Fair value 2009 BGN'000	Book value of the company acquired 2009 BGN'000
Property, plant and equipment	1 943	1 943
Other intangible assets	344	344
Investment property	26 438	26 438
Investments in subsidiaries	50	50
Financial assets	57 854	57 854
Inventory	428	428
Receivables and other assets	51 325	51 325
Cash and cash equivalents	18 354	18 354
Liabilities	(124 764)	(124 764)
Net assets	**31 972**	**31 972**
Net assets acquired	**1 375**	

5.6. Acquisition of 2.08% of the share capital of Parahodstvo BRP AD

In 2009 the Group has acquired 2.08% of the share capital of Parahodstvo BRP AD. As a result of the acquisition goodwill at the amount of BGN 580 thousand has been recognized.

The acquisition is completed as follows:

	2009 BGN'000
Purchase consideration – cash paid:	
- Purchase price	1 779
Fair value of acquired net assets (see below)	1 199
Goodwill	**580**

The fair value of the net assets acquired is as follows:

	Fair value 2009 BGN'000	Book value of the company acquired 2009 BGN'000
Property, plant and equipment	71 084	71 084
Other intangible assets	104	104
Investment property	-	-
Investments in subsidiaries	2 266	2 266
Financial assets	24	24
Inventory	1 323	1 323
Receivables and other assets	5 727	5 727
Cash and cash equivalents	524	524
Liabilities	(23 408)	(23 408)
Net assets	**57 644**	**57 644**
Net assets acquired	**1 199**	

5.7. Acquisition of 1.30% of the share capital of Oil and Gas Exploration and Production Plc.

In 2009 the Group has acquired 1.30% of the share capital of OGEP Plc. As a result of the acquisition a negative goodwill at the amount of BGN 252 thousand has been recognized.

The acquisition is completed as follows:

	2009 **BGN'000**
Purchase consideration – cash paid:	
- Purchase price	171
Fair value of net assets acquired (see below)	423
Exceeding of the fair value of the net assets acquired over the investment value	**(252)**

The fair value of the acquired net assets is as follows:

	Fair value **2009** **BGN'000**	**Book value of the company acquired** **2009** **BGN'000**
Property, plant and equipment	41 830	41 830
Other intangible assets	2 372	2 372
Investment properties	-	-
Investments in subsidiaries	8 244	8 244
Financial assets	623	623
Inventory	8 691	8 691
Receivables and other assets	38 089	38 089
Cash and cash equivalents	1 240	1 240
Liabilities	(68 529)	(68 529)
Net assets	**32 560**	**32 560**
Net assets acquired	**423**	

5.8. Acquisition of 17.06% of the share capital of MAYAK AD

In 2009 the Group acquired 17.06% of the share capital of MAYAK AD. As a result of the acquisition no goodwill was recognized.

	2009 **BGN'000**
Purchase consideration – cash paid:	
- Purchase price	750
Fair value of net assets acquired (see below)	750
Exceeding of the fair value of the net assets acquired over the investment value	**-**

The fair value of the acquired net assets is as follows:

	Fair value **2009** **BGN'000**	**Book value of the company acquired** **2009** **BGN'000**
Property, plant and equipment	568	568
Other intangible assets	1	1
Inventory	583	583
Receivables and other assets	1 052	1 052
Cash and cash equivalents	2 635	2 635
Liabilities	(442)	(442)
Net assets	**4 397**	**4 397**

5.9. Acquisition of 100% of the share capital of Goliama Dobrudjanska Melnitsa EOOD

In 2009 the Group has acquired 100% of the share capital of Goliama Dobrudjanska Melnitsa EOOD. As a result of the acquisition goodwill at the amount of BGN 4 798 thousand has been recognized.

The acquired company has increased the net profit of the Group with the amount of BGN 119 thousand for the period between its acquisition and 31 December 2009.

The acquisition is acquired as follows:

	2009 BGN'000
Purchase consideration – cash paid:	
- Purchase price	20 000
Fair value of net assets acquired (see below)	15 202
Exceeding of the fair value of the net assets acquired over the investment value	**4 798**

The fair value of the acquired net assets is as follows:

	Fair value 2009 BGN'000	Book value of the company acquired 2009 BGN'000
Property, plant and equipment	17 989	2 714
Inventory	255	255
Receivables and other assets	741	741
Cash and cash equivalents	7	7
Liabilities	(3 790)	(3 629)
Net assets	**15 202**	**88**

6. Investments in associates

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

Name of the associated entity	2009 BGN'000	Stake %	2008 BGN'000	Stake %
Fraport TSAM AD	75 242	40.00%	69 283	40.00%
PIC Saglasie Ltd.	17 317	49.43%	15 789	49.28%
Holding Nov Vek AD	9 350	28.20%	9 785	28.20%
Amadeus Bulgaria OOD	3 055	45.00%	2 933	45.00%
Kavarna Gas OOD	481	35.00%	384	35.00%
Lufthansa Technik Sofia OOD	79	20.00%	1 960	20.00%
Holding Varna AD	-	0.00%	35 243	21.27%
Galateks AD	-	0.00%	1 686	45.00%
Elektroterm AD	-	0.00%	773	38.07%
	105 524		**137 836**	

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

	2009 BGN'000	2008 BGN'000
Assets	212 612	318 524
Liabilities	76 655	82 046
Revenues	123 651	89 768
Profit for the period	18 245	11 427
Profit attributable to the Group	6 477	9 922

In 2008 and 2009 the Group has received no dividends. Investments in associates are presented in the financial statements of the Group using the equity method.

7. Segment reporting

The management responsible for making the business decisions determines the business segments on the grounds of the types of activities, the main products and services rendered by the Group. The activities of the Group are analyzed as a whole of business segments that may vary depending on the nature and development of a certain segment by considering the influence of the risk factors, cash flows, products and market requirements.

Each business segment is managed separately as long as it requires different technologies and resources or marketing approaches. The adoption of IFRS 8 had no influence on the identification of the main business segments of the Group in comparison with those determined in the last consolidated financial statements.

According to IFRS 8 the profits reported by segments are based on the information used for the needs of the internal management reporting and is regularly reviewed from those responsible for the business decisions.

According to IFRS 8 the Group applies the same evaluation policy as in the last consolidated financial statements.

For the reporting on segments the divisions of the Group are as follows:

- Production, trade and services
- Finance sector
- Transport sector
- Real estate sector
- Construction and engineering sector

Transactions within the Group between the different segments are carried out under market conditions.

Information about the operating segments of the Group is summarized as follows:

All inter-segment transfers are priced and carried out at market price and condition basis.

Operating segments **31 December 2009**	**Production, trade and services** **BGN'000**	**Financial sector** **BGN'000**	**Transport sector** **BGN'000**	**Real estate sector** **BGN'000**	**Construction and engineering sector** **BGN'000**	**Consolidation** **BGN'000**	**Consolidated** **BGN'000**
Income from non-financial activities from external customers	214 119	20 504	336 608	191	3 540	-	574 962
Profit from the sale of non-current assets	13 513	14 697	12 519	-	9	(1 472)	39 266
Inter-segment income from non-financial activities	32 333	1 426	5 439	-	216	(39 414)	-
Total income from non-financial activities	**259 965**	**36 627**	**354 566**	**191**	**3 765**	**(40 886)**	**614 228**
Net result from non-financial activities	**19 039**	**36 627**	**34 958**	**(208)**	**432**	**(9 526)**	**81 322**
Insurance income from external customers	-	270 704	-	-	-	-	270 704
Inter-segment insurance income	-	7 875	-	-	-	(7 875)	-
Total insurance income	**-**	**278 579**	**-**	**-**	**-**	**(7 875)**	**270 704**
Net result from insurance	**-**	**24 184**	**-**	**-**	**-**	**(5 626)**	**18 558**
Interest income	9 094	196 056	4 077	372	57	(34 413)	175 243
Interest expenses	(12 420)	(104 127)	(17 237)	(2)	(174)	34 413	(99 547)
Net result from interest	**(3 326)**	**91 929**	**(13 160)**	**370**	**(117)**	**-**	**75 696**
Gains from transactions with financial instruments from external customers	14 195	151 706	9 371	-	-	(4 772)	170 500
Inter-segment gains from transactions with financial instruments	-	4 808	-	-	-	(4 808)	-
Gains from transactions with financial instruments	**14 195**	**156 514**	**9 371**	**-**	**-**	**(9 580)**	**170 500**
Net result from transactions with financial instruments	**14 195**	**88 712**	**8 589**	**-**	**-**	**(5 410)**	**106 086**
Administrative expenses	**(8 604)**	**(146 219)**	**(14 078)**	**(18)**	**(220)**	**8 924**	**(160 215)**
Negative goodwill	-	-	-	-	-	2 389	2 389
Net result from equity accounted investments in associates	22	(560)	7 015		-	-	6 477
Other financial income/ (expense)	(1 424)	37 827	(1 753)	(1)	3	(1 366)	33 286
Profit for allocating insurance batches	-	(7 292)	-	-	-	-	(7 292)
Profit for the period before tax	**19 902**	**125 208**	**21 571**	**143**	**98**	**(10 615)**	**156 307**
Tax expenses	(2 366)	(8 333)	(1 650)	(12)	(14)	60	(12 315)
Net profit for the year	**17 536**	**116 875**	**19 921**	**131**	**84**	**(10 555)**	**143 992**

Operating segments 31 December 2009	**Production, trade and services**	**Financial sector**	**Transport sector**	**Real estate sector**	**Construction and engineering sectors**	**Consolidations**	**Consolidated**
	BGN ’000	**BGN ’000**	**BGN ’000**	**BGN ’000**	**BGN ’000**	**BGN ’000**	**BGN ’000**
Assets of the segment	687 420	3 717 703	608 273	45 498	15 134	(1 629 717)	3 444 311
Investment in associates under the equity method	4 670	26 470	10 476	-	30	63 878	105 524
Total consolidated assets	**692 090**	**3 744 173**	**618 749**	**45 498**	**15 164**	**(1 565 839)**	**3 549 835**
Specialized reserves	**-**	**106 751**	**-**	**-**	**-**	**-**	**106 751**
Liabilities of the segment	374 825	2 247 200	377 374	243	11 650	(736 960)	2 274 332
Total consolidated liabilities	**374 825**	**2 247 200**	**377 374**	**243**	**11 650**	**(736 960)**	**2 274 332**

Operating segments 31 December 2008	Production, trade and services	Financial sector	Transport sector	Real estate sector	Construction and engineering sector	Consolidation	Consolidated
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Income from non-financial activities from external customers	235 617	50 720	434 205	273	1 646	-	722 461
Gain/ (loss) from selling non-current assets	2 888	22 799	40 033	-	-	(52 082)	13 638
Inter-segment income	69 798	974	23 381	-	1 103	(95 256)	-
Total income from non-financial activities	**305 415**	**51 694**	**457 586**	**273**	**2 749**	**(95 256)**	**722 461**
Net result from non-financial activities	**22 598**	**74 493**	**45 127**	**(3)**	**1 369**	**(61 307)**	**82 277**
Insurance income from external customers	-	215 374	-	-	-	-	215 374
Inter-segment insurance income	-	6 518	-	-	-	(6 518)	-
Total insurance income	**-**	**221 892**	**-**	**-**	**-**	**(6 518)**	**215 374**
Net result from insurance	**-**	**17 233**	**-**	**-**	**-**	**(5 827)**	**11 406**
Interest income	3 318	138 997	2 349	267	45	(18 210)	126 766
Interest expenses	(9 524)	(58 013)	(16 138)	(47)	(24)	18 210	(65 536)
Net result from interest	**(6 206)**	**80 984**	**(13 789)**	**220**	**21**	**-**	**61 230**
Gains from transactions with financial instruments from external customers	16 382	212 630	-	-	-		229 012
Inter-segment gains from transactions with financial instruments	-	12 378	-	-	-	(12 378)	-
Gains from transactions with financial instruments	**16 382**	**225 008**	**-**	**-**	**-**	**(8 244)**	**233 146**
Net result from transactions with financial instruments	**16 076**	**17 079**	**(299)**	**-**	**-**	**28 398**	**61 254**
Administrative expenses	**(12 927)**	(130 078)	(20 184)	(134)	(1 311)	6 896	(157 738)
Negative goodwill	-	-	-	-	-	29 376	29 376
Gain/(loss) from associated companies	15	857	9 124	(74)	-	-	9 922
Other financial income /(expenses)	(1 996)	42 157	(2 125)	(32)	(1)	(721)	37 282
Profit for allocating insurance batches	-	16 919	-	-	-	-	16 919
Profit for the period before tax	**17 560**	**119 644**	**17 854**	**(23)**	**78**	**(3 185)**	**151 928**
Tax expenses	(1 712)	(7 390)	(1 262)	(7)	-	-	(10 371)
Net profit for the year	**15 848**	**112 254**	**16 592**	**(30)**	**78**	**(3 185)**	**141 557**

Operating segments 31 December 2008	Production, trade and services BGN'000	Financial sector BGN'000	Transport sector BGN'000	Real estate sector BGN'000	Construction and Engineering sector BGN'000	Consolidations BGN'000	Consolidated BGN'000
Assets of the segment	559 264	3 320 343	624 574	45 725	8 436	(1 502 547)	3 055 795
Investments in associates under the equity method	4 491	60 358	10 505	1 760	-	60 722	137 836
Total consolidated assets	**563 755**	**3 380 701**	**635 079**	**47 485**	**8 436**	**(1 441 825)**	**3 193 631**
Specialized reserves	**-**	**97 701**	**-**	**-**	**-**	**-**	**97 701**
Liabilities of the segment	256 781	2 128 481	410 985	1 945	2 131	(593 434)	2 206 889
Total consolidated liabilities	**256 781**	**2 128 481**	**410 985**	**1 945**	**2 131**	**(593 434)**	**2 206 889**

8. Property, plant and equipment

Property, plant and equipment of the Group include land, buildings, equipment, vehicles, repairs of purchased property, plant and equipment, assets in process of acquisition, etc. Their carrying amount can be analyzed as follows:

For the period ending 31 December 2009	Land	Building	Machines	Equipment	Vehicles	Other	Repairs	Assets in process of acquisition	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Carrying amount									
Balance as at 1 January 2009	110 263	141 746	85 943	109 350	94 727	26 135	-	81 164	649 328
Additions:									-
- through business combinations	28 475	2 393	1 770	(48)	10 894	235	28 296	6 261	78 276
- separately acquired	2 832	3 910	8 946	7 160	48 091	21 363	-	101 066	193 368
Disposals									
- through business combinations	(17 551)	(2 691)	(4 935)	(1 713)	(7 455)	(426)	-	(16 330)	(51 101)
- separately disposed of	(54)	(22 290)	(4 187)	(464)	(25 192)	(932)	-	(87 097)	(140 216)
Balance as at 31 December 2009	123 965	123 068	87 537	114 285	121 065	46 375	28 296	85 064	729 655
Depreciation									
Balance at 1 January 2009	-	(17 191)	(28 560)	(15 273)	(24 271)	(20 455)	-	-	(105 750)
Additions through business combinations	-	(130)	(456)	(3)	(4 365)	(16)	-	-	(4 970)
Disposals	-	2 452	4 864	427	6 324	328	-	-	14 395
Depreciation	-	(5 880)	(9 734)	(4 082)	(10 885)	(6 488)	(8 417)	-	(45 486)
Balance as at 31 December 2009	-	(20 749)	(33 886)	(18 931)	(33 197)	(26 631)	(8 417)	-	(141 811)
Carrying amount as at 31 December 2009	**123 965**	**102 319**	**53 651**	**95 354**	**87 868**	**19 744**	**19 879**	**85 064**	**587 844**

- for the period ending 31 December 2008

	Land	Building	Machines	Equipment	Vehicles	Other	Assets in process of acquisition	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Carrying amount								
Balance as at 1 January 2008	87 638	121 899	64 474	80 591	74 271	24 980	67 695	521 548
Additions:								-
- through business combinations	-	9 937	1 011	-	116	28	-	11 092
- acquired separately	23 141	20 348	24 858	29 462	34 942	1 729	118 158	252 638
Disposals	(516)	(10 438)	(4 400)	(703)	(14 602)	(602)	(104 689)	(135 950)
Balance as at 31 December 2008	110 263	141 746	85 943	109 350	94 727	26 135	81 164	649 328
Depreciation								
Balance as at 1 January 2008	-	(14 173)	(21 513)	(14 714)	(16 688)	(20 175)	-	(87 263)
Additions through business combinations	-	(545)	(209)	-	(52)	(12)	-	(818)
Disposals	-	1 989	2 347	440	5 969	577	-	11 322
Depreciation	-	(4 462)	(9 185)	(999)	(13 500)	(845)	-	(28 991)
Balance as at 31 December 2008	-	(17 191)	(28 560)	(15 273)	(24 271)	(20 455)	-	(105 750)
Carrying amount as at 31 December 2008	**110 263**	**124 555**	**57 383**	**94 077**	**70 456**	**5 680**	**81 164**	**543 578**

The carrying amount of property, plant and equipment pledged as collateral as at 31 December 2009 is as follows:

	Land	Building	Machines	Vehicles	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Carrying amount as at 31 December 2009	18 212	30 284	24 074	32 478	30	105 078
Carrying amount as at 31 December 2008	19 524	23 124	14 652	35 451	41	92 792

On 23 February 2010 has been signed a contract between the Group and Iztochno Rechno Parahodstvo EOOD. According to the contract the Group acquires four barges with a cumulative carrying capacity of 7 500 tons and one river pusher. The Group has also purchased m/k P. Volov – river pusher with capacity 900 h.p. On 24 February 2010 the ownership of the vessels has been transferred.

