

Annual Activity Report

of the Group of Chimimport AD, Sofia for 2008

This Annual Activity Report presents comments and analysis of the financial reports and other substantial information regarding the financial statement and results from the activity for the period 1 January - 31 December 2008.

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

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

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

The members of the Supervisory Board are:

1. Chimimport Invest AD, represented by Marin Velikov Mitev;
2. CCB Group EAD, represented by Miroljub Panchev Ivanov;
3. Mariana Angelova Bazhdarova.

The members of the Managing Board are:

1. Alexander Dimitrov Kerezov
2. Ivo Kamenov Georgiev
3. Marin Velikov Mitev
4. Nicola Peev Mishev
5. Miroljub Panchev Ivanov
6. Tzvetan Tzankov Botev

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

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

Share capital: The Group's share capital is at the amount of BGN 149 999 984,00.
Number of shares issued: 149 999 984 registered shares, with a par value of 1 BGN.

Own shares, acquired by subsidiaries

CCB Group EAD	(5 192 408)	3.46%	-	-
ZAD Armeec AD	(623 855)	0.42%	-	-
POAD CCB Sila	(44 915)	0.03%	-	-
	(5 861 178)	3.91%	-	-
Net shares	144 138 806		149 999 984	-

The dividend tax for individuals and foreign legal entities amounts to 5% for 2008 and 2009, as the tax is reduced from the gross amount of the dividends.

Share premium

	2008	2007
	BGN'000	BGN'000
Share premium from 2007 and 2006	232 343	232 343
Decrease of share premium from own shares, acquired by subsidiaries	(39 371)	-
	192 972	232 343

In 2008 the share premium decreased with BGN 39 371 thousand, as a result of acquired own shares by the Group's subsidiaries.

The share premium from the issue in 2007, amounting to BGN 199 418 thousand, is formed by the secondary public offering of the company's shares from 10.09.2007 to 02.10.2007. The share premium from issues is reduced with the expenses of the shares' issue, which amounts to BGN 581 thousand.

The share premium from the issue in 2006, amounting to BGN 32 925 thousand, is formed by the initial public offering of the company's shares, by a subscription, from 07.09.2006 to 20.09.2006. The count of the shares requests by the investors exceeds 2 100. The proceeds in the fund-raising account of Chimimport AD are 2.5 times more than the recorded issue. The premium from the issue is reduced with the expenses for the shares issues, amounting to BGN 327 thousand.

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

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

List of subsidiaries, which are part of the Group of Chimimport AD

Name of subsidiary	Country of incorporation	Principal activity	2008	2007
Central Cooperative Bank AD	Bulgaria	Finance	75.82%	72.80%
ZAD Armeec	Bulgaria	Finance	83.60%	97.26%
CCB Group EAD	Bulgaria	Finance	100.00%	100.00%
CCB Assets Management EOOD	Bulgaria	Finance	100.00%	100.00%
ZAED CCB Life	Bulgaria	Finance	100.00%	100.00%
ZOK CCB	Bulgaria	Finance	100.00%	100.00%
Armeec Leasing OOD	Bulgaria	Finance	100.00%	100.00%
CCB Skopie AD	Macedonia	Finance	78.60%	0.00%
POAD CCB Sila	Bulgaria	Finance	89.31%	99.26%
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 EAD	Bulgaria	Finance	100.00%	0.00%
Oil and gaz exploration and production AD	Bulgaria	Production	53.66%	56.50%
Zarneni Hrani Bulgaria AD	Bulgaria	Production	59.82%	59.61%
Bulgarian Oil Refinery EOOD	Bulgaria	Production	100.00%	100.00%
Slanchevi lachi Commerce EOOD	Bulgaria	Production	100.00%	100.00%
Slanchevi lachi Provadia EOOD	Bulgaria	Production	100.00%	100.00%
Bulgarian Drilling Company EOOD	Bulgaria	Production	100.00%	100.00%
Prime Lega Consult OOD	Bulgaria	Production	70.00%	70.00%
SK HGH Consult OOD	Bulgaria	Production	59.34%	59.34%
Omega Finances OOD	Bulgaria	Production	96.00%	96.00%
Geofizichni izsledvania EOOD	Bulgaria	Production	100.00%	100.00%
Sofgeoprouchvane EOOD	Bulgaria	Production	100.00%	100.00%
PDNG-Serviz EOOD	Bulgaria	Production	100.00%	100.00%
Petrogaz Antika EOOD	Bulgaria	Production	100.00%	100.00%

Name of subsidiary	Country of incorporation	Principal activity	2008	2007
Izdatelstvo geologiya i mineralni resursi OOD	Bulgaria	Production	70.00%	70.00%
Chimimport Group EAD	Bulgaria	Production	100.00%	100.00%
Chimoil Trade OOD	Bulgaria	Production	60.00%	60.00%
PDNG Oil AD	Bulgaria	Production	100.00%	100.00%
Rubber Trade OOD	Bulgaria	Production	60.00%	60.00%
Orgachim Trading 2008 OOD	Bulgaria	Production	60.00%	60.00%
Chimtseltex OOD	Bulgaria	Production	60.00%	60.00%
Fertilizers Trade OOD	Bulgaria	Production	52.00%	52.00%
Dializa Bulgaria OOD	Bulgaria	Production	50.00%	50.00%
Chimimport Pharma AD	Bulgaria	Production	60.00%	60.00%
Siliko 07 OOD	Bulgaria	Production	50.00%	50.00%
Ecoland Engineering OOD	Bulgaria	Production	52.00%	52.00%
Kame Bulgaria OOD	Bulgaria	Production	75.00%	75.00%
Medical Center Health Medica OOD	Bulgaria	Production	51.00%	51.00%
Chimsnab AD	Bulgaria	Production	93.33%	93.33%
Brand New Ideas EOOD	Bulgaria	Production	100.00%	100.00%
IT Creation OOD	Bulgaria	Production	50.00%	50.00%
Aris 2003 EOOD	Bulgaria	Production	100.00%	100.00%
Diagnozis Si and ES	Bulgaria	Production	0.00%	95.00%
Bourgas Mill EOOD	Bulgaria	Production	100.00%	100.00%
Chimtrans OOD	Bulgaria	Production	60.00%	60.00%
Bulchimtrade OOD	Bulgaria	Production	60.00%	0.00%
Transkar Service EOOD	Bulgaria	Transport	100.00%	100.00%
Korabno Mashinostroene AD	Bulgaria	Transport	51.81%	51.81%
Trans Interkar EOOD	Bulgaria	Transport	100.00%	100.00%
MAYAK KM AD	Bulgaria	Transport	77.19%	77.19%
Port Balchik AD	Bulgaria	Transport	100.00%	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Transport	100.00%	100.00%
Parahadstvo Bulgarsko Rechno Plavane AD	Bulgaria	Transport	82.10%	83.25%
VTC AD	Bulgaria	Transport	51.00%	51.00%
Harbor Lesport AD	Bulgaria	Transport	99.00%	99.00%
Bulgarian Aviation Group EAD	Bulgaria	Transport	100.00%	100.00%
Bulgaria Air AD	Bulgaria	Transport	99.99%	99.99%
Hemus Air EAD	Bulgaria	Transport	100.00%	100.00%
Molet AD	Bulgaria	Transport	100.00%	0.00%
BM Star EOOD	Bulgaria	Transport	100.00%	0.00%
Asen Nikolov 1 AD –Varna South	Bulgaria	Real Estates	60.00%	50.00%
CCB Real Estate Fund ADSIC	Bulgaria	Real Estates	0.00%	100.00%
Sport Complex Varna AD	Bulgaria	Real Estates	65.00%	65.00%
Golf Shabla AD	Bulgaria	Real Estates	65.00%	65.00%
Anitas 2003 EOOD	Bulgaria	Real Estates	100.00%	100.00%
Energoproekt AD	Bulgaria	Building and Engineering	83.20%	83.20%
Bulchimex OOD	Germany	Foreign companies	100.00%	100.00%