9. Lease

9.1. Financial lease as a lessee

The Group participates in its capacity of a lessee in the following finance lease contracts:
- five year finance lease contract with ANSEF London for the purchase of three aircrafts – BAE from 31 March 2006 with maturity date April 2011.
- seven finance lease contracts with Imorent Bulgaria EOOD for drilling tools, seamless drill pipes, 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 2016 and 2017.
- Finance lease contract with Reiffeisen Leasing Bulgaria OOD for the purchase of a road crane and a truck Mercedes Aktros with maturity dates September 2010 and October 2010 respectively, as well as a contract for the purchase of a caterpillar bulldozer B10M/T10M, maturing on 20 October 2010.
- finance lease contract with Porsche leasing for the purchase of a car, with a maturity date 16 October 2014.
- six contracts with Interlease Auto EAD for the purchase of automobiles, with a maturity date 2012.
- two contracts with Unicredit Leasing AD for the purchase of a truck and a car, with maturity dates 2010 and 2011.
- fifteen contracts with DSK Auto Leasing EOOD for 21 cars, ending 2010 and 2011.
- nine finance lease contracts with Interlease EAD for the purchase of a car, truck tracktors and a bus with maturity dates 2012, 2013 and 2014, respectively.
- four contracts with Hypo Alpe- Adria- Autoleasing EOOD for 7 cars with maturity in 2011, 2012 and 2013.
- eight finance lease contracts, signed with Interlease Auto EAD fir six automobiles with maturity in 2010, 2011 and 2012.
- six agreements with Hyundai Leasing EAD, about 6 vehicles with term of the agreements till year 2011 and year 2014.
- finance lease agreement with Eurolease Auto AD for purchasing of 2 CADY vehicles with term of the agreement - 20 December 2010.

- finance lease agreement with Moto-Pfohe EOOD for acquisition of 1 vehicle Ford Focus, with term of the contract till 5 February 2010.
- Finance lease agreement, signed with Unicredit Leasing AD for an automobile Renault Master with date of the payment 5 July 2011.

The net carrying amount of the assets acquired under the terms of lease contracts amounts to BGN 58 142 thousand (2008 – BGN 19 681 thousand). The assets are included in the consolidated financial statements in item "Property, plant and equipment"(See note 8).

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 2009	**Within 1 year**	**From 1 to 5 years**	**More than 5 Years**	**Total**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Lease payments	12 043	32 274	6 793	51 110
Finance charges	(1 960)	(5 987)	(181)	(8 128)
Net present value	**10 083**	**26 287**	**6 612**	**42 982**

31 December 2008	**Within 1 year**	**From 1 to 5 years**	**More than 5 Years**	**Total**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Lease payments	6 830	11 522	15	18 367
Finance charges	(1 339)	(2 427)	(1)	(3 767)
Net present value	**5 491**	**9 095**	**14**	**14 600**

The lease contract includes fixed lease payments and a purchase option in the end of the lease period. 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.

9.2. Operating leases as lessee

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

	Within 1 year	**From 1 to 5 years**	**More than 5 years**	**Total**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
31 December 2009	48 253	170 835	3 749	222 837
31 December 2008	45 434	139 643	6 237	191 314

Lease payments recognized as an expense during the period amount to BGN 49 692 thousand (2008: BGN 31 565 thousand).

During 2009 the Group has the following operating lease contracts.

- Aircrafts Boeing 737-300 - 3 aircrafts with lessor Galaxy Aviation One Limited. The terms of the contracts are as follows: for LZ BOU – 12 July 2011, for LZ BOV – 17 September 2011, for LZ BOW – 30 August 2011. The monthly lease payments according to the operating lease agreements are as follows:
  - For Boeing 737-300, LZ BOU- USD 150 000
  - For Boeing 737-300, LZ BOV- USD 146 800
  - For Boeing 737-300, LZ BOW- USD 150 000
- Aircraft Boeing 737-500 – 1 aircraft with lessor ORIX. The term of the contract of LZ BOP is until 05 January 2010. The monthly lease payment is USD 125 000.
- Aircrafts Boeing 737-500 – 2 aircrafts with lessor Ansett Worldwide Aviation Ireland Limited. The terms of the contracts are as follows: for LZ BOR until 24 October 2013, and for LZ BOY until 08 March 2013. The monthly lease payments are:
  - For Aircraft LZ BOR - USD 130 000
  - For Aircraft LZ BOY - USD 140 000
- Aircraft Airbus 320 - 2 aircraft with lessor CIT Aerospace Ireland. The term of the contract of LZ FBC is until 09 December 2014. The term of the contract of LZ FBD is until 25 April 2014. The monthly lease payments are:
  - For Aircraft LZ FBC - USD 300 000
  - For Aircraft LZ FBD - USD 300 000
- Aircraft Boeing 737-400 – 1 aircraft with lessor Aisling Airlease, Ireland. The term of the contract is until 26 May 2014. The monthly lease payment is at the amount of USD 162 000.
- Aircraft Airbus 320 – 1 aircraft with lessor GE Commercial Aviat. Services. The term of the contract for LZ FBE is until 28 January 2017. The monthly lease payment is USD 319 140.
- Aircraft Airbus 319 – 1 aircraft with lessor GE Commercial Aviat. Services. The contract maturity date for the LZ FBE is 26 April 2014. The monthly lease payment is at the amount of USD 265 000.

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

9.3. Operating leases as lessor

In 2009 the Group provides aircrafts to other Companies under the conditions of operating lease contracts.

The rental revenue recognized in 2009 amounts to BGN 34 201 thousand (2008 BGN 2 138 thousand)

Aircraft	Type of Aircraft	Contract Date	Period		Payment
LZFBC	Airbus 320	29.04.2009	08 months	Alfa Fly	Not fixed
LZFBD	Airbus 320	29.04.2009	08 months	Alfa Fly	Not fixed
VQBAP(BOT)	Boeing 737-300	17.08.2008	60 months	Tatarstan	160 000 USD
VQBBN (BOY)	Boeing 737-500	09.12.2008	51 months	Tatarstan	140 000 USD
VQBBO(BOR)	Boeing 737-500	16.02.2009	56 months	Tatarstan	140 000 USD
VQBDC(BOO)	Boeing 737-300	29.06.2009	60 months	Tatarstan	150 000 USD
MSN 28702	Boeing 737-400	26.05.2009	60 months	Tatarstan	165 000 USD

10. Investment property

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarized as follows:

	Land BGN'000	Buildings BGN'000	Total BGN'000
Gross carrying amount			
Balance as at 1 January 2009	13 675	7 520	21 195
Additions			
- through business combinations and reclassification	-	13 261	13 261
- separately acquired	-	18 182	18 182
Disposals	(615)	(2 900)	(3 515)
Balance as at 31 December 2009	13 060	36 063	49 123
Depreciation			
Balance as at 1 January 2009	(1)	(1 080)	(1 081)
Business combinations – depreciation	-	114	114
Depreciation	-	(762)	(762)
Balance as at 31 December 2009	(1)	(1 728)	(1 729)
Carrying amount as at 31 December 2009	**13 059**	**34 335**	**47 394**
Gross carrying amount			
Balance as at 1 January 2008	7 181	12 322	19 503
Additions			
- through business combinations	-	1 888	1 888
- separately acquired	6 494	-	6 494
Disposals	-	(6 690)	(6 690)
Balance as at 31 December 2008	13 675	7 520	21 195
Depreciation			
Balance as at 1 January 2008	(1)	(1 366)	(1 367)
Business combinations – depreciation	-	(2)	(2)
Disposals - depreciation	-	592	592
Depreciation	-	(304)	(304)
Balance as at 31 December 2008	(1)	(1 080)	(1 081)
Carrying amount as at 31 December 2008	**13 674**	**6 440**	**20 114**

As at 31 December 2009 the fair value of the investment property of the Group amounts to BGN 82 596 thousand (as at 31.12.2008 – BGN 71 110 thousand). The fair value of the investment property is determined by the Group in accordance with valuation reports from certified valuers and the current market prices.

The investment property is recognized in the consolidated financial statements of the Group at cost.

Rental income from investment property for 2009 amounts to BGN 1 077 thousand (2008: BGN 37 859 thousand) and are recognized in the Consolidates statement of comprehensive income in "Income from non-financial activities". Contingent rents are not recognized. The direct operating expenses amounting to BGN 129 thousand are recognized as "hired services expenses" (2008: BGN 148 thousand).

11. Goodwill

The main changes in the carrying amount of goodwill result from the sale of Zarneni Hrani Bulgaria AD and Oil and Gas Exploration and Production Plc., the transfer of the control of Aviation company Hemus Air EAD and the acquisition of additional participation in ZAD Armeec and Parahodstvo Balgarsko Rechno Plavane AD, as well as the acquisition of Goliama Dobrudzhanska Melnitsa EOOD.

	Goodwill BGN'000
2008	
Opening balance carrying amount	10 822
Additions	26 723
Impairment for the period	(18)
Closing balance carrying amount	**37 527**
2009	
Opening balance carrying amount	37 527
Additions	13 495
Impairment for the period	(1 772)
Closing balance carrying amount	**49 250**

For the purpose of annual impairment testing for 2009 goodwill is allocated to the following cash-generating units:

	2009	**2008**
	BGN'000	**BGN'000**
Zarneni Hrani Bulgaria AD	18 432	18 484
ZAD Armeec	8 541	424
CCB Macedonia AD	7 140	7 140
Central Cooperative Bank AD	5 311	5 311
Goliama Dobrudzhanska Melnitsa EOOD	4 798	-
CCB Group EAD	3 507	3 507
Parahodstvo Balgarsko Rechno Plavane AD	580	-
Oil and Gas Exploration and Production Plc.	358	999
Bulchimeks GmbH	217	217
Port Lesport AD	164	164
Slanchevi Lachi Provadia EAD	100	100
Omega Finance EOOD	47	47
POAD CCB Sila	46	46
Chimsnab AD	6	6
Chimimport Fertilizers OOD	3	3
Hemus Air EAD	-	1 079
	49 250	**37 527**

The recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using constant growth rates characteristic of the sector in which each cash-generating unit operates.

The discount rates used reflect specific risks relating to the sector in which each cash-generating unit operates.

In 2009 no significant indications of impairment have been identified as at 31 December 2009.

For further information regarding the acquired shares please refer to note 5.

12. Other intangible assets

The carrying amounts of the intangible assets of the Group for the reporting periods can be analyzed as follows:

	Trade marks	Repairs of rented assets	Licenses and patents	Software products	Customer relationships	Internally generated intangible assets	Exploration and evaluation expenditures	Property rights	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount									
Balance as at 1 January 2009	34 692	42 433	5 600	3 415	6 569	52	-	40 288	133 049
Additions:									-
- separately acquired	9	-	-	264	-	1 093	1 790	-	3 156
Disposals									
- through business combinations and reclassification	-	(42 433)	-	-	-	-	-	-	(42 433)
Balance as at 31 December 2009	34 701	-	5 600	3 679	6 569	1 145	1 790	40 288	93 772
Amortization									
Balance as 1 January 2009	(6 469)	(8 550)	(2 902)	(1 027)	(192)	(52)	-	-	(19 192)
Additions through business combinations	-	-	-	(196)	-	-	-	-	(196)
Disposals	-	8 550	4	2	-	-	-	-	8 556
Amortization	(3 183)	-	(210)	(1 179)	(328)	-	-	(3 841)	(8 741)
Balance as 31 December 2009	(9 652)	-	(3 108)	(2 400)	(520)	(52)	-	(3 841)	(19 573)
Carrying amount as at 31 December 2009	**25 049**	**-**	**2 492**	**1 279**	**6 049**	**1 093**	**1 790**	**36 447**	**74 199**

	Trade marks	Repairs of rented assets	Licenses and patents	Software products	Customer relationships	Internally generated intangible assets	Property rights	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount								
Balance as at 1 January 2008	32 136	23 014	3 613	989	-	52	-	59 804
Additions:								-
- through business combinations	2 468	-	468	-	6 569	-	-	9 505
- separately acquired	88	21 976	1 565	2 567	-	-	40 288	66 484
Disposals	-	(2 557)	(46)	(141)	-	-	-	(2 744)
Balance as 31 December 2008	34 692	42 433	5 600	3 415	6 569	52	40 288	133 049
Amortization								
Balance as 1 January 2008	(3 235)	(3 333)	(2 438)	(677)	-	(52)	-	(9 735)
Additions through business combinations					(192)		-	(192)
Disposals	-	9	46	141			-	196
Amortization	(3 234)	(5 226)	(510)	(491)			-	(9 461)
Balance as 31 December 2008	(6 469)	(8 550)	(2 902)	(1 027)	(192)	(52)	-	(19 192)
Carrying amount as at 31 December 2008	**28 223**	**33 883**	**2 698**	**2 388**	**6 377**	**-**	**40 288**	**113 857**

The expenses for research and valuation include granted rights and capitalized expenses for research and valuation.

As at 31 December 2009 the Group recognized exploration and evaluation expenditures in Block 1-4 Kavarna and Block Shabla in the amount of BGN 1 790 thousand.

	2009 BGN'000
Block 1-4 Kavarna	1 591
Block Shabla	199
	1 790

In accordance with decision number 633 dated 07 October 2008 of the Councils of Ministers the Group has received permission to search and exploration for oil and gas in Block 1-4 Kavarna. On 02 December 2008 the Group has concluded a contract with the Ministry of Economy and Energy to search and exploration for oil and gas in Block 1-4 Kavarna, Bulgarian land territory. The initial term of the permission is 3 years according to the Mineral Recourses Act.

In accordance with decision number 90 dated 17 February 2009 of the Councils of Ministers the term for search and exploration of oil and gas in Block Shabla, situated in the north part of the Bulgarian Black sea shelf, was prolonged for 2 years and an additional agreement was signed with Ministry of Environment and Water.

All amortization expenses are included in the consolidated statement of comprehensive income within "Expenses for non-financial activities".

No intangible assets have been pledged as security for liabilities.

13. Long-term financial assets

Financial assets, recognized in the consolidated statement of financial position include the following financial asset categories:

	Notes	2009 BGN'000	2008 BGN'000
Loans and receivables	13.1	770 181	704 698
Held-to-maturity financial assets	13.2	86 989	90 165
Financial assets at fair value through profit or loss	13.3	99 413	59 949
Available-for-sale financial assets	13.4	124 008	75 849
		1 080 591	**930 661**

13.1.Loans and receivables

Loans and receivables	Notes	2009 BGN'000	2008 BGN'000
Long-term bank loans and client advance payments	13.1.1	700 255	693 474
Less impairment		(13 410)	(10 155)
		686 845	**683 319**
Other long-term loans	13.1.2	83 336	21 379
		770 181	**704 698**

13.1.1. Analysis of long-term bank loans and client advance payments

Analysis by type of the client:	2009 BGN'000	2008 BGN'000
Natural persons		
-in BGN	198 226	264 882
-in foreign currency	31 515	33 457
Legal entities		
-in BGN	282 430	191 508
-in foreign currency	188 084	203 627
	700 255	693 474
Impairment for uncollectibility	(13 410)	(10 155)
Total bank loans granted and client advance payments	**686 845**	**683 319**

Analysis by economic sectors:	2009 BGN'000	2008 BGN'000
Agriculture and forestry	26 371	27 471
Manufacturing	32 786	43 292
Construction	79 881	79 138
Trade and finance	259 683	192 503
Transport and communications	38 007	37 950
Natural persons	229 741	277 558
Others	33 786	35 562
	700 255	693 474
Impairment for uncollectibility	(13 410)	(10 155)
Total bank loans granted and client advance payments	**686 845**	**683 319**

Interest rates
Loans granted in Bulgarian leva and foreign currency, are accumulated with variable interest rates. According to the terms of the contracts the interest rate is calculated by a base interest rate plus a premium. The regular loan premium is between 4% and 8 %, depending on the credit risk, related to the respective borrower. On overdue loans is accrued interest corresponding to the accumulated interest of non-allowed overdraft, amounting to 35 %.

13.1.2. Other long-term loans

	2009 BGN'000	2008 BGN'000
Pavleks 97 EOOD	40 787	-
Cession receivables	17 135	15 005
Rostinvest AD	9 404	-
Franchise Developments OOD	5 698	5 689
Prima Chim EOOD	4 709	-
NEI AD, Razgrad	3 415	-
Tim Consult EOOD	1 688	685
Others	500	-
	83 336	**21 379**

13.2. Held-to-maturity financial assets

Held-to-maturity financial assets consist of Bulgarian government bonds, including the amount of the accrued interests and discount/premium, based on their original maturity, as well as purchase of Bulgarian government bonds according to the requirements of the Insurance Code for the investments in insurance reserves and own resources.

The carrying amounts, measured at amortized cost, and fair values of these financial assets are as follows:

	2009 BGN'000	2008 BGN'000
Carrying amount at amortized cost		
Mid-term Bulgarian government bonds	80 823	83 986
Long-term Bulgarian government bonds	6 166	6 179
	86 989	**90 165**

The maturity of the Long-term Bulgarian government bonds amounting BGN 6 166 thousand (2008 BGN 6 179 thousand) comes on 2018. The maturity of the Mid-term Bulgarian government bonds amounting BGN 80 823 thousand (2008 BGN 83 986 thousand) comes on 2011, 2012 and 2013.

These bonds are publicly traded, and fair values have been estimated based on their quoted prices at the reporting date. As at 31 December 2009 the fair value of the Long-term Bulgarian government bonds amounts to BGN 5 481 thousand and the fair value of the Mid-term Bulgarian government bonds amounts to BGN 76 716 thousand.

See note 47 for information on the Group's exposure to credit risk related to the long-term financial assets.

Bulgarian securities pledged as collateral
As at 31 December 2009 and 31 December 2008 government bonds, issued by the Bulgarian government at the amount of BGN 65 677 thousand and BGN 65 148 thousand respectively, are pledged as collateral for servicing budget accounts.

13.3. Financial assets at fair value through profit or loss

The long-term financial assets of the Group represent investing of own resources and specialized reserves according to the Social security Code to cover the minimal profitability of the additional mandatory pension fund. The financial assets are represented at fair value through profit or loss, definite as such at first recognition.

	2009 BGN'000	2008 BGN'000
Capital investments with market value	54 910	32 511
Long-term Bulgarian government bonds	35 702	27 438
Other	8 801	-
	99 413	**59 949**

All presented amounts of the financial assets are determined through published quotes of the listed securities on an active market or valuation of securities based on expert valuation, in accordance with the rules of the Group for the valuation of assets and liabilities.

13.4. Available-for-sale financial assets

	2009 BGN'000	2008 BGN'000
Capital investments with market value	49 077	42 559
Participation in Aviation company Hemus Air EAD	38 505	-
Mid-term Bulgarian government bonds	19 368	15 772
Bulgarian corporate bonds	14 905	12 433
Participation in Air Ban EOOD	2 153	-
Foreign corporative bonds	-	5 085
	124 008	**75 849**

Other than the participations in Aviation Company Hemus Air EAD and Air Ban EOOD, the assets are stated at fair value.

Available-for-sale financial assets are nominated in Bulgarian leva and publicly traded in Bulgaria. Their fair value is determined based on their quoted prices at the reporting date.

The fair value of the participation of the Group in the equity of Hemus Air EAD and Air Ban EOOD can not be reliability measured, die to numerous uncertainties regarding the future development. This investment has therefore been stated at cost, less impairment expense.

The Group owns 100% of the equity of Hemus Air EAD. This investment was reclassified as non-current financial asset available-for-sale, during 2009 in accordance with the management contract dated 01 October 2009 for transfer of voting rights.

Bulgarian securities pledged as collateral
As at 31 December 2009 government bonds, issued by the Bulgarian government at the amount of BGN 4 491 thousand, are pledged as collateral for servicing budget accounts.

14. Deferred tax assets and liabilities

Deferred tax liabilities (assets)	**1 January 2009**	**Recognized in profit or loss**	**31 December 2009**
	BGN'000	**BGN'000**	**BGN'000**
Non-current assets			
Intangible assets	995	(995)	-
Property, plant and equipment	13 540	237	13 777
Long and short-term financial assets	-	2 078	2 078
Investment property	701	(60)	641
Others	1 186	1 066	2 252
Current assets			
Trade and other receivables	2	(2)	-
Others	165	(165)	-
Non-current liabilities			
Pension and other employee obligations	(500)	(186)	(686)
Others	(1 244)	151	(1 093)
Current liabilities			
Pension and other employee obligations	(200)	183	(17)
Unused paid leaves provisions	(47)	(8)	(55)
Other provisions	(6)	-	(6)
Others	(1 110)	464	(646)
	13 482	2 763	16 245
Recognized as:			
Deferred tax assets	(3 107)		(2 503)
Deferred tax liabilities	16 589		18 748

Deferred taxes for the comparative period 2008 can be summarized as follows:

Deferred tax liabilities (assets)	**1 January 2008**	**Recognized in profit or loss**	**31 December 2008**
	BGN'000	**BGN'000**	**BGN'000**
Non-current assets			
Intangible assets	-	995	995
Property, plant and equipment	9 261	4 279	13 540
Long-term financial assets	-	-	-
Investment property	712	(11)	701
Others	1 277	(91)	1 186
Current assets			
Inventory	19	(19)	
Trade and other receivables	(3)	5	2
Others	5	160	165
Non-current liabilities			
Pension and other employee obligations	(169)	(331)	(500)
Others	(1 235)	(9)	(1 244)
Current liabilities			
Pension and other employee obligations	(19)	(181)	(200)
Unused paid leaves provisions	(183)	136	(47)
Other provisions	(1)	(5)	(6)
Others	(320)	(790)	(1 110)
	9 344	4 138	13 482
Recognized as:			
Deferred tax assets	(1 930)		(3 107)
Deferred tax liabilities	11 274		16 589

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

15. Inventories

Inventories recognized in the consolidated statement of financial position can be analyzed as follows:

	2009	**2008**
	BGN'000	**BGN'000**
Materials	18 168	33 307
Finished goods	1 323	11 353
Trading goods	13 046	12 203
Work in progress	1 725	3 664
Others	-	364
	34 262	60 891

During 2009 inventories of the Group amounting to BGN 3 207 thousand are pledged as collateral benefitting UniCredit Bulbank AD and Eurobank EFG Bulgaria AD.

During 2008 inventories of the Group amounting to BGN 12 755 thousand are pledged as collateral benefitting UniCredit Bulbank AD.

16. Short-term financial assets

Short-term financial assets for the presented reporting periods include various investments considered to be held for short-term trading.

	Notes	2009 BGN'000	2008 BGN'000
Loans and receivables	16.1	518 853	333 424
Financial assets at fair value through profit or loss	16.2	103 167	33 771
Held-to-maturity financial assets	16.3	21 551	39 059
Held for sale financial assets	16.4	37 613	59 156
		681 184	**465 410**

As at 31 December 2009 the Group does not have any short-term financial assets pledged as collateral.

16.1. Loans and receivables

	Notes	2009 BGN'000	2008 BGN'000
Bank loan and client advance payments	0	372 381	179 182
Less impairment		(8 660)	(3 659)
		363 721	**175 523**
Other short-term loans contracts	16.1.2	155 132	157 901
		518 853	**333 424**

16.1.1. Short-term bank loans and client advance payments

The short-term bank loans and client advance payments occurred in relation with bank activity of the Group.

Analysis by type of the client:

	2009 BGN'000	2008 BGN'000
Natural persons		
-in BGN	104 971	72 913
-in foreign currency	16 689	9 993
Legal entities		
-in BGN	150 498	46 672
-in foreign currency	100 223	49 604
	372 381	**179 182**
Impairment for uncollectibility	(8 660)	(3 659)
Total bank loans and client advance payments	**363 721**	**175 523**

Analysis by economic sectors:

	2009 BGN'000	2008 BGN'000
Agriculture and forestry	13 965	8 206
Manufacturing	17 503	12 932
Construction	42 301	23 638
Trade and finance	138 627	36 203
Transport and communications	20 289	8 335
Natural persons	121 660	82 905
Others	18 036	6 963
	372 381	**179 182**
Impairment for uncollectibility	(8 660)	(3 659)
Total bank loans and client advance payments	**363 721**	**175 523**

16.1.2. Contracts for other short-term loans

	2009 BGN'000	2008 BGN'000
ABAS EOOD	28 066	28 066
Cession receivables	12 485	-
INO EOOD	11 109	11 216
Niko Commerce EOOD	10 132	9 493
Sila Holding AD	9 655	12 249
General Stock Investment EOOD	9 442	17 256
Lorian EOOD	8 219	21 655
PFK Cherno more AD	7 814	4 470
Neftena Targovska Kompaniya EOOD	6 827	17 777
New Industrial Company EOOD	6 689	7 580
Technoimportexport AD	5 651	32
AKIN EOOD	5 593	6 157
Business center Izgrev EOOD	4 584	4 191
Airport Kazan	3 931	-
Others	24 935	17 759
	155 132	**157 901**

The short-term loans are granted at annual interest levels between 7%-14% depending on the credit terms.

The fair value of these loans granted is not individually determined. The management considers the carrying amount to be a reasonable approximation of their fair value.

16.2. Financial assets at fair value through profit or loss

The financial assets classified in this category meet the requirements for financial assets held for trading.

	2009 BGN'000	2008 BGN'000
Bulgarian corporate securities	75 229	9 138
Short-term Bulgarian government bonds	11 601	731
Derivatives, held-for-trade	13 538	10 995
Mid-term Bulgarian government bonds	2 645	12 758
Long-term Bulgarian government bonds	154	149
	103 167	**33 771**

Bulgarian corporate securities
As at 31 December 2009 the Group owns corporate securities, issued by non-financial and financial companies, amounting to BGN 52 545 thousand (2008: BGN 376 thousand). These securities represent shares of public companies, listed on the Bulgarian Stock Exchange, which are stated at fair value, as they are liquid on the Bulgarian stock market.

As at 31 December 2009 the Group owns bonds issued by the Bulgarian American Credit Bank AD, amounting BGN 1 210 thousand (2008: BGN 8 065 thousand), as the maturity of the emission is on July 2011, bonds issued by Finance Consulting EAD, amounting BGN 6 100 thousand, as the maturity of the emission is on August 2016 and investments in contractual funds amounting to BGN 15 374 thousand (2008: BGN 697 thousand).

Short-term Bulgarian government bonds
As at 31 December 2009 the short-term Bulgarian government bonds, amounting BGN 11 601 thousand (2008: BGN 731 thousand) are recognized at fair value and include securities in BGN issued by the Bulgarian government. The maturity of the short-term bonds is in 1 year.

Mid-term Bulgarian government bonds
As at 31 December 2009 the mid-term bonds, amounting BGN 2 645 thousand (2008: BGN 12 758 thousand) are recognized at fair value and they include securities in BGN issued by the Bulgarian government.

Long-term Bulgarian government bonds
As at 31 December 2009 the long-term bonds, amounting BGN 154 thousand (2008: BGN 149 thousand) are recognized at fair value and include securities in BGN.

Derivatives, held-for-trade
As at 31 December 2009 derivatives held-for-trade amounting to BGN 13 538 thousand (2008: BGN 10 995 thousand) are recognized at fair value and consist of contracts for trade of foreign exchange, securities, forward contracts and foreign exchange swaps traded on the open market.

16.3. Financial assets held-to-maturity

	2009 BGN'000	2008 BGN'000
Short-term bonds issued by the National Bank of the Republic of Macedonia	11 465	22 214
Short-term Bulgarian government bonds	8 807	15 524
Short-term Macedonian government securities	1 279	-
Others	-	1 321
	21 551	**39 059**

Short-term government bonds issued by the Republic of Macedonia
The short-term government bonds and the bonds issued by the National Bank of the Republic of Macedonia do not have market value and their fair value cannot be determined reliably. The maturity of all bonds is in 1 year.

Short-term Bulgarian government bonds
As at 31 December 2009 the short-term Bulgarian government bonds, amounting BGN 8 807 thousand (2008: BGN 15 524 thousand) are held-to-maturity and consist of securities in BGN issued by the Bulgarian government. The maturity of the short-term government bonds is 7 February 2010. Their fair value on 31 December 2009 is BGN 8 676 thousand.

16.4. Financial assets available-for-sale

	2009 BGN'000	2008 BGN'000
Short-term Bulgarian government bonds	11 354	1 322
Equity investments	-	304
Repurchase agreements receivables	-	23 033
Others	26 259	34 497
	37 613	**59 156**

Short-term Bulgarian government bonds
As at 31 December 2009 the short-term Bulgarian government bonds, amounting BGN 11 354 thousand (2008: BGN 1 322 thousand) are available-for-sale and consist of securities in BGN issued by the Bulgarian government. The short-term Bulgarian government bonds mature in 1 year.

Repurchase agreements receivables
As at 31 December 2008 the Group has signed agreements with a repurchase clause for securities with Bulgarian companies for a total amount of BGN 23 033 thousand, including the interest liability. The Group has pledged these liabilities with Bulgarian government securities as collateral. The maturity of these agreements was on January 2009 and the receivable as at 31 December 2009 is BGN 0.