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

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

Business segments	Production	Financial sector	Transport sector	Real Estates	Construction and Engineering sector
31 December 2008	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Share of the single segment in the Group's profit	10.95%	77.55%	11.46%	-0.02%	0.05%
Changes, according to the compared period	-1.49%	-6.25%	10.29%	-2.60%	0.05%

*The Finance segment has the biggest share of the Group's net profit in 2008.

Business segments	Production	Financial sector	Transport sector	Real Estates	Construction and Engineering sector
31 December 2008	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Share of the single segment in the total revenue from non-financial activity	37.35%	6.32%	55.96%	0.03%	0.34%
Changes, according to the compared period	10.84%	3.23%	-12.89%	-1.35%	0.17%

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

Business segments	Production	Financial sector	Transport sector	Real Estates	Construction and Engineering sector	Consolidation	Consolidated
31 December 2008	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Income from non-financial activities from external clients	235 617	50 720	434 205	273	1 646	-	722 461
Inter-segment income	69 798	974	23 381	-	1 103	(95 256)	-
Total income from non-financial activity	305 415	51 694	457 586	273	2 749	(95 256)	722 461
Net result from non-financial activity	19 710	51 694	5 094	(3)	1 369	(9 225)	68 639
Insurance income from external clients	-	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 with external clients	16 382	212 630	-	-	-	-	229 012
Inter-segment gains	-	12 378	-	-	-	(12 378)	-
Total 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 associates	15	857	9 124	(74)	-	-	9 922
Other finance income/(expense)	(1 996)	42 157	(2 125)	(32)	(1)	(721)	37 282
Gain from sale of non-current assets	2 888	22 799	40 033	-	-	(52 082)	13 638
Revenue for distribution in social security batches	-	16 919	-	-	-	-	16 919
Result for the period before tax	17 560	119 644	17 854	(23)	78	(3 185)	151 928
Tax expense	(1 712)	(7 390)	(1 262)	(7)	-	-	(10 371)
Net result for the period	15 848	112 254	16 592	(30)	78	(3 185)	141 557

Income from internal and external markets

The ratio between income from internal markets and income from external markets is approximately 70/30. The most significant share in the income from external markets belongs to the aviation transport, part of the Group.

Financial indicators

For 2008 the Group's financial indicators are as follows:

Main Financial Indicators	2008	2007	Increase/ Decrease
	BGN'000	BGN'000	
Operating income	1 404 884	963 509	45.81%
Operating expenses	(1 145 717)	(757 153)	51.32%
Earnings before interest, tax, depreciation and amortization (EBITDA)	259 167	206 356	25.59%
EBITDA/ Operating income	18.45%	21.42%	
Depreciation and amortization	(41 703)	(23 963)	74.03%
Earnings before interest and taxes (EBIT)	217 464	182 393	19.23%
EBIT/ Operating income	15.48%	18.93%	
Interest expenses	(65 536)	(41 274)	58.78%
Earnings before taxes	151 928	141 119	7.66%
Tax expenses	(10 371)	(4 829)	114.76%
Net profit	141 557	136 290	3.86%
Cash flow (net profit + amortization and depreciation)	183 260	160 253	14.36%
Current assets	1 396 563.00	1 538 747.00	
Current liabilities	1 280 825.00	714 963.00	
Turnover capital	115 738.00	823 784.00	
Equity	1 912 806.00	2 031 881.00	
Cash liquidity	0.08	0.13	

BGN'000	2008
Financial debt	1 914 001
– non-current	823 659
Financial liabilities	655 306
Liabilities to related parties of the Group	-
Liabilities to other related parties	168 353
– current	1 090 342
Financial liabilities	1 050 798
Liabilities to related parties of the Group	-
Liabilities to other related parties	39 544
RoaE	20.8%
RoaA	6.5%
Profit margin	17.5%
Debt/Capital and reserves	273.3%
Equity/Assets	21.9%

Income and expenses structure

			Changes
	2008	2007	
Income from non-financial activities	BGN'000	BGN'000	
Income from sale of plane tickets	314 555	309 243	1.72%
Income from trading goods sold	179 714	68 165	163.65%
Income from services rendered	92 571	56 350	64.28%
Income from finished goods sold	55 824	50 132	11.35%
Other	79 797	26 877	196.90%
	722 461	510 767	41.45%

Expenses from non-financial activities

	2008	2007	
	BGN'000	BGN'000	
			219.18%
Cost of goods sold	(155 110)	(48 596)	
Cost of materials	(208 207)	(132 360)	57.30%
Hired services	(193 425)	(194 917)	-0.77%
Depreciation and amortization	(30 497)	(14 957)	103.90%
Employee expenses	(44 773)	(43 728)	2.39%
Other	(21 810)	(37 124)	-41.25%
	(653 822)	(471 682)	38.61%

Insurance income

Insurance premiums	140 168	84 805	65.28%
Regression income	0	3 304	-100.00%
Income from released insurance reserves	62 717	40 039	56.64%
Income from reinsurance operations	12 232	7 171	70.58%
Other income from insurance activities	257	218	17.89%
	215 374	135 537	58.90%

Insurance expenses

	2008	2007	
	BGN'000	BGN'000	
Claims paid	(49 445)	(25 908)	90.85%
Expenses for participation in the insurance result	(36)	(116)	-68.97%
Liquidation of damages expenses	(1 292)	(574)	125.09%
Acquisition expenses	(30 788)	(20 348)	51.31%
Expenses for insurance reserves set aside	(105 758)	(62 778)	68.46%
Reinsurance expenses	(16 034)	(11 816)	35.70%
Other insurance expenses	(615)	(2 254)	-72.72%
	(203 968)	(123 794)	64.76%

Claims paid

	2008	2008	2007	2007	
	Claims paid	share	Claims paid	share	
	BGN'000	%	BGN'000	%	
Casco	35 063	70.91%	18 840	72.72%	-1.80%
Vehicles third parties' liability	11 152	22.55%	5 254	20.28%	2.28%
Fire and natural calamities	999	2.02%	626	2.42%	-0.40%
Loans and leases	759	1.54%	41	0.16%	1.38%
Accident	483	0.98%	264	1.02%	-0.04%
Travel assistance	322	0.65%	123	0.47%	0.18%
Casco of vessels	191	0.39%	67	0.26%	0.13%
Casco of aircrafts	175	0.35%	163	0.63%	-0.28%
Aircrafts third parties' liability	131	0.26%	0	0.00%	0.26%