17. Trade receivables

	2009 BGN'000	2008 BGN'000
Trade receivables, gross	153 094	181 945
Impairment	(1 097)	(787)
Trade receivables	**151 997**	**181 158**

The trade receivables as at 31 December 2009 are as follows:

	2009 BGN'000	2008 BGN'000
Advances for acquisition of investments	60 000	60 000
Neftena Targovska Kompania EOOD	16 602	15 875
Bulgarian mills EOOD	15 028	16 836
RS Consult EOOD	6 708	-
RS Trade EOOD	6 707	-
Velgraf Asset Management EAD	4 453	17 068
Bank clients	3 333	4 891
N. V. Desmet Ballestra Group S.A.	2 631	-
BSP Bulgaria	1 457	4 951
Pierro 97 MA AD – short-term portion	1 353	2 461
GE Commercial Aviation Services – IE	1 349	367
TALECRIS BIOTHERAPEUTICS	1 291	224
Unipharm AD	1 218	760
Otorio Investment	-	9 297
Goliama dobrudzhanska melnitsa EOOD	-	8 623
Orix Aviation	-	2 486
De Smet N.V.S.A. Technologies Services	-	1 402
Amadeus IT Group	-	1 222
Galaxy Aviation	-	1 182
Other	29 867	33 513
	151 997	**181 158**

All trade receivables of the Group have been reviewed for indications of impairment.
All receivables are short-term. The carrying amount of the trade receivables is considered a reasonable approximation of their fair value.
All trade receivables of the Group have been reviewed for indications of impairment. Certain trade receivables were found to be impaired and the impairment amounting to BGN 310 thousand (2008: BGN 258 thousand) has been recognized in the consolidated statement of comprehensive income within "Expenses for non-financial activities". The impaired trade receivables are mostly due from trade customers that are experiencing financial difficulties.

18. Tax receivables

	2009 BGN'000	2008 BGN'000
VAT receivables	6 549	4 502
Excise receivables	236	1 984
Corporate income tax receivables	387	1 476
Other	142	2 302
	7 314	**10 264**

19. Other receivables

	2009 BGN'000	2008 BGN'000
Insurance and reinsurance receivables	42 858	39 027
Cession receivables	27 560	21 300
Receivables from shares	24 600	-
Interest receivables	24 553	11 562
Advance payments	18 918	3 427
Short-term deposits and guarantees	14 819	17 856
Foreign activity	9 189	10 002
Rai Bank AD	5 955	5 104
Court receivables	1 531	1 379
Other	14 023	16 340
	184 006	**125 997**

Insurance and reinsurance receivables include receivables from accrued premium on insurance contracts, as well as reinsurance and co-insurance contracts.

Cessions receivables includes receivables from Neftena Targovska Kompania EOOD for the amount of BGN 21 300 thousand, receivables from Kazanlushka Melniza EOOD for the amount of BGN 2 100 thousand and receivables from Loveshki Melnizi 2005 EOOD for the amount of BGN 4 160 thousand.

Receivables from shares include receivables for shares of Slanchevi Lachi Commerce EOOD from Bulgarian Mills EOOD for the amount of BGN 12 000 thousand and receivables for shares of Slanchevi Lachi Active EOOD from Velgraf Asset Management for the amount of BGN 12 600 thousand.

The receivables from Rai Bank AD are raised according of the contract for cession with CCB AD dated 27 January 2005. With contract dated 15 December 2005 CCB Group Assets Management EAD acquired receivables from Rai Bank AD for the amount of EUR 2 609 553.

The presented balances "Foreign activity" represent internal receivables from "Geokom – service" Libya arising from the payment of liabilities of "Geokom – service" Libya to its personnel – USD 6 500 thousand by Oil and Gas Exploration and Production Plc., Sofia.

Under decision №14 from 10.02.2005, issued by the Sofia City Court with a firm deed №354/1989 is registered the deletion of decision №11/29.05.2002 for transfer of the companies "Balgarska neftena kompania" /BOKO/ and "Geokom-service", situated in Libya, as an aggregate of rights, obligations and factual relations by Oil and Gas Exploration and Production Plc., Sofia to "Bulgargeoin" EAD, Sofia.

On behalf of "Bulgargeomin" EAD, Sofia no factual transfer of the assets and liabilities, related to the activity of the companies "Balgarska neftena kompania" /BOKO/, Libya and "Geokom – service", Libya has not been performed.

20. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2009 BGN'000	2008 BGN'000
Cash at bank and in hand:		
- BGN	278 235	356 601
- EUR	135 087	118 823
- USD	8 590	24 174
- other currencies	15 889	19 838
	437 801	**519 436**

	2009 BGN'000	2008 BGN'000
Placements with, and advances to, banks	119 530	232 640
Current accounts with the Central Bank	236 930	220 256
Short-term investments	64 368	42 909
Cash restricted	3 015	7 609
Deposits in conformity with the Insurance Code	13 958	16 022
	437 801	**519 436**

	2009 BGN '000	2008 BGN '000
Cash in hand:	105 939	91 672
Term deposits with local banks		
- in BGN	16 800	14 694
- in foreign currency	29 775	130 949
Term deposits with foreign banks in foreign currency	3 137	6 330
Restricted accounts with local banks		
- in BGN	3 015	7 609
Nostro accounts with local banks		
- in BGN	27	18
- in foreign currency	204	13
Nostro accounts with foreign banks in foreign currency	28 016	31 873
Total placements with, and advances to, banks	**186 913**	**283 158**

21. Non-current assets, classified as held-for-sale

	2009 BGN '000	2008 BGN '000
Non-current assets, classified as held-for-sale	6 535	4 493

As non-current assets held-for-sale are classified real estate properties, acquired by the banks in the Group in their capacity of mortgage creditors of granted and not serviced debt. Those assets will not be used by the Group in its business activities, as a result of which the Group takes action on their sale.

22. Equity

22.1. Share capital

The share capital of the Company as at 31 December 2009 consists of 150 577 390 (2008: 149 999 984) ordinary shares with a par value of BGN 1 and 89 068 877 (2008: 0) preferred shares with a par value of BGN 1. They include 5 643 171 (2008: 5 861 178) ordinary shares and 4 140 794 (2008: 0) preferred shares acquired by companies of the Chimimport Group. The ordinary shares of the Company 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 Company's estate.

	2009	2008
Shares issued and fully paid:		
- beginning of the year	149 999 984	149 999 984
- issued during the year /preferred shares/	89 068 877	-
- converted preferred shares into ordinary shares during the year	577 406	-
- shares of Chimimport AD, acquired by its subsidiaries /ordinary and preferred shares/	(9 783 965)	(5 861 178)
Shares issued and fully paid as at period end	**229 862 302**	**144 138 806**

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 199 014 748.26. 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 109 368 465.26 are allocated as follows:

- BGN 27 621 665.26 – share premium
- BGN 8 348 230.00 – short-term dividend liabilities
- BGN 70 007 570.00 – long-term dividend liabilities
- BGN 3 391 000.00 – share issue expenses

The dividend liabilities and share premium, as a result of the conversion of 577 406 preferred shares into ordinary shares, are allocated as follows:

- BGN 28 131 870.60 – share premium
- BGN 8 432 290.00– short-term dividend liabilities
- BGN 74 100 530.00– long-term dividend liabilities

The major shareholder Chimimport Invest AD has fulfilled the undertaken obligation and inscribed preferred shares corresponding to its rights. More than 51% of the new shares are inscribed by local investors including 32% by institutions.

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

	2009 Number of ordinary shares	2009 %	2008 Number of ordinary shares	2008 %
Chimimport Invest AD	109 724 464	72.87%	109 423 676	72.95%
ARTIO INTERNATIONAL EQUITY FUND	10 693 367	7.10%	11 573 251	7.72%
CCB Group EAD	5 192 408	3.45%	5 192 408	3.46%
EFG EUROBANK ERGASIAS	1 362 229	0.90%	-	0.00%
Scandinavian Enskilda Banken	1 345 999	0.89%	1 300 456	0.87%
CACEIS Bank Deutschland GmbH	1 275 706	0.85%	-	0.00%
Unicredit Bank Austria	1 266 249	0.84%	-	0.00%
DIAS Investment company	1 171 377	0.78%	818 230	0.55%
MEI-ROEMENIE EN BULGARIJE FONDS N.V.	708 188	0.47%	545 688	0.36%
Consolid Commerce EAD	704 276	0.47%	704 276	0.47%
RAIFFEISEN ZENTRALBANK OSTERREICH AG	592 361	0.39%	265 581	0.18%
HVB AG ATHENS	564 981	0.38%	244 030	0.16%
EATON VANCE TAX-MANAGED EMERGING MARKETS	487 988	0.32%	-	0.00%
EFG Eurobank Clients ACC	458 168	0.30%	1 674 279	1.12%
Invest Bank AD	417 697	0.28%	776 549	0.52%
ABN AMRO BANK N.V. LONDON	405 471	0.27%	347 517	0.23%
DSK – funds (OTP Group)	325 324	0.22%	1 192 921	0.80%
DANSKE INVEST- TRANS BALKAN	320 500	0.21%	500 000	0.33%
Raiffeisen – mutual funds	120 000	0.08%	200 000	0.13%
Standard Investment – mutual funds	109 802	0.07%	144 522	0.10%
Other legal entities	6 988 330	4.64%	8 191 076	5.46%
Other natural persons	6 342 505	4.22%	6 905 524	4.59%
	150 577 390	**100.00%**	**149 999 984**	**100.00%**

shares of Chimimport AD, acquired by its subsidiaries				
CCB Group EAD	(5 192 408)	3.45%	5 192 408	3.46%
ZAD Armeec AD	(405 848)	0.27%	(623 855)	0.42%
POAD CCB SILA	(44 915)	0.03%	(44 915)	0.03%
	5 643 171	**3.75%**	**(5 861 178)**	**3.91%**
Net number of shares	**144 934 219**		**144 138 806**	

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

	2009	**2009**
	Number of ordinary and preferred shares	**%**
Chimimport Invest AD	181 149 195	75.59%
Julius Bear	17 729 376	7.40%
EFG Eurobank Clients ACC	1 822 317	0.76%
Scandinavian Enskilda Banken	1 345 999	0.56%
Bank Austria Kredit Anstalt	2 257 850	0.94%
Danske fund Eastern Europe – Luxembourg	452 500	0.19%
Consolid Commerce EAD	704 276	0.29%
DSK – funds (OTP Group)	630 544	0.26%
Invest Bank AD	453 679	0.19%
MEI – Romanian and Bulgarian funds	778 188	0.32%
ABN AMRO BANK – London	405 471	0.17%
Raiffeisen – contractual funds	273 869	0.11%
Raiffeisen Cantral Bank – Austria	592 361	0.25%
Standard Investment – mutual funds	109 802	0.05%
Other legal entities	22 249 778	9.28%
Other natural persons	8 691 062	3.64%
	239 646 267	**100.00%**
shares of Chimimport AD, acquired by its subsidiaries		
CCB Group EAD	(8 307 853)	3.47%
ZAD Armeec AD	(551 864)	0.39%
POAD CCB SILA	(924 248)	0.23%
	(9 783 965)	4.08%
Net number of shares	**229 862 302**	

Withholding tax for dividends due from individuals and foreign legal entities for 2008, 2009 and 2010 amounts to 5% and the tax is deducted from the gross amount of dividends.

22.2. Share premium

	2009 BGN ’000	2008 BGN ’000
Premium reserve from 2009, 2007 and 2006	260 475	232 343
Decrease of the share premium resulting from purchase of shares of Chimimport AD by its subsidiaries	(40 480)	(39 371)
	219 995	**192 972**

In 2009 the share premium is decreased by BGN 40 480 thousand (2008: 39 371 thousand), as a result of the acquisition of shares of Chimimport AD from its subsidiaries.

As at 31 December 2009 the share premium amounts to BGN 260 475 thousand. The proceeds received in addition to the nominal value of the preferred shares issued during the year are included in the share premium, decreased by the registration and other regulatory fees. As at 31 December 2009 the value of the share premium formed as a result of the issuing of preferred shares, included in the share capital amounts to BGN 28 132 thousand. The transaction costs related to the share issue, amounting to BGN 2 033 thousand are deducted from the share premium.

The share premium as at 31 December 2008 amounts to BGN 232 343 thousand. The premium reserve amounting to BGN 199,418 thousand is accumulated from the Secondary Public Offering (SPO) of the shares of the Company in 2007. The premium reserve amounting to BGN 32 925 thousand is accumulated from the Initial Public Offering (IPO) of the shares of the Company in the period from 07 September 2006 to 20 September 2006. The expenses related to the share issue amounting respectively to BGN 581 thousand and BGN 327 thousand are deducted from the share premium.

22.3. Other reserves

Other reserves, amounting to BGN minus 9 093 thousand as at 31 December 2009 (BGN 9 073 thousand as at 31 December 2008) consist of reserves, accumulated in accordance with the requirements of the Commercial Act for accumulation of statutory reserves, and reserves from financial assets, classified as held for sale.

23. Specialized reserves

	Note	2009 BGN ’000	2008 BGN ’000
Insurance reserves	23.1	105 582	96 882
Pension fund reserves	23.2	1 169	819
		106 751	**97 701**

23.1. Insurance reserves

	Note	2009 BGN '000	2008 BGN '000
Premium reserve carried forward	23.1.1	56 828	56 430
Reinsurer's share in premium reserve carried forward		(6 848)	(4 524)
Reserve for outstanding payments	23.1.2	55 552	41 553
Reinsurer's share in reserve for outstanding payments		(4 215)	(4 539)
Reserve for unexpired risk		3 940	7 762
Contingency fund	23.1.4	311	200
Mathematical reserve	23.1.5	14	-
		105 582	**96 882**

Insurance reserves were set aside in the course of the Group's insurance activity performed by ZPAD Armeec and CCB Life EAD.

Reserves adequacy

The Company's actuary periodically assesses whether the general reserves formed, less the deferred acquisition expenses, are sufficient to cover any future payments. As required by regulatory institutions the sum of the formed reserves must be fully secured by investments in highly liquid assets (in percentage ratios stipulated by relevant laws).
In assessing the adequacy of reserves, the Company takes into account the cash flows for the payment of compensations, cash flows generated by the premiums collected and the commissions paid.

23.1.1. Premium reserve carried forward

Premium reserve carried forward as at 31 December 2009 amounts to BGN 56 828 thousand (2008: BGN 56 430 thousand).
The Group sets aside premium reserve carried forward on the basis of the amount of accrued insurance premiums. All insurance contributions that have to be paid according to the insurance policies are accrued for the whole term of the contract. The exact-date method is applied separately for each policy. The premium carried forward for insurances Cargo and Hauler's Liability insurance is calculated for the one-month term of the insurance. The basis for calculation is separate for each promissory note. The calculations are performed by a program set in the information system. The reinsurers' share in the premium reserve carried forward is calculated in proportion to the assigned premium on each promissory note. For the reinsurance contract „excess of loss" and "stop loss" reinsurers' share is not set aside.

23.1.2. Reserve for outstanding payments

This reserve consists of reserve for occurred and presented claims – it is calculated by applying the method claim by claim. For damages brought under court claims regarding Casco insurance and Public liability insurance of drivers, an adjustment coefficient is applied in accordance with art. 8, par. 5, regulation N27 concerning the order and methodology for forming technical reserves of the insurers and health security insurance reserves. With regard to Public liability insurance of drivers, different coefficients are applied for court claims regarding material and non-material damages. Estimations are based on a preliminary assessment and a description of the damages. Calculations are carried out on the basis of statistical data about the registered claims in the information system INSIS. The reinsurer portion in the reserve for occurred and presented claims is calculated in accordance with the clauses contained in the reinsurance contract regarding the policy covering the damage. As at 31 December 2009 the Reserve for outstanding payments amounts to BGN 55 552 thousand and BGN 41 553 thousand for 2008.

23.1.3. Reserve for occurred, but not presented claims

The reserve for occurred, but not presented claims is calculated by applying the chain-ladder method with the accumulated amounts of each type of insurance offered by the Group. This method is applied for the period being 2004-2009.
For Public liability insurance for the possession and use of motor vehicle, the reserve for occurred, but not presented claims is calculated by applying the chain-ladder method based on accumulated amounts for material and non-material damages respectively, solely using private data of the Group. The abovementioned method is in accordance with ordinance 9 of the FSC dated 19.01.2010 and approved by decision N 61 - O3/04.02.10 of FSC. The reserve is calculated by taking Public liability insurance together with Public liability insurance of motor vehicles from abroad and "Green card" insurance separately. The reserve is calculated on the basis of a 10 year period 2000-2009.
The Group does not set aside reserves for occurred, but unclaimed damages for the following insurances: "Illness Insurance", "Casco of vessels", "Aviation public liability", "Vessel public liability", "Insurance of guarantees" and "Court Expenses insurance", because using the chain-ladder method for calculation of reserve for occurred but unclaimed damages at insurances such as "Casco of vessels", "Aviation public liability" ,"Vessel public liability", and "Insurance of guarantees" a result amounting to BGN 0 arises. No premium income is realized relating to "Illness insurance" and "Court Expenses Insurance".
Basis for the calculation of the reserve is the statistic of the claims included in the information system INSIS for the period 2004-2009 (for "Public liability insurance of drivers" and "Green Card" insurance, the period is 2000-2009). The reinsurers' part of the reserve for occurred, but not presented claims is calculated under the reinsurance contracts in the year of occurrence of the damage. For disproportionate reinsurance contracts reinsurer's share is not set aside.

23.1.4. Contingency fund

A contingency fund is set aside solely for Credit insurance in the amount of BGN 200 thousand, in accordance with Article 6 paragraph 6 of regulation № 27 on the procedures and methods for the formation of technical reserves by insurers and health insurance reserves. Method N1 from Appendix N1 of the regulation is applied. As a result from the newly set aside amount of the contingency fund on the insurance, its total amount at 31.12.2009 is BGN 311 thousand.
The total amount of the contingency fund of the Group amounts to BGN 311 thousand.

23.1.5. Mathematical reserve

The mathematical reserve for the individual savings policies (47 in number) operative as at 31 December 2009 is set aside by applying the prospective method in accordance with art. 13 of regulation № 27. The Zillmer adjustment is applied, representing the present value of the unpaid acquisition costs (art. 13, par. 8 of regulation № 27), is enclosed. The mathematical reserve is at the amount of BGN 14 thousand.

23.2. Pension fund reserves

	2009 BGN '000	2008 BGN '000
Reserves for guaranteeing minimal yield on UPF	1 008	657
Reserves for guaranteeing minimal yield on PPF	153	153
Life pension reserve UPF	8	9
	1 169	**819**

Reserves of pension funds are set aside in the course of the Group's pension insurance activity performed by POAD Sila and the pension funds under its management.

24. Financial liabilities

		Current		Non-current	
	Note	**2009**	**2008**	**2009**	**2008**
		BGN '000	**BGN '000**	**BGN '000**	**BGN '000**
Financial liabilities measured at amortized cost:					
Liabilities to depositors	24.1	985 618	931 150	430 792	423 275
Liabilities for dividends	24.2	8 040	-	70 655	-
Bonds and debenture loan	24.3	128 935	2 934	2 973	128 726
Bank loans	24.4	54 210	53 965	103 372	82 032
Other borrowings	24.5	50 127	18 502	6 731	3 893
Insurance contract liabilities	24.6	12 548	9 750	-	-
Derivatives, held-for-trading	24.7	12 107	9 252	-	-
Deposits from banks	24.8	4 276	4 250	-	-
Liabilities under repurchase agreements	24.9	3 825	15 504	-	-
Total carrying amount		**1 259 686**	**1 045 307**	**614 523**	**637 926**

24.1. Long- and short-term liabilities to depositors

Analysis by term and type of currency:

	2009 BGN '000	2008 BGN '000
Demand deposits		
in BGN	315 710	422 797
in foreign currency	80 789	84 912
	396 499	507 709
Term deposits		
in BGN	345 376	289 511
in foreign currency	596 462	488 234
	941 838	777 745
Savings account		
in BGN	32 698	26 095
in foreign currency	33 966	25 444
	66 664	51 539
Other deposits		
in BGN	7 968	9 493
in foreign currency	3 441	7 939
	11 409	17 432
TOTAL LIABILITIES TO DEPOSITORS	**1 416 410**	**1 354 425**

	2009 BGN '000	2008 BGN '000
Individual deposits		
in BGN	376 990	350 422
in foreign currency	501 430	444 741
	878 420	795 163
Legal entities deposits		
in BGN	308 821	377 394
in foreign currency	219 074	164 356
	527 895	541 750
Deposits of other institutions		
in BGN	5 575	9 492
in foreign currency	4 520	8 020
	10 095	17 512
TOTAL LIABILITIES TO OTHER DEPOSITORS	**1 416 410**	**1 354 425**

24.2. Dividend liabilities

As at 31 December 2009 dividend liabilities for the preferred shares are as follows:

	Current		Non-current	
	2009	2008	2009	2008
	BGN '000	BGN '000	BGN '000	BGN '000
Liabilities for dividends	8 040	-	70 655	-
	8 040	**-**	**70 655**	**-**

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

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

24.3. Bonds and debenture loan

	Current		Non-current	
	2009	2008	2009	2008
	BGN '000	BGN '000	BGN '000	BGN '000
Chimimport Holland B.V.	125 962	-	-	122 859
Zarneni hrani Bulgaria AD	2 973	2 934	2 973	5 867
	128 935	**2 934**	**2 973**	**128 726**

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 reduced 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 base 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 flow. 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.
As at 31 December 2009 the liability to the bond-holders is classified as a short-term liability in accordance with Condition 8 (c) from Terms and Conditions of the bonds issued, each bondholder has the right (option) to present for repurchasing to the issuer Chimimport Holland B.V., all or a portion of the owned bonds. The right is exercisable on 22 August 2010.

Zarneni 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 AD Group. The long-term and the short-term portion, which represent obligations to parties outside the Group, amount to BGN 2 973 thousand each. The interest rate of the loan is the 6-month EURIBOR with a premium of 6 points. The payments are carried out in euro. The maturity of the debenture loan is 11 November 2011, and the payment schedule is as follows:
- till 11 November 2010 – EUR 2 000 000;
- till 11 November 2011 – EUR 2 000 000.

24.4. Bank loans

		Current			Non-current	
	Note	2009	2008	Note	2009	2008
		BGN '000	BGN '000		BGN '000	BGN '000
Bank loans	24.4.2	54 210	53 965	24.4.1	103 372	82 032

24.4.1. Long-term bank loans

	2009	2008
	BGN '000	BGN '000
Bulgarian development bank	40 068	10 003
UniCredit Bulbank AD - revolving credit	17 995	18 195
Landesbank Baden-Wuerttemberg – revolving credit	13 576	9 673
Bank DSK EAD – investment loan	12 266	14 552
United Bulgarian Bank AD – investment loan	6 149	7 464
Alpha Bank, branch Bulgaria – revolving credit	5 867	18 581
Bank DSK EAD– revolving credit	5 000	-
Hypovereinsbank AD	1 455	933
Eurobank EFG Bulgaria AD - investment loan	580	1 456
Commercial Bank Allianz Bulgaria – investment loan	-	534
Other	416	641
	103 372	**82 032**

Bulgarian development bank

As at 31 December 2009 the Group has received the following loans by the Bulgarian development bank:

- by a program of a special purpose refinancing of Commercial banks, amounting to BGN 35 005 thousand, including interest liabilities. The funds are granted to the Group for middle-term and long-term investment and project financing designated for technical improvement, adoption of new technologies, know-how, improvement of the competitiveness and the export potential, projects of the EU structure funds and short-term pre-export financing of small and middle-size-entities registered under the Commercial Law. The loan should be redeemed by 30 December 2018, as it should be one-time repayment. The Group owes interest for the unpaid part of the credit, amounting to 5%, annually.
- by a program of a special purpose refinancing of Commercial banks designated for financing of agricultural producers at the amount of BGN 5 063 thousand, including interest liabilities. The loan should be redeemed by 30 March 2014, as it should be one-time repayment. The Group owes interest for the unpaid part of the credit, amounting to 5%, annually.

UniCredit Bulbank AD - revolving credit

The Group has signed two contracts for revolving credit, which have maturity dates 20 September 2013 and interest rates – one month SOFIBOR and a premium of 3 points and one month SOFIBOR and a premium 3,5 points. The payments for both loans are being settled in Bulgarian leva. The loans are secured with mortgages on real estates, plant and equipment, as well as a pledge on inventory and future receivables.

Landesbank Baden-Wuerttemberg – revolving credit

The Group has signed four bank revolving credits with Landesbank Baden-Wuerttemberg on 10 November 2006, 16 November 2006, 14 March 2008 and 29 August 2008 with maturity dates on 30 April 2015, 29 August 2017, 14 March 2011 and 28 August 2017, respectively. The interest rate for the four credits is 6-month EURIBOR plus a 0,875 premium. Payments are settled in EUR.

Bank DSK EAD – investment loan

Under the terms of Loan agreement 114 dated 6 June 2006 the Group was granted a loan with a maturity date 25 April 2016. The interest is 3-month EURIBOR plus a 4.50 points premium. The loan is secured with a mortgage on a real estate property – "Dom na Geologa" in the city of Varna, St. St. Constantine and Helena resort. The currency in which the payments are settled is euro. According to the repayment schedule the monthly installments are at the amount of EUR 96 500.

United Bulgarian Bank AD – investment loan

As at 31 December 2008 the Group has received an investment loan from United Bulgarian Bank AD with a maturity date 18 February 2015. The payments are settled in US Dollars, the interest rate of the loan is 3-month LIBOR plus 3,5 points premium. The loan is secured with an aircraft BOING 737 – 300 (property of Bulgaria Air AD). The outstanding portion of the loan as at 31 December 2009 amounts to USD 5 383 thousand.

Alpha Bank branch Bulgaria – revolving credit

The revolving credit contract is signed with Alpha Bank branch Bulgaria is signed on 11 August 2009 and has a maturity date 11 August 2013 and interest rate – three month EURIBOR and a premium of 7.50 points. The currency of settlement of payments is EUR (euro). The revolving credit is secured with mortgage on a real estate, owned by a subsidiary of the Group. The monthly installments are at the amount of EUR 93 750.

Bank DSK EAD – revolving credit
The Group has signed a revolving credit contract with Bank DSK EAD on the 28 January 2008 with maturity 25 March 2011. The interest rate is one-month SOFIBOR plus 4 points premium. The payments are settled in Bulgarian leva. According to the repayment schedule the monthly installments are at the amount of BGN 1 667 thousand. The credit is secured with a mortgage of real estates and a special pledge on plant and equipment under the terms of the Law for the Registered Pledges.

Hypovereinsbank AD
The revolving mortgage credit from HVB 1 is in effect until 30 June 2012. The loan amounts to EUR 62 thousand and the payments are in euro. The interest rate is 5.45%, annually. The loan is secured with a mortgage of a real estate in Offenbach, Germany.
The revolving mortgage credit from HVB is in effect until 30 January 2009. The loan amounts to EUR 139 thousand and the payments are in euro. The interest rate is 9.05%, annually. The loan is secured with a mortgage of a real estate in Deggendorf, Germany.

Eurobank EFG Bulgaria AD - investment loan
The loan contract for the amount of BGN 3 500 thousand is signed on the 10 August 2006 with maturity date on 10 August 2011, with an annual interest rate: the sum of the current three-month SOFIBOR and an interest premium of 3.5%. The purpose of the loan is refinancing the invested funds for the purchase of real estate properties which are pledged as collateral. The loan is secured with a mortgage of real estates, plant and equipment and a registered special pledge on the inventory and future receivables. The currency, in which the payments are settled, is Bulgarian leva.

24.4.2. Short-term bank loans

	2009 BGN ’000	2008 BGN ’000
Alpha Bank branch Bulgaria - short-term portion and short-term revolving credit	20 390	8 359
Bulgarian development bank – overdraft	9 198	-
Bank DSK EAD – short-term credit and short-term revolving credit	7 920	12 898
Landesbank Baden-Wuerttemberg - short-term portion	3 583	3 785
Eurobank EFG Bulgaria AD – bank credit	3 287	-
Eurobank EFG Bulgaria AD - revolving bank credit	2 497	3 362
Bank DSK EAD – short-term portion of investment loan	2 265	2 244
United Bulgarian Bank AD - short-term portion	1 193	1 396
Eurobank EFG Bulgaria AD - short-term portion of investment loan	876	-
Commercial Bank Allianz Bulgaria - investment loan	534	641
Hypovereinsbank	505	1 202
BNP Paribas S.A. - revolving bank credit	-	18 332
Other	1 962	1 746
	54 210	**53 965**

Alpha Bank branch Bulgaria – revolving credit

The revolving credit contract is signed with Alpha Bank branch Bulgaria on the 20 August 2008 and has a maturity date 11 August 2010 and interest rate – 3-month EURIBOR and a premium of 7.50 points. The absorbed part of the credit is at the amount of EUR 9 300 thousand. The currency of settlement of payments is EUR (euro). The revolving credit is secured with mortgage on a real estate, owned by a subsidiary of the Group. The monthly installments are at the amount of EUR 93 750

Bulgarian development bank – overdraft

On 12 May 2009 the Group has signed an overdraft credit contract with Bulgarian development bank for its euro bank account. The credit limit is variable. According to a signed annex on 3 December 2009 the overdraft limit is set to EUR 3 585 thousand. The annual interest rate is 3-month EURIBOR plus a premium of 7 points but not less than 8.51%. The loan is secured with assets of the Group – a hangar with carrying amount of BGN 6 833 thousand, pledged rental receivables according to signed operating lease contract with Lufthansa Technics OOD, pledged assets of the related party Hemus Air EAD and a warrantee of the related party Bulgarian Aviation Group.

Bank DSK EAD – credit contract

Under the terms of Loan agreement 599/02.10.2006 the Group was granted a loan with a maturity date 02 October 2010. The loan is secured with a mortgage on an real estate property – "Dom na Geologa" in the city of Varna, St. St. Constantine and Helena resort. The interest rate on the loan is the bank interest with 3.50 points premium. The approved maximum loan amount is BGN 3 million. The currency in which the payments are settled is Bulgarian leva.

Eurobank EFG Bulgaria AD – bank credit

In 2009 the Group has received a credit from Eurobank EFG Bulgaria AD, based on a standard contract for granting a credit №100-905/12.11.2009. The credit amount is EUR 1 780 431. This is a short-term credit with maturity date 30 September 2010. The interest is calculated on the outstanding amount of the principal with the euro Corporate Benchmark Interest Rate (CBBR) plus the contractual premium of 1%. As at 31 December 2009 the outstanding amount is BGN 3 286 638.

The loan is secured with a mortgage in favor of Eurobank EFG Bulgaria AD of land property of the Group, located as follows: 1. Regulated plot of land №II in Dolni Dabnik, municipality Pleven, area 43 000 sq. m. together with the buildings on it; 2. Regulated plot of land №I in Dolni Dabnik, municipality Pleven, area 30 000 sq. m. together with the buildings on it; and 3. Plot of land in the cadastral map of Montana with area 78 878 sq. m., 218 "3th March" Blvd. together with the buildings on it.

Eurobank EFG Bulgaria AD – revolving credit

The loan contract is signed with Eurobank EFG Bulgaria AD on the 10 August 2006 with maturity date on 20 March 2010. The interest is 3-month SOFIBOR plus 3.90% premium. The absorbed part of the credit amount to BGN 2 497 thousand. The currency, in which the payments are settled, is Bulgarian leva. According to the repayment schedule the monthly installments are at the amount of EUR 96 500. The loan is secured with a mortgage of real estates, pledge on fixed assets under the terms of the Law for the Registered Pledges, special pledge on plant, equipment and intangible assets, promissory note for the amount of BGN 2 500 thousand and interest of 8%.

Commercial Bank Allianz Bulgaria – investment loan

The investment loan from CB Allianz Bulgaria in the amount of BGN 1 580 thousand was signed on 25 October 2005 with maturity 25 October 2010 under interest levels – twelve month LIBOR plus 5.3% premium but the interest cannot be less than 7.5%, with the purpose of buying three towboats, which serve as collateral for the loan and which total amount is USD 2 552 thousand.