Property damages	124	0.25%	101	0.39%	-0.14%
General public liability	23	0.05%	62	0.24%	-0.19%
Cargo	14	0.03%	366	1.41%	-1.38%
Other financial losses	7	0.01%	1	0.00%	0.01%
Life insurance	1	0.00%	-	0.00%	0.00%
	49 444	100.00%	25 908	100.00%	

	2008	2007	Changes
	BGN'000	BGN'000	
Expenses for granted premiums to reinsurers	(11 590)	(9 400)	23.30%
Expenses for released reserves for reinsurers	(4 444)	(2 416)	83.94%
	(16 034)	(11 816)	35.70%

	2008	2007	
	BGN'000	BGN'000	
Interest income by types of sources:			
Legal entities	72 202	51 127	41.22%
Government securities	5 827	4 944	17.86%
Banks	11 157	11 800	-5.45%
Individuals	36 507	24 804	47.18%
Other	1 073	947	13.31%
	126 766	93 622	35.40%

	2008	2007	
	BGN'000	BGN'000	
Interest expenses by depositors:			
Legal entities	(32 668)	(13 328)	145.11%
Individuals	(30 408)	(21 788)	39.56%
Banks	(2 221)	(2 570)	-13.58%
Other	(239)	(3 588)	-93.34%
	(65 536)	(41 274)	58.78%

Gains from transactions with financial instruments

	2008	2007	
	BGN'000	BGN'000	
Revaluation of financial instruments	199 868	110 083	81.56%
Gains from dealing with securities	7 180	87 644	-91.81%
Other	26 098	192	13492.71%
	<u>233 146</u>	<u>197 919</u>	17.80%

Losses from transactions with financial instruments

	2008	2007	
	BGN'000	BGN'000	
Revaluation of financial instruments	(148 972)	(67 106)	122.00%
Losses from dealing with securities	(22 480)	(1 419)	1484.21%
Other	(440)	(11)	3900.00%
	<u>(171 892)</u>	<u>(68 536)</u>	150.81%

Administrative expenses

	2008	2007	
	BGN'000	BGN'000	
Cost of materials	(5 908)	(3 840)	53.85%
Hired services	(51 602)	(34 220)	50.79%
Depreciation and amortization	(11 206)	(9 006)	24.43%
Employee expenses	(58 301)	(28 729)	102.93%
Other	(30 721)	(31 839)	-3.51%
	<u>(157 738)</u>	<u>(107 634)</u>	46.55%

Employee expenses

	2008	2007	
	BGN'000	BGN'000	
Remunerations	84 892	60 043	41.39%
Social security expenses	18 182	13 459	35.09%
	<u>103 074</u>	<u>73 502</u>	40.23%

Other financial income, net

	2008 BGN'000	2007 BGN'000	
Fees and commissions income, net	21 557	19 268	11.88%
Net result from foreign currency changes	2 997	547	447.90%
Other	12 728	1 440	783.89%
	37 282	21 255	75.40%

Fees and commissions income

	Year, ending on 31.12.2008	Year, ending on 31.12.2007	
Servicing loans	3 516	2 843	23.67%
Servicing commitments and contingencies	1 311	993	32.02%
Servicing of deposit accounts	1 666	1 431	16.42%
Bank transfers	13 892	10 676	30.12%
Other income	4 669	7 625	-38.77%
Other fees and commissions, different from bank	2 120	-	
Total fees and commissions income	27 174	23 568	

	Year, ending on 31.12.2008	Year, ending on 31.12.2007	
Servicing of deposit accounts	(159)	(135)	17.78%
Bank transfers	(2 939)	(2 456)	19.67%
Transactions with securities	(139)	(293)	-52.56%
Release of consignment	(83)	(104)	-20.19%
Other expenses	(415)	(443)	-6.32%
Other fees and commissions expenses, different from bank	(1 882)	(869)	116.57%
Total fees and commissions expenses	(5 617)	(4 300)	30.63%

Gain / (loss) from sale of non-current assets	2008	2007	
	BGN'000	BGN'000	
Revenue from sales	14 233	9 261	53.69%
Carrying amount of the sold non-current assets	(595)	(10 668)	-94.42%
Gain / (loss) from sale of non-current assets	13 638	(1 407)	-1069.30%

In 2008 and 2007 the Company has not paid any dividends to its shareholders.

Important Research and Development

The Group did not appoint or perform any important research and development activities during 2008.

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

The Group has not made any significant deals throughout the accounting period, that may have any serious impact on the future activity of the issuer.

4. Information regarding the transactions between the issuer and its related parties in 2008, the proposals for concluding such deals, as well as deals not related to the main activity, including the amount of the transactions, the relationship between the parties and any other information, needed for valuation of the impact on the financial statement of the issuer.

The related parties of the Group include: the parent company, its subsidiaries, the management personnel and others parties, described bellow.

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

Sale of goods and services, financial instruments	2008	2007
	BGN'000	BGN'000
<i>- Interest income</i>		
Chimimport Invest AD	1 751	-
<i>- Sale of financial instruments</i>		
Chimimport Invest AD	26 000	-

Purchase of services

- Purchase of services

Chimimport Invest AD	(11)	(13)
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Transactions with associates

Purchase of goods and services, interest income and other revenue

	2008	2007
	BGN'000	BGN'000
<i>- Sale of production</i>		
Kavarna Gaz OOD	1381	988
Preslava EOOD	155	-
<i>- Sale of services</i>		
CCB Leader DF	302	269
Fraport TSEM AD	207	-
CCB Active DF	154	121
CCB Garant DF	9	3
Chimimport Trade OOD	8	-
Other	27	
<i>- Interest income</i>		
Fraport TSEM AD	478	-
Park Build EOOD	8	-
<i>- other income</i>		
Chimimport Trade OOD	13	-
Park Build EOOD	1	-

Purchase of services and interest expenses

	2008	2007
	BGN'000	BGN'000
<i>- purchase of services</i>		
Park Build EOOD	(31)	(30)
Galatex OOD	(30)	-

- interest expenses

Fraport TSEM AD	(264)	-
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Compensations paid to the members of Supervisory and Managing Boards and the key management personnel as of 31.12.2008.

Transactions with key management personnel

	2008 BGN'000	2007 BGN'000
Short-term compensations		
- salaries	168	144
- social security costs	14	13
- company car allowance	26	20
	208	177

There are no special transactions with the Group's management in 2008. Unless it is particularly stated, transactions with related parties were not performed under special conditions and no assurances were issued or received.

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

No unusual events for the issuer that might have a significant impact on its activities occurred in 2008.