24.5. Other borrowings

		Current			Non-current	
	Note	2009 BGN '000	2008 BGN '000	Note	2009 BGN '000	2008 BGN '000
Other borrowings	24.5.2	50 127	18 502	24.5.1	6 731	3 893

24.5.1. Other long-term borrowings

	2009 BGN '000	2008 BGN '000
Rentapark EOOD	3 482	-
Neftena Targovska Kompania EOOD	1 569	-
Financing from State Agricultural Fund	1 252	1 753
Sila Holding AD	-	1 700
Other	428	440
	6 731	**3 893**

Other long-term borrowings are received under annual interest levels from 8% to 10% depending on the contract period.

Financing from State Agricultural Fund

As at 31 December 2009 the other attracted funds include financing from State Agricultural Fund at the amount of BGN 2 005 thousand (including the interest) for granting loans to the agricultural sector. The credit risk for collectability of these loans shall be assumed by the Group.

24.5.2. Other short-term borrowings

	2009 BGN '000	2008 BGN '000
Finance Consulting EAD	12 113	175
Bulgarian Mills AD	11 244	55
Niko Comerce EOOD	8 364	88
Neftena Targovska Kompania EOOD	4 120	7 145
Kamchia AD	3 591	-
Holding Varna AD	3 214	-
Sparg EOOD	1 430	-
Plovdivska Stokova Borsa AD	1 375	1 375
BuildCo EOOD	1 274	329
Gama Finance EOOD	1 065	-
Financing from State Agricultural Fund – short-term portion	753	2 367
Capital Management ADSIC	591	8
Deniz 2001 OOD	-	3 362
Hibernia Vitela	-	2 699
Other	993	899
	50 127	**18 502**

Other short-term borrowings are received under annual interest rates from 7% to 11% depending on the contract period. The period of repayment is on demand by the Group. The loans are not pledged with any collateral. The fair value of the loans is not determined separately, as the management considers that the carrying amount of the loans is a reasonable approximation of their fair value.

24.6. Insurance contracts liabilities

	2009 BGN '000	2008 BGN '000
Insurance liabilities	6 136	5 407
Re-insurance liabilities	6 412	4 343
	12 548	**9 750**

24.7. Derivatives, held-for-trading

As at 31 December 2009 derivatives, held-for-trading, amounting to BGN 12 107 thousand (2008: BGN 9 252 thousand), are presented at fair value and include purchases and sales of currency, securities, forward contracts and currency swaps on the open market.

24.8. Deposits from Banks

	2009 BGN '000	2008 BGN '000
Demand deposits – local banks		
- in Bulgarian leva	84	71
- in foreign currency	118	177
Demand deposits from foreign banks in foreign currency	33	-
Term deposits from local banks in Bulgarian leva	4 041	4 002
	4 276	**4 250**

24.9. Liabilities under repurchase agreements

As at 31 December 2009 the Group has signed contracts with a clause for repurchase agreements of securities with local companies, amounting to BGN 3 825 thousand, including the outstanding interest payables. The bank of the Group has collateralized this liability with government securities. The maturity date of those agreements is in the period January-March 2010.

As at 31 December 2008 the Group has signed contracts with a clause for repurchase agreements of securities with local companies, amounting to BGN 15 504 thousand, including the outstanding interest payables.

25. Liabilities to secured persons

	2009 BGN '000	2008 BGN '000
Attracted funds in a voluntary pension fund	10 278	9 196
Attracted funds in a professional pension fund	14 471	11 281
Attracted funds in a universal pension fund	96 227	62 086
	120 976	**82 563**

The attracted funds of the voluntary pension fund of the Group as at 31 December 2009 amounts to BGN 10 278 thousand, which is a increase of 11,77%, compared to 31 December 2008 – BGN 9 196 thousand. The increase is due on the positive gains from the invested funds in 2009 and the exceeding of the installment revenues over the withdrawals from the fund in 2009.
The attracted funds of the professional pension fund of the Group as at 31 December 2009 amounts to BGN 14 471, which is an increase of 28,28%, compared to 31 December 2008 – BGN 11 281 thousand. The increase is a result of the increased number of secured persons in the fund and the increase of the income for social security insurance.
The attracted funds of the universal pension fund of the Group as at 31 December 2009 amounts to BGN 96 227, which is an increase of 54,99%, compared to 31 December 2008 –

BGN 62 086 thousand. The increase is a result of the increased number of secured persons in the fund, the increase of the income for social security insurance and the improvement of the collectability of the social security payments.

The change in the net assets available for income is a result of:

	2009 BGN '000	2008 BGN '000
Beginning of the period	**82 563**	**70 722**
Received pension contributions	33 883	30 416
Amounts received from pension funds, managed by other Pension Insurance Companies	4 501	4 779
Other contributions	3	-
Total increase of pension contributions	**38 387**	**35 195**
Positive / negative income from investment of funds	7 292	(16 919)
Result from investment of funds	**7 292**	**(16 919)**
Paid pensions	(16)	(18)
One-time paid pensions to secured persons	(824)	(1 885)
Funds for disbursement of funds to heirs of secured persons	(66)	(105)
Amounts paid to the NRA	(519)	(298)
Amounts paid under social security contracts	**(1 425)**	**(2 306)**
Amounts, paid to secured persons, transferred to other pension funds	(3 102)	(1 861)
Amounts paid to the state budget	(18)	(41)
Entrance fee	(2)	(8)
Service fee	(67)	(89)
10% yield fee	(31)	-
5% service fee	(1 609)	(1 399)
1% investment fee	(897)	(656)
Transfer fee	(113)	(72)
Withdrawal fee	(2)	(3)
End of the period	**120 976**	**82 563**

The net assets available for income are distributed as follows:

	2009 BGN '000	2008 BGN '000
Individual accounts	120 534	82 148
Reserve for minimal return	442	415
Net assets available for income	**120 976**	**82 563**

26. Trade payables

	Note	Current 2009 BGN '000	Current 2008 BGN '000	Note	Non-current 2009 BGN '000	Non-current 2008 BGN '000
Trade payables	26.2	110 078	104 686	26.1	24 317	8 271

26.1. Long-term trade payables

	2009 BGN '000	2008 BGN '000
Sofia Airport AD (public liabilities, payable to DG CAA)	17 728	-
C.I.T. Leasing Corporation	5 946	8 271
Other	643	-
	24 317	**8 271**

Long-term trade payables amounting to BGN 17 278 thousand represent the carrying amount of flight fees liabilities and other public liabilities, due to Airport Sofia AD (GD CAA), calculated using the effective interest method. In accordance with agreement dated 21 July 2009 the liability of the Group is extended until 20 July 2017 and no payments are due for the first three years. The principal of the liability amounts to BGN 17 998 thousand. The effective interest rate is determined at 10,44%, taking into consideration the terms of the agreement and other factors that could have influence. The payments are settled in Bulgarian leva.

C.I.T. Leasing Corporation

The commercial loan is formed by the contract, signed on 05 December 2008 with the creditor C.I.T. Leasing Corporation for the purchase of an aircraft Boeing 737. The loan amounts to USD 7 600 thousand and is due on 53 equal monthly payments. The interest rate is 9.097%. The monthly payment is USD 173 401,61. The maturity date of the loan is the 10th every month. The security for the commercial loan is an aircraft Boeing 737 – 341, with a registration sign LZ BOO and a serial number MSN 26852.

26.2. Short-term trade payables

	2009 BGN '000	2008 BGN '000
Advance payments	16 135	-
Kazanlashka Melnitsa EOOD	13 416	-
Samokov Municipality	3 661	3 661
ZEM Invest EOOD	2 004	-
Technoimportexport EOOD	1 308	-
Cosmos Energy LTD	1 055	729
Snekma Morocco	-	14 993
DG CAA Sofia Airport	-	12 639
Bulgarian mills EOOD	-	5 045
Universal pension fund Saglasie	-	4 250
Eurocontrol	-	2 664
Lukoil Bulgaria	-	2 370
IATA	-	1 824
Sofia Airport	-	1 412
Other	72 499	55 099
	110 078	**104 686**

The fair values for trade and other receivables are not presented, since those receivables are current, and the management considers the carrying amounts recognized at statement of financial position to be a reasonable approximation of their fair value.

27. Employee remunerations

27.1. Employee benefits expense

Employee benefits expense include current salaries and wages, as well as remunerations to key management personnel for results achieved, including for 2008, social security expenses, unused leaves and provisions for pension as follows:

	2009 BGN '000	2008 BGN '000
Wages	(81 052)	(84 892)
Social security costs	(14 901)	(18 182)
Employee benefits expense	(95 953)	(103 074)

27.2. Pension and other employee obligations

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

	2009 BGN'000	2008 BGN'000
Non-current:		
Pension provisions:	2 206	1 883
Non-current pension and other employee obligations	**2 206**	**1 883**
Current:		
Employee benefit obligations	10 203	12 202
Payables to social security institutions	2 903	3 144
Pension provisions	428	386
Current pension and other employee obligations	**13 534**	**15 732**

The current portion of these liabilities represents the Group's obligations to its current employees that are expected to be settled during 2010.

When determining the pension obligations are used actuarial assumptions. The management of the Group has made assumptions after consulting independent actuaries, used for determining the amount of the obligations for payment of defined income for the reporting periods and are considered to be the best assumption of the management. The actual results, however, may differ from the assumtions made.

The changes in the compensation in compliance with the Labor Code are summarized as follows:

	2009 BGN'000	2008 BGN'000
Pension provisions at 1 January	2 269	1 705
Increase of pension provisions due to an increased number of employees expected to retire in next 5 years	437	675
Discounted	(16)	-
Increase of pension provisions as result of discount rate	40	-
Increase of pensions as a result of changes in the gross salary	67	-
Paid compensations to employees	(163)	(109)
Written-off during the period	-	(2)
Pension provisions at 31 December	**2 634**	**2 269**

28. Tax liabilities

Tax liabilities include:

	2009 BGN '000	2008 BGN '000
Corporate income tax	6 686	9 236
Excise duty on imports	2 591	2 710
Other tax liabilities	4 488	3 464
	13 765	**15 410**

29. Other liabilities

Other liabilities can be summarized as follows:

		Current			Non-current	
	Note	2009 BGN'000	2008 BGN'000	Note	2009 BGN'000	2008 BGN'000
Other liabilities	29.2	46 324	54 655	29.1	2 725	1 370

29.1. Other long-term liabilities

	2009 BGN'000	2008 BGN'000
Trans-European Transport Network financing	1 173	-
RAI Bank	851	851
Other	701	519
	2 725	1 370

As at 31 December 2009 the Group is beneficiary under the Resolution for granting financial aid by the Commission of the European Community for projects of common interest "Studies related to the port expansion project for Lesport as part of Port Varna regarding implementation of European standards in Bulgaria" 2008-BG-90300-S in the field of the trans-European transport networks (TEN-T), issued 10 June 2009. Main purpose of the project is to ensure high quality project studies for the development and expansion of the port Lesport terminal in accordance with the approved general plan through activities in the following fields:

- Management and optimization of the project;
- Analysis of the operation data;
- Evaluation of the influence on the environment;
- Designer's research on harbour development.

29.2. Other short-term liabilities

	2009 BGN'000	2008 BGN'000
Tickets sold	18 320	16 736
Aircrafts' leasing guarantees	3 315	1 443
Cession agreements payables to Bulgarian Mills EOOD	2 613	-
Advances received	2 426	
St. St. Konstantin and Elena Holding AD	1 916	8 100
NEK EAD	1 800	
Liabilities under concessionary remunerations	1 420	784
Guarantees from agents for the sale of airline tickets	536	1 447
Liabilities to DZI	485	
Airport taxes	-	4 382
Temporary financial aid with NTK EOOD	-	1 359
Liabilities under court decision to MEW	-	456
Other	13 493	19 948
	46 324	**54 655**

Cession liabilities as at 31 December 2009 are formed under a cease contract at the amount of BGN 2 613 thousand, payable to Bulgarian Mills EOOD.

The liabilities to DZI originated in regards to contracts for sale-trade of 100% of the shares of Air BAN EOOD. The amounts presented in the Statement of financial position are the remaining liabilities with maturity date on 1 June 2010.

30. Income from non-financial activities

The income from non-financial activities can be analyzed as follows:

	2009 BGN '000	2008 BGN '000
Income from sale of plane tickets	226 013	314 555
Income from sale of trading goods	155 135	179 714
Income from services rendered	108 517	92 571
Income from sale of finished goods	43 410	55 824
Other	41 887	79 797
	574 962	**722 461**

31. Gain from sale of non-current assets

	2009 BGN'000	2008 BGN'000
Proceeds from sale of non-current assets	65 888	14 233
Carrying amount of non-current assets sold	(26 622)	(595)
Gain from sale of non-current assets	**39 266**	**13 638**

32. Expenses for non-financial activities

	Note	2009 BGN'000	2008 BGN'000
Cost of finished and trading goods sold		(161 499)	(155 110)
Cost of materials		(98 693)	(208 207)
Hired services		(177 237)	(193 425)
Depreciation and amortization		(32 717)	(30 497)
Employee expenses	27.1	(35 070)	(44 773)
Other		(27 690)	(21 810)
		(532 906)	**(653 822)**

33. Insurance income

	2009 BGN'000	2008 BGN'000
Insurance premium income	142 001	140 168
Regression income	6 746	-
Income from released insurance reserves	105 710	62 717
Income from reinsurance operations	13 040	12 232
Other insurance income	3 207	257
	270 704	**215 374**

34. Insurance expenses

	Note	2009 BGN'000	2008 BGN'000
Indemnities paid off	34.1	(64 598)	(49 445)
Expenses for participation in the insurance result		(70)	(36)
Liquidation of damages expenses		(2 029)	(1 292)
Acquisition expenses		(33 994)	(30 788)
Expenses for insurance reserves set aside		(115 868)	(105 758)
Reinsurance expenses	34.2	(24 878)	(16 034)
Other insurance expenses		(10 709)	(615)
		(252 146)	**(203 968)**

34.1. Indemnities paid off

During 2009 and 2008 the following indemnities, classified by group of insurance, have been paid off:

	2009 Indemnities paid off BGN'000	2009 Share %	2008 Indemnities paid off BGN'000	2008 Share %
Casco	46 545	69.63%	35 063	70.91%
Motor public liability insurance	13 587	20.33%	11 152	22.55%
Fire and natural calamities	926	1.39%	999	2.02%
Loans and leases	492	0.74%	759	1.54%
Accident	460	0.69%	483	0.98%
Travel assistance	439	0.66%	322	0.65%
Casco of vessels	160	0.24%	191	0.39%
Casco of aircrafts	1 758	2.63%	175	0.35%
Aircraft public liability insurance	20	0.03%	131	0.26%
Property damage	126	0.19%	124	0.25%
General public liability insurance	21	0.03%	23	0.05%
Cargo during transportation	14	0.02%	14	0.03%
Financial losses	35	0.05%	7	0.01%
Guarantees	15	0.02%	-	0.00%
Life insurance	-	0.00%	2	0.00%
	64 598	**100.00%**	**49 445**	**100.00%**

34.2. Reinsurance expenses

	2009 BGN'000	2008 BGN'000
Expenses for granted premiums to reinsurers	(15 814)	(11 590)
Expenses for released reserve for reinsurers	(9 064)	(4 444)
	(24 878)	**(16 034)**

35. Interest income

	2009 BGN'000	2008 BGN'000
Interest income by types of sources:		
Legal entities	112 089	72 202
Government securities	12 607	5 827
Banks	4 751	11 157
Natural persons	45 268	36 507
Other	528	1 073
	175 243	**126 766**