6. Information regarding off-balance transactions

As at 31.12.2008 the Group is a party to active contracts for bank guarantees, regarding the following signed loan contracts:

Investments in associates

The Group has share of the capital in the following companies:

Name of the associate	2008	share	2007	share
	BGN'000	%	BGN'000	%
Fraport TSEM AD	69 283	40.00%	-	-
Holding Varna AD	35 243	21.27%	-	-
POK Saglasie AD	15 789	49.28%	15 367	49.28%
Holding Nov Vek AD	9 785	28.20%	-	-
Amadeus Bulgaria OOD	2 933	45.00%	-	-
Lufthansa Technik OOD	1 960	20.00%	1 367	20.00%
Galatex AD	1 686	45.00%	-	-
Electroterm AD	773	38.07%	750	38.07%
Kavarna Gas OOD	384	35.00%	453	35.00%
Kauchuk Pazardzhik AD	-	-	6 436	28.07%
Capital Management ADSIC	-	-	1 899	46.16%
	137 836		26 272	

For 2008	Assets	Liabilities	Revenues	Net	Group'	*
	BGN'000	BGN'000	BGN'000	profit/ (loss)	share of the profit / (loss)	BGN'000
Fraport TSEM AD	72 037	34 580	79 502	22 810	9 124	-
POK Saglasie AD	11 190	640	6 705	857	422	-
Holding Varna AD	166 796	32 617	13	1 588	338	-
Holding Nov Vek AD	57 133	9 525	-	318	90	-
Amadeus Bulgaria OOD	445	45	-	-	-	-
Galatex AD	3 237	3 222	697	(164)	(74)	-
Electroterm AD	4 083	261	32	18	7	-
Kavarna Gas OOD	1 717	576	1 141	43	15	-
Lufthansa Technik OOD	1 886	576	1 678	(14 043)	-	(2 809)
	318 524	82 042	89 768	11 427	9 922	(2 809)

* The Group's share of the loss presented in the above table is not recognized in the result of the current reporting period, since it exceeds the investment made in Lufthansa Technik OOD.

2007	Assets	Liabilities	Revenue	Net profit/ (loss)	Group' share of the profit / (loss)
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
POK Saglasie AD	11 656	1 817	6 276	422	208
Kauchuk AD	39 172	16 242	25 366	544	153
Electroterm AD	1 645	181	1 090	93	35
Capital Management ADSIC	49 422	45 307	3 851	2 957	(602)
Lufthansa Technik OOD	9 777	4	-	(27)	(5)
Kavarna Gas OOD	1 758	465	1 295	24	8
	113 430	64 016	37 878	4 013	(203)

1.1 Acquisition of 60 % of the share capital of Bulchimtrade OOD

In 2008 60 % of Bulchimtrade OOD share capital was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets are as follows:

Bulchimtrade OOD

2008
BGN'000

Acquisition value – cash paid:

- Purchase price

60

Fair value of net assets acquired (see below)

60

Goodwill

-

The fair value of the net assets acquired approximated to the book value of the net assets acquired.

	Fair Value	Book value of the acquired company
	2008	2008
	BGN'000	BGN'000
Property, plant and equipment	4	4
Inventory	153	153
Receivables and other assets	376	376
Cash and cash equivalents	186	186
Liabilities	(619)	(619)
Net assets	100	100
Net assets acquired	60	

1.2 Acquisition of 100 % of the share capital of Chimimport Holland B.V.

In 2008 100% of Chimimport Holland B.V. share capital was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets are as follows:

Chimimport Holland EAD	2008
	BGN'000
Acquisition value – cash paid:	
- Purchase price	42
	<hr/>
Fair value of net assets acquired (see below)	42
	<hr/>
Goodwill	-

The fair value of the net assets acquired approximated to the book value of the net assets acquired.

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

	Fair Value	Book value
	2008	of the
	BGN'000	acquired
		company
		2008
	BGN'000	BGN'000
Receivables and other assets	14	14
Cash and cash equivalents	36	36
Liabilities	(8)	(8)
Net assets	42	42
Net assets acquired	<hr/> 42	<hr/> -

1.3 Acquisition of additional share capital of Zarneni hrani Bulgaria AD

An additional share capital of Zarneni hrani Bulgaria AD is acquired in 2008, by which the Group's share has reached 59.81%. As a result the following goodwill is acquired:

Zarneni Hrani Bulgaria AD	2008 BGN'000
Acquisition value – cash paid:	
- Purchase price	8 477
	<hr/>
Fair value of net assets acquired (see below)	2 685
	<hr/>
Goodwill	5 792

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

	Fair Value	Book value
	2008	of the
	BGN'000	acquired
		company
		2008
		BGN'000
Property, plant and equipment	143 195	143 195
Investment properties	967	967
Intangible assets	6 034	6 034
Goodwill	12 692	12 692
Investments in subsidiaries	60 460	60 460
Investment in associates	3 383	3 383
Inventories	22 964	22 964
Receivables and other assets	79 827	79 827
Cash and cash equivalents	3 018	3 018
Liabilities	(149 910)	(149 910)
Net assets	182 630	-
	<hr/>	
Net assets acquired	2 685	

The fair value of the net assets acquired is different from the book value of the net assets acquired. The fair value adjustments reflect certain characteristics of Property, plant and equipment and Other receivables.

1.4 Acquisition of additional share capital of Oil and Gas Exploration and Production AD

In 2008 0.95% of Oil and Gas Exploration and Production AD share capital was acquired. As a result of the acquisition, goodwill, amounting to BGN 999 thousand, was recognized.

	2008 BGN'000
Acquisition value – cash paid:	
- Purchase price	1 437
<hr/>	
Fair value of net assets acquired (see below)	438
<hr/>	
Goodwill	999

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

	Fair Value	Book value of the acquired company
	2008	2008
	BGN'000	BGN'000
Property, plant and equipment	20 452	20 452
Intangible assets	503	503
Investments in subsidiaries	8 906	8 906
Investment in associates	158	158
Inventories	3 544	3 544
Receivables and other assets	43 069	43 069
Cash and cash equivalents	1 140	1 140
Liabilities	(31 657)	(31 657)
Net assets	46 115	-
Net assets acquired	438	

The fair value of the net assets acquired is different from the book value of the net assets acquired. The fair value adjustments reflect certain characteristics of Property, plant and equipment and other receivables.

1.5 Acquisition of 59.61 % of the share capital of Zarneni Hrani Bulgaria AD in 2007

As a result of the establishment of Zarneni hrani Bulgaria AD through a merger, in compliance with the contract from 21 September 2007, between Slanchevi lachi Bulgaria AD, Zarneni hrani Trade AD, Bek International AD, Zarneni hrani – Valchi dol AD, Zarneni hrani Balchik EAD, Zora AD, Prima Agrochim EOOD and Chimimport Agrohimikali EOOD, the book value of the acquired identifiable assets and accepted liabilities is increased to their fair value. As a result, taxable temporary differences occur, which lead to deferred tax liability, reflected in the goodwill, as their tax base is different.

Since the executed business combination is initially accounted for conditionally, Zarneni hrani Bulgaria AD recognizes any kind of adjustments of those conditional values, as a result of the conclusion of the initial accounting for the period of 12 months from the acquisition date.