36. Interest expenses

	2009 BGN'000	2008 BGN'000
Interest expenses by depositors:		
Legal entities	(22 087)	(32 668)
Natural persons	(45 250)	(30 408)
Banks	(26 505)	(2 221)
Other	(5 705)	(239)
	(99 547)	**(65 536)**

37. Gains from transactions with financial instruments

	2009 BGN'000	2008 BGN'000
Revaluation of financial instruments	83 013	199 868
Gains from transactions with securities and shares	75 125	7 180
Other	12 362	26 098
	170 500	**233 146**

38. Losses from transactions with financial instruments

	2009 BGN‘000	2008 BGN‘000
Revaluation of financial instruments	(56 362)	(148 972)
Losses from transactions with securities	(6 184)	(22 480)
Other	(1 868)	(440)
	(64 414)	**(171 892)**

39. Administrative expenses

	Note	2009 BGN‘000	2008 BGN‘000
Cost of materials		(5 389)	(5 908)
Hired services		(46 640)	(51 602)
Depreciation and amortization		(12 134)	(11 206)
Employee expenses	27.1	(60 883)	(58 301)
Other		(35 169)	(30 721)
		(160 215)	**(157 738)**

40. Negative goodwill

	Negative goodwill 2009 BGN‘000	Shares acquired 2009 BGN‘000	Negative goodwill 2008 BGN‘000	Shares acquired 2008 BGN‘000
Zarneni Hrani Bulgaria AD	2 049	2.30%	-	0.00%
Oil and Gas Exploration and Production Plc.	252	1.30%	-	0.00%
CCB AD	88	0.10%	1 791	3.02%
Molet EAD	-	0.00%	27 585	100.00%
	2 389		**29 376**	

41. Other financial income

	Note	2009 BGN'000	2008 BGN'000
Fees and commissions income, net	41.1, 41.2	22 478	21 557
Net result from foreign exchange differences		3 649	2 997
Cessions income		6 249	664
Other		910	12 064
		33 286	**37 282**

41.1. Fees and commissions income

	2009 BGN'000	2008 BGN'000
Servicing loans	3 057	3 516
Servicing commitments and contingencies	1 417	1 311
Servicing of deposit accounts	2 081	1 666
Bank transfers in Bulgaria and abroad	16 191	13 892
Other income	5 567	4 669
Other fees and commissions income, different from banks	434	2 120
Total fees and commissions income	**28 747**	**27 174**

41.2. Fees and commissions expenses

	2009 BGN'000	2008 BGN'000
Servicing accounts	(135)	(159)
Bank transfers in Bulgaria and abroad	(3 087)	(2 939)
Transactions with securities	(145)	(139)
Release of precious parcels	(79)	(83)
Other expenses	(457)	(415)
Other fees and commissions expenses, different from banks	(2 366)	(1 882)
Total fees and commissions expenses	**(6 269)**	**(5 617)**

42. Income tax expenses

The relationship between the expected tax expense based on tax rate at 10% (2008: 10%) and the tax expense actually recognized in the income statement can be reconciled as follows:

	2009 BGN'000	2008 BGN'000
Result for the period before tax	156 307	151 928
Tax rate	10%	10%
Expected tax expense	**(15 631)**	**(15 193)**
Net effect of the decrease / (increase) of the financial result	6 217	4 049
Current tax expense	**(9 414)**	**(11 144)**
Tax rate	**10%**	**10%**
Deferred tax income, resulting from:		
- origination and reversal of temporary differences and changes in tax rates	(2 901)	773
Tax expenses	**(12 315)**	**(10 371)**

Note 14 presents additional information on the deferred tax assets and liabilities.

43. Earnings per share

43.1. Earnings per share

The basic earnings per share have been calculated using the net results distributable to ordinary shareholders of the Company as the numerator.

The weighted average number of ordinary shares, used in calculating the basic earnings per share as well as the net result, minus the dividend expense, distributable to shareholders, is as follows:

	31 December 2009 BGN	31 December 2008 BGN
Profit, attributable to shareholders	129 531 000	128 624 000
Weighted average number of ordinary shares	144 400 166	147 569 050
Basic earnings per share (BGN per share)	**0.8970**	**0.8716**

The weighted average number of shares / ordinary and preferred/, used for earnings per share as well as for the net profit, decreased by dividend expenses, attributable to shareholders is as follows:

	31 December 2009 BGN
Net profit attributable to shareholders	133 749 300
Weighted average number of shares	225 737 052
Diluted earnings per share (BGN per share)	**0.5925**

44. Related party transactions

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

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled by bank transfers or by cash.

44.1. Transactions with owners

	2009 BGN '000	2008 BGN '000
Sale of goods and services, interest income and other income		
- sale of financial instruments		
Chimimport Invest AD – owner	7 915	26 000
- interest income		
Chimimport Invest AD	1 239	1 751
Purchase of services		
- Purchase of services		
Chimimport Invest AD	-	(11)

44.2. Transactions with associates and related parties outside the Group

Sale of goods and services, interest income and other income	2009 BGN'000	2008 BGN'000
- sale of finished goods		
Kavarna Gas OOD	1 431	1 381
Fraport TSAM AD	193	-
Preslava EOOD	-	155
- sale of services		
Hemus Air AD	1 803	-
CCB Leader VF	417	302
CCB Active VF	304	154
Chimimport Trade OOD	30	8
CCB Garant VF	10	9
Fraport TSAM AD	-	207
Other	-	27
- interest income		
Hemus Air AD	2 166	-
Fraport TSAM AD	181	478
Park Build EOOD	9	8
Other	728	-
- other income		
Chimimport Trade OOD	-	13
Park Build EOOD	-	1

Purchase of services and interest expenses	2009 BGN'000	2008 BGN'000
- purchase of services		
Hemus Air AD	2 935	-
Park Build EOOD	-	(31)
Galatex OOD	-	(30)
- interest expense		
Fraport TSAM AD	-	(264)

44.3. Transactions with key management personnel

Key management personnel of the Group include the members of the Managing board and Supervisory board. Key management personnel remuneration consists of salaries and bonuses for achieved results including in 2008 as follows:

	2009 BGN'000	2008 BGN'000
Short-term employee benefits:		
Salaries, including bonuses	1 308	154
Social security costs	12	16
Company car allowance	11	26
Total short-term employee benefits	1 331	196
Total remunerations	**1 331**	**196**

45. Related party balances at year-end

	2009 BGN'000	2008 BGN'000
Long-term receivables from:		
- related parties outside the Group		
Fraport TSAM	5 867	5 083
Hemus Air EAD	5 459	-
Other	28	812
Total long-term receivables from related parties outside the Group:	**11 354**	**5 895**

	2009 BGN'000	2008 BGN'000
Short-term receivables from:		
- owners		
Chimimport Invest AD	27 925	21 562
	27 925	**21 562**
- associates		
Lufthansa Technik Sofia OOD	2 151	2 210
Holding Nov Vek AD	9 605	7 365
PIC Saglasie Ltd.	739	-
Kavarna Gas OOD	518	-
Other	2 207	2 270
	15 220	**11 845**

	2009 BGN'000	2008 BGN'000
- other related parties outside the Group		
Hemus Air EAD	36 577	-
Air Ban Ltd.	8 405	-
	44 982	**-**
Total receivables from related parties, outside the Group	**88 127**	**33 407**

	2009 BGN '000	2008 BGN '000
Long-term payables to:		
- owners		
Chimimport Invest AD	-	168 353
	-	**168 353**
Total long-term payables to related parties outside the Group:	**-**	**168 353**

	2009 BGN '000	2008 BGN '000
Short-term payables to:		
-owners		
Chimimport Invest AD	-	584
	-	**584**
-associates		
Holding Nov Vek AD	334	334
Holding Varna AD	-	32 045
Fraport TSAM AD	-	2 534
Other	-	4 047
	334	**38 960**
-other parties outside the Group		
Hemus Air EOOD	514	-
Other	3 341	-
	3 855	**-**
Total short-term payables to related parties outside the Group	**4 189**	**39 544**

46. Contingent assets and contingent liabilities

As at 31 December 2009 and 2008, the Group has entered into lease contracts with customers for the total amount of BGN 90 713 thousand and BGN 90 201 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 2009, the Group is counterparty in 351 claims for the total amount of BGN 806 thousand, including 11 claims for the amount of BGN 34 thousand which have been brought to court. As at the end of the year the accumulated regressive claims against the Group, not yet completed, amount to BGN 12 056 thousand.

A reserve for demanded claims and non-claims is set aside in accordance with Regulation No 27 for the order and methodology for generating the technical reserves from insurers and reinsurers and the health-insurance reserves. In 2009 Group's receivables in 945 regressive claims amount to BGN 1 862 thousand. BGN 774 thousand of them have been brought to court. As at the end of the year the Group's regressive claims with initiated legal proceedings, including claims from prior periods, come to a total of BGN 2 155 thousand.

47. 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. For further information see note 47.7. The most significant financial risks to which the Group is exposed to are described below.

47.1. 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, connected to the profitability of the investments – risk of loss when the profitability of the investment is different from what is expected;
- Risk connected 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 31.12.2009	Profit before taxes	Equity	Solvency limit	Coverage coefficient	Δ of the coverage coefficient
	BGN'000	BGN'000	BGN'000	%	%
Current capital structure	3 745	35 158	23 763	135%	
Return on investments (+2%)	5 125	33 564	23 763	141%	6%
Return on investments (-1.5%)	2 595	31 034	23 763	131%	-5%
Increase of the expenses quota (+10%)	822	29 261	23 763	123%	-12%
Increase of the damages (+10%)	-69	28 370	23 763	119%	-16%

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.

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.

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 the unchanged because the premium income 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.

47.1.1. 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 signs reinsurance engagements with different reinsurers with high credit ratings, to control the exposition to losses caused by the insurance event.

47.1.2. Damages settlement procedure

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

Type of insurance	2009		2008	
	Damages quota, gross %	**Damages quota, net** %	**Damages quota, gross** %	**Damages quota, net** %
Accident insurance	15.4%	16.6%	25.1%	24.7%
Including obligatory accident insurance of the passengers in the public transport	0.5%	0.5%	2.5%	2.5%
Insurance of vehicles, excluding rail vehicles	50.7%	50.4%	43.2%	43.1%
Casco of aircrafts	14.5%	69.0%	109.2%	39.2%
Casco of vessels	24.8%	11.1%	42.1%	57.0%
Cargo insurance during transportation	3.8%	4.5%	-20.9%	-20.5%
Fire and natural calamities insurance	17.9%	18.7%	17.8%	14.8%
Property damage insurance	9.3%	10.9%	16.0%	18.7%
Insurance associated with the ownership and usage of motor vehicles, including:	76.2%	75.8%	107.6%	107.4%
Third-party vehicle insurance	76.6%	76.1%	112.0%	111.4%
“Green Card” insurance	135.0%	183.8%	35.5%	40.3%
Third-party boarder insurance	4.9%	4.9%	-5.0%	-0.4%
Third-party carrier insurance	77.6%	88.2%	61.0%	61.1%
Third-party aviation insurance	0.0%	(0.3%)	3.9%	0.5%
Third party vessels insurance	80.1%	80.1%	-	-
General third-party insurance	(9.3%)	(11.0%)	32.1%	37.2%
Credit insurance	42.2%	42.2%	109.2%	109.2%
Guarantees insurance	2.4%	2.4%	0.0%	0.0%
Insurance against financial losses	57.0%	57.0%	170.5%	170.5%
Travel assistance	34.7%	34.7%	18.9%	18.9%
	50.1%	**53.1%**	**50.8%**	**51.4%**

Comparing the net quotas for 2009 and 2008 a slight increase of the damages can be observed. This increase is mainly due to the high amount of damages of motor vehicle Casco insurances.

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

Type of insurance	Average indemnity 2009 BGN	Average indemnity 2008 BGN	Average indemnity 2007 BGN	Average indemnity 2006 BGN	Average indemnity 2005 BGN
Accident insurance	512	535	319	382	890
Including obligatory accident insurance of the passengers in the public transport	794	3 050	3 362	4 890	8 117
Insurance of vehicles, excluding rail vehicles	804	762	663.8	634.6	548.3
Casco of aircrafts	97 693	12 514	14 669	80 702	70 190
Casco of vessels	20 002	19 141	13 344	-	5 933
Cargo insurance during transportation	1 724	1 990	45 721	577	1 971
Fire and Natural calamities insurance	1 179	1 345	1 404	3 147	1 499
Property damage insurance	3 008	2 059	2 355	2 392	2 279
Third-party insurance associated with the ownership and usage of motor vehicles	2 154	2 071	1 377	1 349	914
Third-party aviation insurance	-	130 915	-	1 942	2 542
Third-party vessels insurance	20 292	-	-	-	-
General third-party insurance	1 287	3 312	8 814	1 967	202
Credit insurance	21 405	50 605	4 069	8 034	1 324
Guarantees insurance	7 270	-	-	-	-
Insurance against financial losses	5 801	3 519	1 540	21 425	14 000
Travel assistance	858	878	819	861	303
	964	**922**	**767**	**734**	**649**

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						
	2009 BGN'000	**2008 BGN'000**	**2007 BGN'000**	**2006 BGN'000**	**2005 BGN'000**	**2004 BGN'000**	**Total**
At the end of the period	42 583	20 181	2 233	1 093	506	61	66 657
1 year later	-	34 213	13 052	1 056	1 082	169	49 572
2 years later	-	-	19 626	7 045	860	249	27 780
3 years later	-	-	-	11 693	4 384	296	16 373
4 years later	-	-	-	-	7 497	1841	9338
5 years later	-	-	-	-	-	3 710	3 710
Current cumulative payments	42 583	54 394	34 911	20 887	14 329	6 326	173 430
General assessment of the indemnities	**80 805**	**64 269**	**38 748**	**21 807**	**14 470**	**6 326**	**226 425**
As at 31 December							
Payments:							
Assessment:	38 222	9 876	3 837	919	140	-	52 994
Actual	**35 247**	**8 624**	**8 512**	**1 387**	**949**	**564**	**55 283**

The presented table shows that the reserves for unsettled payments are adequate as at the end of 2009.

47.1.3. Solvency limit

As at the end of the respective reported period the defined solvency limit is in accordance with the respective legal requirements.

	2009 BGN'000
Equity, less intangible assets	31 789
Share capital	15 019
Reserves and funds	35 307
Revaluation reserve	(18 142)
Deductions	
Participation in subsidiaries	(50)
Intangible assets	(345)
Solvency limit	**23 763**
Surplus/Deficit	**8 029**

	2008 BGN'000
Equity, less intangible assets	**29 270**
Share capital	15 019
Reserves and funds	(18 681)
Revaluation reserve	33 369
Deductions	
Participation in subsidiaries	50
Intangible assets	437
Solvency limit	**23 626**
Surplus/ Deficit	**5 644**

47.2. 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 pegged 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 in other currency include mainly assets and liabilities of the bank in the Republic of Macedonia, denominated in Macedonian denars, which is the functional currency of the bank in the Republic of Macedonia. As a result of this, these positions do not expose the Group to foreign exchange risk.

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
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
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)**

The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2008 is as follows:

	BGN	EUR	USD	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial assets					
Placements with, and advances to banks	4 019	22 522	17 576	2 597	46 714
Receivables under repurchase agreements	23 033	-	-	-	23 033
Financial assets held-for-trade	2 946	8 065	9 654	1 054	21 719
Loans and advances to customers, net	672 640	272 992	34 167	6 485	986 284
Available-for-sale financial assets	28 490	13 246	4 291	215	46 242
Held-to-maturity financial assets	46 252	55 346	-	22 214	123 812
Total assets	**777 380**	**372 171**	**65 688**	**32 565**	**1 247 804**
Financial liabilities					
Deposits from banks	4 072	134	28	16	4 250
Credits from banks	10 003	-	-	313	10 316
Liabilities under repurchase agreements	15 504	-	-	-	15 504
Liabilities to other deposits	781 163	516 986	86 602	32 322	1 417 073
Other attracted funds	4 120	-	-	-	4 120
Total liabilities	**814 862**	**517 120**	**86 630**	**32 651**	**1 451 263**
Net Position	**(37 482)**	**(144 949)**	**(20 942)**	**(86)**	**(203 459)**

47.3. Interest rate sensitivity

Group's policy regarding other than banking activities

The Group's policy is to minimize interest rate cash flow risk exposures on short-term financing. At 31 December 2009, 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 Bank applies the method of the GAP analysis. (gap/ disbalance 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 disbalance between the interest-bearing assets and liabilities as at 31 December 2009 is negative, amounting to BGN 202 162 thousand. The GAP coefficient, as an indicator for this disbalance, compared to the total income generating assets of the bank of the Group (interest-bearing assets and equity instruments) is minus 15.04%.