1.6 Acquisition of 100 % of the share capital of Molet AD

In 2008 100% of Molet AD's share capital was acquired. As a result of the acquisition, income amounting to BGN 27 585 thousand was recognized in the income statement as Negative goodwill.

	2008
	BGN'000
Acquisition value – cash paid:	
- Purchase price	32 715
	<hr/>
Fair value of net assets acquired (see below)	60 300
	<hr/>
Exceeding of the fair value of the net assets acquired over the investment value	(27 585)

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

	Fair value 2008 BGN'000	Book value of the company acquired 2008 BGN'000
Property, plant and equipment	24	24
Investments in subsidiaries and associates	60 159	60 159
Deferred tax assets	1 185	1 185
Inventories	1 404	1 404
Receivables and other assets	335	335
Cash and cash equivalents	21	21
Liabilities	(2 828)	(2 828)
Net assets	60 300	-
Net assets acquired	60 300	

1.7 Acquisition of an additional share in the share capital of CCB AD

In 2008 an additional share capital of CCB AD share capital was acquired. As a result of the acquisition, income amounting to BGN 1 791 thousand was recognized in the income statement as Negative goodwill.

The acquired net assets are as follows:

	2008 BGN'000
Acquisition value – cash paid:	
- Purchase price	4 456
	<hr/>
Fair value of net assets acquired (see below)	6 247
	<hr/>
Exceeding of the fair value of the net assets acquired over the investment value	(1 791)

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

	Fair value	Book value of the company acquired
	2008	2008
	BGN'000	BGN'000
Property, plant and equipment	52 022	52 022
Intangible assets	52 403	52 403
Investments in subsidiaries	34 881	34 881
Receivables and other assets	1 181 956	1 181 956
Cash and cash equivalents	342 834	342 834
Liabilities	(1 457 248)	(1 457 248)
Net assets	206 848	-
Net assets acquired	6 247	

Non-current financial assets

Financial assets, recognized in the Balance sheet, include the following financial assets in categories:

Bank loans – long-term part

	2008	2007
	BGN'000	BGN'000
Alpha Bank Bulgaria – revolving credit	18 581	18 573
Unicredit Bulbank AD	18 195	65
Bank DSK AD – investment loan	14 552	16 788
Bulgarian bank for development	10 003	-
Landesbank Baden-Württemberg - long-term	9 673	-
United Bulgarian Bank AD	7 464	-
Bulgarian Post Bank – investment loan	1 456	2 298
Hypovereins Bank AD	933	1 254
Commercial Bank Allianz Bulgaria – investment loan	534	1 174
Other	641	837
	82 032	40 989

Alfa Bank branch Bulgaria – revolving credit

The revolving credit contract is signed with Alfa Bank branch Bulgaria and has a maturity date 28 August 2011 and interest rate – one month EURIBOR and a premium of 2,75 points in the currency of settlement of the payments – EUR (euro). The revolving credit is secured with mortgage on a real estate owned by the Group.

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 plus a premium of 3 points and one month SOFIBOR plus a premium of 3,5 points. The payments for the two loans are settled in Bulgarian currency. The loans are secured with mortgages on real estates, plant and equipment, as well as a pledge on inventory and the future receivables, by the Registered Pledges Act.

Bank DSK AD – investment loan

Under the terms of Loan agreement 114 from 6 June 2006 the Group was granted a loan with a maturity date 25.04.2016. The interest rate is the basic interest rate plus a premium of 2,8%. The loan is secured with a mortgage on a real estate property – “Dom na Geologa” in the city of Varna, resort Sv. Sv. Konstantin i Elena, shares of Parahodstvo BRP and shares of POK Saglasie. The currency in which the payments are settled is euro.

Bulgarian bank for development

As at 31 December 2008 the Group has received a loan by the Bulgarian bank for development by a program for special purpose refinancing of commercial banks, amounting to BGN 10 003 thousand. The maturity of the loan is 30 December 2018, with a one-time repayment. The Group owes interest for the unpaid part of the credit, amounting to 5% annually.

Landesbank Baden-Württemberg – revolving credit

The Group has signed two bank revolving credits with Landesbank Baden-Württemberg on 13 January 2006 and 22 November 2006 with maturity dates 30 April 2015 and 14 March 2011, respectively. The interest rate for the two credits is 6 month EURIBOR plus a 0,875 premium. The payments are settled in euro.

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 three month LIBOR plus 3,5 points premium. The loan is secured with an aircraft BOING 737 – 300.

Bulgarian Post Bank – investment loan

The loan contract amounting to BGN 3 500 thousand has a number 100-341/10.08.2006 and a maturity date on 10 August 2011, with an yearly interest: the sum of the current three-month SOFIBOR plus an interest premium of 4.5%. The loan is signed with purpose of 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 pledge on inventory and future receivables. The currency, in which the payments are settled, is Bulgarian leva.

Hyporeinsbank AD

The revolving mortgage credit from HVB 3 is in effect until 31 March 2013. The loan is amounting to EUR 267 thousand and the payments are in euro. The interest rate is 4.341%, annually. The loan is secured with a mortgage of a real estate in Munich, Germany.

The revolving mortgage credit from HVB 2 is in effect until 31 January 2018. The loan is amounting to EUR 230 thousand and the payments are in euro. The interest rate is 5,75%, annually. The loan is secured with a mortgage of a real estate in Hanau.

Commercial Bank Allianz Bulgaria

The investment credit from CB Allianz Bulgaria was signed on 25 October.2005 with maturity 25 October 2010 under interest levels – 3.20% twelve month LIBOR; annual interest 7.7%, with the purpose of buying three towboats, which serve as collateral for the loan and which total amount is USD 2 552 thousand.

Other attracted funds

	2008	2007
	BGN'000	BGN'000
Financing from State Fund Agriculture	1 753	3 793
Sila Holding AD	1 700	0
Other	440	1 462
	3 893	5 255

Financing from State Agricultural Fund

As at 31 December 2007 the other attracted funds include financing from State Fund Agriculture at the amount of BGN 3 793 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.

Sila Holding AD

On 27.05.2008 a loan is attracted, amounting to BGN 1 700 thousand from “Sila holding” AD. The loan is Bulgarian leva with an interest of 8% annually, without collateral. The period of repayment is 2 years.

9. Information regarding loan agreements and guarantees including the particular terms and conditions, termination dates and purpose of the loans granted to, or by the issuer, related parties, the subsidiaries, and the mother company.

Finance lease

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(the assets in this contract are with net book value of BGN 6 590 thousand (2007: BGN6 916 thousand)).

- contract with Eurolease Auto AD for the purchase of 2 light-load vehicles Caddy with a term of the contract – 20.12.2010.
- contract with Moto-Pfohe EOOD for the purchase of a vehicle Ford Focus, with a term of the contract – 05.02.2010.
- 2 contracts with Unicredit leasing AD for the purchase of a truck and an automobile with a term of the contract until 2011.
- 14 contracts with DSK Auto Leasing EOOD, for 17 automobiles with terms of the contracts until 2010 and 2011.
- 2 contracts for financial leasing, agreed upon with Unitrade – Leasing OOD for automobiles with terms until 2009 and 2010.
- contract for financial leasing, agreed upon with DSK Leasing AD for acquisition of a Volkswagen automobile, which term is 01 October 2011.
- 2 contracts with Bulbank Leasing for 2 automobiles with a term date until 2009.
- contract for a financial leasing, agreed upon with Unicredit for a Volkswagen Golf automobile with a term date 27 March 2010.
- 10 contracts for financial leasing, agreed upon with Interlease EAD for an automobile, tractors and a bus, with terms at 2011, 2012, 2013 and 2014, respectively.
- 5 contracts with Hypo Alpe-Adria-Autoleasing EOOD, for 7 automobiles with terms of the contracts until 2011, 2012 and 2013.
- contract with Pireos Leasing, for an automobile with a term date of the contract 2009.
- 6 contract with Interlease Auto EAD, for 6 automobiles with contracts ending in 2010, 2011 and 2012.
- 2 contracts with Bulbank Auto Leasing, for 2 automobiles until 2009.
- contracts for financial leasing for bottling line with net book value, amounting to BGN 1 430 thousand (2007: BGN 1 748 thousand).
- contract for financial leasing of an automobile crane with Reiffeisen Leasing Bulgaria OOD for a period of 4 years, contract for financial leasing for a truck Mercedes Aktros for the period of 4 years and a contract for chain bulldozer B10M/T10M.

The Group's future minimum finance lease payments for the current and the previous reporting period are as follows:

31 December 2008	Within 1 year BGN'000	1 to 5 years BGN'000	Over 5 years BGN'000	Total BGN'000
Lease payments	6 830	11 522	15	18 367
Discounts	(1 339)	(2 427)	(1)	(3 767)
Net present value	5 491	9 095	14	14 600
31 December 2007	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000	
Lease payments	6 009	17 374	23 383	
Discounts	(1 461)	(2 549)	(4 010)	
Net present value	4 548	14 825	19 373	

Operating lease – lessee

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

	Minimum operating lease payments			
	Within 1 year	1 to 5 years	Over 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2008	10 530	26 473	6 237	43 240
31 December 2007	4 900	17 984	4 250	27 134

The Group has the following active agreements for operating leasing of aircrafts:

Aircrafts Boeing 737 – 300 – 3 aircrafts with a lessor Galaxy Aviation One Limited. The terms of the contracts are as follow: LZ BOU – until 12.07.2011, LZ BOV – until 17.09.2011, LZ BOW – until 30.08.2011.

Aircraft Boeing 737 – 500 – 1 aircraft with a lessor Q Aviation. The term of the contract for the LZ BOQ is until 03.12.2009.

Aircraft Boeing 737 – 500 – 1 aircraft with a lessor ORIX. The term of the contract for LZ BOP is 05.01.2010.

Aircraft Boeing 737 – 500 – 2 aircrafts with lessor Anssett. The term of the contract for LZ BOR – is until 24.10.2013 and for LZ BOY is until 08.03.2013.

Aircraft Airbus 320 – 1 aircraft with lessor CIT Aerospace International. The term of the contract for LZ FBC is until 09.12.2014.

Aircraft BAE – 146 – 1 aircraft with lessor BAE SYSTEMS.

Aircraft BAE – 146 – 1 aircraft and ATR – 2 aircrafts with lessor Viaggio Air EOOD.

Aircrafts Boeing – 737 – 400 and 737 – 300 – 1 aircraft of each with lessor AERCO.

Aircraft A – 319 – 1 aircraft with lessor Aircraft Portfolio Holding Company.

Aircraft A – 319 – 1 aircraft with lessor Skylease MSN 3564 Limited.

Aircraft Airbus 320 – 1 aircraft with lessor CIT Aerospace International. The term of the contract is until 25.04.2014.

Aircraft Airbus 320 – 1 aircraft with lessor GECAS. The term of the contract for LZ FBE – 319 140 is until 28.01.2017.

Aircraft Airbus 319 – 1 aircraft with lessor GECAS. The term of the contract is until 26.04.2014.

The operating lease contracts do not include clauses for contingent payments or purchase agreements.

Operating lease - lessee

The Group has leased aircraft to the following companies in 2008:

BHAir – aircraft BAE - 146

BLUE AIR - aircraft BAE-146

TABAN AIR - aircraft BAE-146

BELLE AIR - aircraft BAE-146 and ATP.

The expected future minimum lease proceeds from aircrafts' operating lease are determined on the base of fixed price for an hour, depending on the flying hours.

Information for the use of the funds from a new issue of securities for the reporting period.

In the reporting period there is no increase of the Group's capital.

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

In 2008 the Company has not published any forecasts of the financial result for the year. All publicly announced targets and objectives were accomplished.

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

The Company successfully manages its financial resources and regularly services its debt.

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

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

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

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

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

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

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

According to a reference from the Central Depository issued as at 31 December 2008, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Supervisory Board

Name	Number of shares	% of share capital
1. Chimimport Invest AD	114 616 084	76.41%
2. Julius Bear Investment Management LLC-USA	11 573 251	7.72%

Members of the Managing Board

Name	Number of shares	% of share capital
1. Aleksandar Dimitrov Kerezov	95 000	0.06
2. Ivo Kamenov Georgiev	309 925	0.21
3. Marin Velikov Mitev	309 924	0.21
4. Nikola Peev Mishev	36 464	0.024
5. Mirolub Panchev Ivanov	55 666	0.037

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

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

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

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

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

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

On 18 January 2008, Chimimport AD officially declared to the Bulgarian Stock Exchange to follow the National Code for Corporate Governance. In accordance with the followed message from the Financial Supervision Commission, the requirement of article 100n, paragraph 4, section 3 from Public offering of Securities Act for preparing of Program for applying internationally recognized Corporate Governance Standards as part of the annual financial report for the Company's activities will be considered as fulfilled, if the Company recognizes to follow the National Code for Corporate Governance. Therefore, the information regarding the Program for Applying Internationally Recognized Corporate Governance Standards does not apply.

Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the share prices during 2008 are as follows:

Opening price: BGN 14.90 on 03 January 2008
Closing price: BGN 2.08 on 22 December 2008

Description of the main risks and uncertainties that faces “Chimimport” AD in the remaining financial year

Before investing in the share capital of Chimimport the potential investors should carefully assess the risk factors in this section, in addition to the other information in other official documentation, presented by the Company. If one or more of the stated below risks is carried out, this may significantly impact the activity of Chimimport, the results of its operations and financial condition. If this leads to a decrease of the shares market price, the investors may lose partially or fully their investments. The risks and uncertainties described below are not the only ones that threaten Chimimport. Additional risks and other uncertain events, which at this moment are unknown or considered insignificant, can influence unfavorably the activity of Chimimport, the results of its operations, or its financial condition. The potential investors should consider depending on broader information, than the exhibited in this section.

The investment in the Company will be exposed to different kind of risks – risks, specific for the Company, as well as common risks, to which all commercial companies are exposed. The revenue and the profit of the Company can be unfavorably affected by a multiple of external factors: business situation; the Company's ability to develop successfully its business; the economic climate in the country and other, the major ones of which are described below.