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Interest-bearing assets						
Placements with, and advances to banks	64 295	-	-	-	-	64 295
Receivables under repurchase agreements	5 539	5 989	-	-	-	11 528
Financial assets held-for-trade	-	-	-	3 631	6 227	9 858
Loans and advances to customers, net	109 959	96 057	230 627	511 213	209 063	1 156 919
Financial assets available-for-sale	221	11 354	-	34 273	-	45 848
Financial assets held-to-maturity	11 465	8 807	1 279	80 823	2 090	104 464
Total interest-bearing assets	**191 479**	**122 207**	**231 906**	**629 940**	**217 380**	**1 392 912**
Interest-bearing liabilities						
Deposits from banks	251	-	4 041	-	-	4 292
Credits from banks	-	-	-	5 347	35 005	40 352
Liabilities under repurchase agreements	3 001	824	-	-	-	3 825
Liabilities to other depositors	643 156	191 193	272 143	437 877	231	1 544 600
Other attracted finds	196	100	457	883	369	2 005
Total interest-bearing liabilities	**646 604**	**192 117**	**276 641**	**444 107**	**35 605**	**1 595 074**
Disbalance between interest bearing assets and liabilities, net	**(455 125)**	**(69 910)**	**(44 735)**	**185 833**	**181 775**	**(202 162)**

The Group is exposed to a reduction of the interest income when the interest rates rise, as the Group holds a negative disbalance. The disbalance impact, as at 31 December 2009, over the net interest income, assuming an increase of 2% (2008: 1%) of the interest rates for one year is a reduction of the net interest income amounting to BGN 608 thousand (2008: BGN 673 thousand).

The Group's disbalance between the interest-bearing assets and liabilities as at 31 December 2008 is negative amounting to BGN 221 818 thousand. The GAP coefficient, as an indicator of this disbalance, compared to the total income generating assets of the Bank (interest-bearing assets and equity instruments) is minus 18.04%.

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Interest-bearing assets						
Placements with, and advances to banks	46 698	16	-	-	-	46 714
Financial assets held-for-trade	17 058	5 975	-	-	-	23 033
Receivables under repurchase agreements	-	-	331	9 285	132	9 748
Loans and advances to customers, net	48 968	38 570	178 581	505 945	214 220	986 284
Financial assets available-for-sale	1 537	-	5 085	28 985	4 247	39 854
Financial assets held-to-maturity	23 202	10 767	3 769	83 956	2 118	123 812
Total interest bearing assets	**137 463**	**55 328**	**187 766**	**628 171**	**220 717**	**1 229 445**
Interest-bearing liabilities						
Deposits from banks	4 250	-	-	-	-	4 250
Credits from banks	-	-	-	-	10 316	10 316
Liabilities under repurchase agreements	15 504	-	-	-	-	15 504
Liabilities to other depositors	561 684	131 324	295 619	428 431	15	1 417 073
Other attracted funds	494	230	1 643	1 753	-	4 120
Total interest-bearing liabilities	**581 932**	**131 554**	**297 262**	**430 184**	**10 331**	**1 451 263**
Disbalance between interest bearing assets and liabilities, net	**(444 469)**	**(76 226)**	**(109 496)**	**197 987**	**210 386**	**(221 818)**

47.4. Other price risk sensitivity

The Group is exposed to other price risks in respect to its investments in associated entity Holding Nov Vek AD, which shares are traded on the Bulgarian Stock Exchange – Sofia:

The investments in shares of associates, traded on Bulgarian stock exchange - Sofia, are considered long-term, strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Company's favor.

A threat for the Group is also 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.

47.5. Credit risk sensitivity

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 the accounts in the Central bank, amounting to BGN 316 261 thousand does not carry any credit risk for the Bank, due to their nature and the ability of the Bank to dispose with them.

The placements and advances to banks with book value BGN 64 319 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, in percentage is 20% and in absolute amount is BGN 12 859 thousand. As at 31 December 2009 the provisions for coverage of losses from impairments of the placements and advances to banks amounts to BGN 24 thousand.

The receivable under repurchase agreements, amounting to BGN 11 528 thousand does not carry any credit risk to the Group, as they are secured by the Bulgarian government securities.

The held-for-trading financial assets, amounting to BGN 26 972 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 10 109 thousand, are shares in financial and non-financial companies, which carries credit risk, whose maximum exposure in percentage is 100% or BGN 10 109 thousand in absolute amount. As at 31 December 2009 the provisions for coverage of losses from impairment of the equity instruments held-for-sale amounts to BGN 211 thousand.

The debt instruments held-for-sale and issued by the Republic of Bulgaria, amounting to BGN 30 721 thousand do not carry any credit risk to the Group, as they are secured by the government of Bulgaria.

The debentures held-for-sale and issued by local companies, amounting to BGN 14 905 thousand, carry credit risk to the Group, whose maximum exposure in percentage is 100% or BGN 14 905 thousand in absolute amount.

The debt instruments held-to-maturity and issued by the Republic of Bulgaria, amounting to BGN 91 720 thousand, do not carry any credit risk to the Group, as they are secured by the Bulgarian government. The debt instruments held-to-maturity and issued by the National Bank of the Republic of Macedonia, amounting to BGN 11 465 thousand, do not carry any credit risk to 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 to the amount of BGN 1 279 thousand do not bear any credit risk as they are guaranteed by the Republic of Macedonia.

Loans and advances to customers with book value of BGN 1 178 989 thousand carry credit risk to the Group. 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 931 651 thousand. In order to minimize the credit risk, in the process of giving 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 calculation of 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 2009 the provisions for coverage of losses from impairment of loans and advances amount to BGN 22 070 thousand.

Classes of financial assets as at 31 December 2009:

Debt	**Granted loans**			**Unutilized engagement**	**Given guarantees**		
Group	**Amount**	***Share in %***	**Provisions**	**Amount**	**Amount**	***Share in %***	**Provisions**
	BGN'000		**BGN'000**	**BGN'000**	**BGN'000**		**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**

Classes of financial assets as at 31 December 2008:

Debt	**Granted loans**			**Unutilized engagement**	**Given guarantees**		
Group	**Amount**	**Share in %**	**Provisions**	**Amount**	**Amount**	**Share in %**	**Provisions**
	BGN'000		**BGN'000**	**BGN'000**	**BGN'000**		**BGN'000**
Regular	950 489	95.04	3 078	89 901	166 893	100	31
Monitored	32 855	3.29	1 318	156	-	-	-
Irregular	4 085	0.41	1 080	43	-	-	-
Not serviced	12 669	1.26	8 338	119	-	-	31
Total	**1 000 098**	**100**	**13 814**	**90 219**	**166 893**	**100**	**31**

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

Name of the group	31.12.2009			31.12.2008		
	Loans granted to non-financial clients		Loans to banks and receivables under repurchase agreements	Loans granted to non-financial clients		Loans to bank and receivables under repurchase agreements
	BGN'000	**%**		**BGN'000**	**%**	
Not outstanding and not impaired	804 670	68.25	3 825	760 823	76.07	15 504
Outstanding but not impaired	334 129	28.34	-	208 600	20.86	-
Impaired on individual base	40 190	3.41	-	30 674	3.07	-
Total	**1 178 989**	**100**	**3 825**	**1 000 098**	**100**	**15 504**
Set-aside provisions	22 070		-	13 814		-
Net loans	**1 156 919**		**3 825**	**986 284**		**15 504**

As at 31 December 2009 and 2008 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:

	2009	2008
	BGN'000	**BGN'000**
Natural persons		
Credit cards and overdrafts	21 789	23 183
Consumer loans	157 769	189 409
Mortgage loans	74 602	92 290
Corporate clients	550 510	455 939
Total	**804 670**	**760 821**

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.

	2009	2008
	BGN'000	**BGN'000**
Natural persons		
Credit cards and overdrafts	9 770	6 013
Consumer loans	32 032	28 862
Mortgage loans	22 631	11 238
Corporate clients	269 696	162 487
Total	**334 129**	**208 600**

The book value of the loans with accrues provision on an individual base as at 31 December 2009 and 2008 is BGN 40 190 thousand and BGN 30 674 thousand respectively. These sums do not include cash flows from the collaterals of these loans.

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**

2008	**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	2 773	402	1 092	-
Customer loans	1 334	923	2 735	366
Mortgage loans	586	458	113	505
Corporate clients	8 492	1 000	5 249	1 154
Total	**13 185**	**2 783**	**9 189**	**2 025**

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

	2009	**2008**
	BGN'000	**BGN'000**
Secured with cash and government securities	108 545	51 259
Mortgage	484 835	493 648
Other collateral	512 638	424 814
No collateral	72 971	30 377
Expenses for provisions of impairment losses	(22 070)	(13 814)
Total	**1 156 919**	**986 284**

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

Segment	Amount Group	Number of transactions	Debt	Delays of payments Principal	Interest	Count receivables	Provisions	Unutilized engagement
		BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
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**	**1 178 991**	**9 533**	**4398**	**9 994**	**22 070**	**90 713**

Business-segment classification group and delays of payments as at 31 December 2008:

Segment	Amount Group	Number of transactions	Debt	Delays of payments Principal	Interest	Count receivables	Provisions	Unutilized engagement
		BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Trade	Regular	106 685	349 512	445	253	-	3 011	34 142
	Monitored	2 396	8 173	188	86	-	469	140
	Not serviced	754	2 356	88	47	-	628	33
	Loss	4 295	4 023	882	165	1 369	3 508	3 016
Total		**114 130**	**364 064**	**1 36**	**551**	**1 369**	**7 616**	**37 331**
Corporate	Regular	2 304	597 094	637	468	-	65	52 181
	Monitored	62	24 683	40	30	-	849	16
	Not serviced	16	1 728	31	41	-	452	11
	Loss	115	6 575	354	39	3 297	4 832	31
Total		**2 497**	**630 080**	**1 062**	**578**	**3 297**	**6 198**	**52 239**
Budget	Regular	6	5 954	-	-	-	-	631
	Monitored	-	-	-	-	-	-	-
	Not serviced	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-
Total		**6**	**5 954**	**-**	**-**	**-**	**-**	**631**
	Total portfolio	**116 633**	**1 000 098**	**2 665**	**1 129**	**4 666**	**13 814**	**90 201**

Group's policy regarding other than banking activities

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Company 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:

	2009 BGN'000	2008 BGN'000
Financial assets – carrying amounts:		
Non-current assets		
Long-term financial assets	1 080 591	930 661
Long-term receivables	11 354	5 895
Current assets	681 184	465 410
Related parties receivables	88 127	33 407
Cash and cash equivalents	437 801	519 436
Trade and other receivables	343 317	317 419
Carrying amount:	**2 642 374**	**2 272 228**

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.

47.6. 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-outflows and inflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. 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.
As at 31 December 2009 Group's liabilities (including interest payables where applicable) have contractual maturities which are summarized below:

31 December 2009	Current	Non-current	
	Within 12 months BGN'000	From 1 to 5 years BGN'000	More than 5 years 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**

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 has the right (option) to present for repurchasing to the issuer Chimimport Holland B.V., all or a portion of the owned bonds. The right is exercisable on 22 August 2010.

In the previous reporting period the maturity of the contractual liabilities of the Group are summarized as follows:

31 December 2008	Current	Non-current	
	Within 12 months BGN'000	From 1 to 5 years BGN'000	More than 5 years BGN'000
Bank and other loans	75 401	214 651	-
Related parties payables	39 544	168 353	-
Financial lease payables	5 491	9 095	14
Trade and other payables	1 129 247	310 057	122 859
Total	**1 249 683**	**702 156**	**122 873**

The amounts reported in this analysis for the maturity of the liabilities represent the not discounted cash flows from the contracts different from the carrying amounts of the liability as at the reporting date. The annual interest payments amount to BGN 17 221 thousand.

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.

47.7. Financial assets and liabilities by category

The carrying amounts of Group's financial assets and liabilities may also be categorized as follows:

Financial assets	**2009**	**2008**
	BGN'000	**BGN'000**
Financial assets held-to-maturity:		
- non-current	86 989	90 165
- current	21 551	39 059
Financial assets available-for-sale:		
- non-current	124 008	75 849
- current	37 613	59 156
Financial assets held-for-trade (classified as fair value through profit or loss):		
- non-current	99 413	59 949
- current	103 167	33 771
Loans and receivables:		
- non-current	781 535	710 593
- current	606 980	366 831
- trade receivables	151 997	181 158
Cash and cash equivalents	437 801	519 436
	2 451 054	**2 135 967**

Financial liabilities	**2009**	**2008**
	BGN'000	**BGN'000**
Financial liabilities classified as fair value through profit or loss:		
Non-current liabilities:		
Loans	-	168 353
Financial liabilities measured at amortized cost:		
Non-current liabilities:		
- liabilities to depositors	430 792	423 275
- dividend payables	70 655	-
- loans	113 076	214 651
- payables on financial lease	32 899	9 109
- trade and other payables	24317	9 641
Current liabilities:		
- liabilities to depositors	985 618	931 150
- dividend payables	8 040	-
- loans	237 461	114 945
- payables on financial lease	10 083	5 491
- trade and other payables	189 158	198 097
	2 102 099	**2 074 712**

See note 4.18 for more information about the accounting policy of each category financial instruments. Description of the risk management objectives and policies of the Company related to the financial instruments is presented in note 48.

48. 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 shareholder 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 accounting periods is summarized as follows:

	2009 BGN'000	2008 BGN'000
Shareholders' equity	1 168 752	889 041
Equity	**1 168 752**	**889 041**
Debt	2 274 382	2 206 889
- Cash and cash equivalents	(437 801)	(519 436)
Net debt	**1 836 581**	**1 687 453**
Capital to net debt	**1.57**	**1.89**

The decrease in the ratio during 2009 is primarily a result of the increase in the Group's equity by issuing of preferred shares.

The Group has honored its covenant obligations, including maintaining capital ratios.

49. Post-reporting date events

For the period between the reporting date and the date of authorization of the issue by the Managing Boards the following significant non-adjusting events took place:
On 8 January 2010 under resolution of the Sofia City Court the merger of Lukoil Garant Bulgaria – Universal pension fund, managed by POD Lukoil Garant Bulgaria AD and the Univeral pension fund CCB Sila, managed by POAD CCB Sila AD has been reported.
On 8 January 2010 under resolution of the Sofia City Court the merger of Lukoil Garant Bulgaria – Professional pension fund, managed by POD Lukoil Garant Bulgaria AD and the Professional pension fund CCB Sila, managed by POAD CCB Sila AD has been reported.
On 8 January 2010 under resolution of the Sofia City Court the merger of Lukoil Garant Bulgaria – Voluntary pension fund, managed by POD Lukoil Garant Bulgaria AD and the Voluntary pension fund CCB Sila, managed by POAD CCB Sila AD has been reported.
On 12 February 2010 the merger of POD Lukoil Garant – Bulgaria AD and POAD CCB Sila AD has been registered in the Registry Agency. The share capital after the merger amounts to BGN 10 500 thousand.

50. Authorization of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2009 (including comparatives) were approved by the Managing board on 30 April 2010.