The risks, related to the activity and the structure of the Group

Chimimport is a holding company and the deterioration of its operating results, financial condition and the perspectives of the activities of its subsidiaries can have a significant negative effect over the results of the activity and the financial condition of the Issuer, including its ability to pay dividends.

As Chimimport carries out its business through its subsidiaries, its financial condition, operating results and perspectives are in direct relation to the condition, the results and the perspectives of its subsidiaries, especially to the Major companies. The stock market price of the Issuer's shares reports the business potential and the assets of the Group. The ability of Chimimport to continue investing in the growth of the Group's own funds, as well as to pay dividends to the preferred shareholders and to the shareholders of the common stocks, if a decision is made for this by the Issuer's General Meeting, it will depend on a series of factors, related to its subsidiaries, including the profit and the subsidiaries' cash flows, and from the increase of the shares market price of the subsidiaries, which are public companies and trade on the Bulgarian stock market.

The Group carries out its activities in different business industries and it is a subject to a multiple of risks, specific for these industries.

Though the Group's activity is significantly diversified in industries (banking, insurance, aviation, marine and river transportation, chemical products production, vegetable oil, processing and trading of grain food, real estates and others) the unfavorable development in one or more of the

key economic industries, in which the Group operates, can affect unfavorably the Group, its operating results and financial condition.

The Group's business and its separate spheres are exposed to different risks, including the deterioration of the financial and economic conditions in the country, the region and the world (for example the reduction of the number of passengers and cargos, transported by the transport companies in the Group, the decrease of the prices of the basic raw materials as the oil, grain and others, the unfavorable changes in the banks' credit policy, the reduction of the ability to pay by the consumers, problems in the tourism industry) transport and production failure, unfavorable changes in the legislation and the regulatory environment, ecological problems, natural disasters as draught, floods, earthquakes, unexpected geological conditions, labor disputes.

If the Group does not manage or integrate successfully future acquisitions, as well as to reorganize, the activity results of the Group, its financial conditions may deteriorate

So far, the Group has developed its operations in Bulgaria mainly by acquisitions of companies and assets and Chimimport expects these acquisitions to continue. The group intends to establish a strategy of identification and acquisition of businesses, companies and assets in order to continue expanding its activity. There is no certainty, that the group will succeed further to identify appropriate objects of acquisition and investment opportunities or that the future acquired companies and assets will be profitable, as the activities, by this moment. In addition, the acquisitions and investments are object of series of risks, including probable unfavorable effects over the results of the activity of the Group, unforeseen events, as well as liabilities and problems when integrating these activities.

Chimimport is in the process of reorganization, including restructuring of its aviation and pension businesses. The Issuer expects these reorganizations to lead to economies of funds and more efficient business management. It is not certain that Chimimport will succeed in a timely manner to complete the planned reorganization as well as that those reorganizations will generate the expected benefits, including economies of the expenses.

The quick growth of Chimimport and the restructuring in the group may become a challenge for the operational, administrative and financial control systems

The rate of growth and expansion of Chimimport's activity and the Group's restructuring are expected to continue and respectively the need for providing bigger management and operational resources to grow. Chimimport attempts to optimize its operational structure, its control and financial systems, and to attract and to teach qualified staff. The Chimimport's management believes it has the necessary resources for continuing its activity expansion. With the strategy of expanding the Group's growth present, it is uncertain that the operational and financial control systems of Chimimport will continue functioning in a way appropriate to keep and manage efficiently its future growth.

Chimimport may choose inappropriate market strategy

The future profits and economic value of Chimimport depend on the strategy, chosen by the management of the Issuer and its subsidiaries. The choice of inappropriate market strategy may lead to losses and missed opportunities. Chimimport attempts to manage the strategic risk through incessant monitoring of the execution of its strategy and results, in order to adapt as fast as possible, if there is a need of strategy change. The inappropriate or the delayed changes in the Group' strategy could have significant unfavorable effect for its activity, its operating and results and financial condition.

Most of the Group's activities are in highly competitive environment

After the EU accession on 1 January 2007 Bulgaria has become considerably more attractive for the foreign investment and the entry of foreign, especially European companies, has been facilitated. This relates especially to the Group's strategic sector of financial services, due to the possibilities of loan, insurance and other financial institutions, licensed in other EU member countries, to carry out its activities directly in Bulgaria, with free providence of services.

The fierce competition is a specific characteristic for the financial services market, in which one of the major Group's companies operate. After the privatization of the Bulgarian banks and insurance companies, significant restructuring followed in these industries. Foreign strategic investors acquired shares in most of the big Bulgarian banks and insurance companies, pursuing aggressive growth strategies and introduction of modern systems, technologies and practices. Some of the Bulgarian banks went into broader international consolidated process and thus their market share grew significantly. Certain banks, owned by foreign financial conglomerates, can continue accessing its fresh financial resources competitively, even in the environment of the present financial crisis. The increased financial industry competition may lead to an outflow of clients from CCB and Armeec and to decrease their market share. These and other factors can affect the financial condition and results of the Group's financial institutions.

The mass entry of low cost aviation companies on the Bulgarian market may lead to a reduction of the income of the Group's aviation companies Hemus Air and Bulgaria Air. The enacted agreement "Open skies" where all aviation companies, complying with the European security requirements, have an equal access to the Bulgarian aviation market, may lead to a reduction of the income of the aviation companies in the Group.

The increasing competition may affect negatively other business sectors in the Group: production and trade of chemicals and fertilizers.

Summarizing, all business sectors where the Group is present faces strong competition from both multinational companies and bigger and smaller local companies.

Most of the international Group's competitors are bigger and have significantly bigger financial, technical and marketing resources than those of the Group. The factors that determine whether the consumer will choose the products and services provided by the Group include price, quality of the product and the service, goodwill and clients relations. Chimimport foresees an increase of the competition in the industries and the markets where its subsidiaries perform and has no guarantees that the Group will continue competing in the future.

Force majeure events as unfavorable climate changes, damages and terrorist acts may affect negatively the Group's operations

Sudden climate changes and natural disasters may impact negatively the grain food crops, which could affect negatively the grain business of the Group, including the load turnover of Parahodstvo BRP, as well as to harden payment of the loans to CCB by the agricultural producers. The worsened agricultural activity, regarding the unfavorable climate processes may lead to delays of receivables, related to the sales of fertilizers on installments resulting in the

income reduction of the Group from production and trade with chemical products. The occurrence of significant in size insurance events can lead to difficulties for Armeec to reimburse, despite the company's reinsurance strategy. Terrorist acts at the aviation, river and marine transportation in the region can lead to a reduction of the passenger turnover and traffic and to losses of the companies in the transport sector of the Group: aviation companies Hemus Air and Bulgaria Air and Parahodstvo BRP. The activity of the latter may be negatively affected by changes in the transportation on Danube River. Both extremes – critically low and critically high level of the river are problematic for the ship floating, as a result of the difficult or ceased navigation there is an increase of the company's expenses, and the income decreases.

The Group's rights over specific objects with national significance may be terminated if certain contractual concession liabilities are not executed

The state of Bulgaria has granted to the Chimimport subsidiary "Oil and gas exploration and extraction" AD concession for extraction of crude oil from over 10 oil fields. The Group is a party from a concession agreement of "Harbor Lesport" as a part of "Harbor for public transportation with national significance Varna" and it owns 40% share of "Fraport Twin Star Airport Management" consortium, which has won the concession for Varna and Bourgas airports. The concessions have different term periods (between 7 and 35 years), while if there is failure to perform the contractual obligations (e.g. discontinuance for certain period of the object exploitation, significant failure to perform the concessioner investment program, unattainable certain contractual parameters, based on a court decision and other) the state of Bulgaria can terminate the concessions. There may be subsequent court appeal by third parties of the concession agreements as unconscionable bargain. The loss of concession rights by the Group may affect negatively its activity.

The compliance to the legislation for environment preservation requires constant expenses and obligations from the Group's side, as breach of regulations may lead to significant penalties and termination of the execution of activities

The ecological legislation of the Republic of Bulgaria requires from the companies to undertake a series of measures regarding the prevention, control and the reduction of the different types of environment pollution. The Group's policy is to comply strictly with the regulations and restrictions, related to the preservation of the environment, which leads to constant expenditures, including planning, monitoring and accounting, setting and keeping the equipment in compliance with the required standards and norms, recultivation of terrains, etc. despite the undertaken activities, if the Group is found responsible for damaging the environment, it should pay damages and fines in significant amount, some of its activities may be ceased, which could lead to a significant damage of its financial condition and operating results.

The Group may not succeed to finance its planned capital expenses and investments

The Group's businesses require considerable capital expenditures, including production, exploitation, marketing, environmental, etc. Chimimport expects significant part of these expenditures to be financed by the Group's own capital. With unfavorable economic conditions and other negatively affecting events these expenditures may need to be financed mostly by external sources. There is no guarantee that external financing will be attracted at acceptable conditions. Chimimport may need to reduce its planned capital expenditures and investments, which could affect negatively its operating results and Group's financial condition.

The Group's financial results depend on the prices of series of raw materials (such as: crude oil, oil products, grain, oil grains, vegetable oils, etc) and the foreign currency exchange rates

The Group's financial condition and results from its activity are affected by the market prices of the crude oil, fuels and oil products, which are internationally traded and many other factors, not depending on Chimimport. Recently, these prices vary a lot. A continual decrease of the oil products prices may lead to a reduction of the revenue of the Issuer's subsidiary "Oil and gas exploration and extraction". In addition, the consumers' change of preferences to other energy sources, due to the financial crisis on the oil products market would be detrimental to the revenue of the "Oil and gas exploration and extraction" and respectively to the Group. In the meantime the fuel expenditures are important for the Group's transportation companies.

The volatility of the international grain prices, oil grains, vegetable oils, etc affect the revenue and the profit of Zarneni hrani Bulgaria, as they may reduce the turnover and the profit margins, but also to increase the operations risk (that is, being affected by the changes in the foreign currency exchange rates, mainly the rate of dollar/euro).

The Group's activity is exposed to risks, related to the conditions in Bulgaria and the region

The Group's main activities are mostly in Bulgaria, EU member country, but so far it has been classified as emerging market. The emerging markets are classified as more risky, than the developed market, including in some instances, there are considerable legal, economical and political risks (look below section, risks, related to Bulgaria).

Economic growth delay in Bulgaria, as a result of political or economic factors (internal or external for the country); will lead to a reduction of the Group's products and services demand. Especially, the development of negative macroeconomic processes (income decrease, unemployment increase, assets' prices decrease, including the real estates, deterioration of the business climate and expectations, general macroeconomic instability, etc) in the country may lead to direct and indirect effect over the Group's companies, such as:

Deterioration of some of the clients' credit abilities of Central cooperative bank and to the share increase of the problematic and risky loans in its portfolio. Also, a significant decrease of the real estate prices may cause the impairment of some of the collaterals for the mortgage loans from CCB. Series of factors, including regulatory changes, may force the Bank to set aside more provision funds, which could reduce its profits.

The decrease of the growth rate of the insurance payments in the pension funds (mostly the volunteer, but also the obligatory),

The reduction of private and business trips, restriction of the cargo turnover and the purchase (including imports) would affect negatively the business and transportation companies in the Group.

Unfavorable political and economic events in other central or eastern European countries may have a negative impact over the Bulgaria's gross domestic product, the foreign trade and the economy, as a whole. The investors have to have in mind that the emerging markets are quickly changing and the information, containing in this document may become quickly outdated.

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

The Group's business depends significantly on the contribution by certain individuals, participating in the managing and controlling bodies and the higher management of Chimimport and the major subsidiaries and mostly from the executive directors of Chimimport. There is no guarantee that the services of the key personnel will be available in the future to the Group. The competition for qualified work force in Bulgaria in the financial sector is intense. The Group's success will depend partly on its ability to retain and motivate its personnel. The Group's inability to keep experienced and qualified personnel for management, operating and technical positions

may have significant unfavorable effect on Chimimport's activity, its operating results and its financial performance. Currently, the Group does not maintain insurance "key personnel".

The insurance coverage of the activity and the assets of the Group may turn out to be insufficient

The purpose of Chimimport is to maintain adequate and economically effective protection of the assets and activities of the Group. There is no assurance that the insurance coverage will be sufficient in order to cover to a great extent the potential losses when insurance events occur, for instance production damages, termination of production, natural disasters and environmental damages.

Chimimport operates in highly regulated environment of the applicable legislation, in the interpretation or the practice of legislation application, and the non-compliance of Chimimport with this legislation may affect the Group in a negative way.

The introduction of regulatory restrictions on behalf of Bulgarian National Bank may limit the Central cooperative bank's growth opportunities. Any unfavorable legislation changes (for instance, the decrease or the termination of tax advantages for the insurers) would lead to an outflow of funds from the social security system, which would negatively affect the pension fund companies within the Group.

The policy change by the state, regarding the granted concession for oil and gas extraction, would negatively impact the activity of "Oil and gas exploration and extraction".

Chimimport's system for legislation application may become ineffective

The ability of Chimimport to respond to the requirements of all applicable laws and regulations heavily depends not only on the establishment and maintenance of systems and procedures for compliance with the laws such as accounting, control, audit and information gathering systems, but also on the Issuer's ability to keep qualified personnel for application of regulative requirements and for the risk management. Chimimport's management cannot give any assurance to the potential investors that the systems and procedures are fully effective. Chimimport is a subject to an intensive supervision from the regulatory bodies, which includes reviews on a regular basis. In case of an actual or presumable inconsistency with the rules, Chimimport can be a subject of investigation under the applicable administrative and legal procedures, which may lead to severe penalties or lawsuits with significant claims, even from Chimimport clients. Any of these contingencies may significantly damage Chimimport's activity, its image, operating results, and financial position.

General risks

Emerging markets

The investors of the emerging markets, as is the case with Bulgaria, should realize that such markets are subject to bigger risk than the developed markets, including some cases of significant legal, economic, and political risks. In addition, the unfavorable political or economic development in other countries could have a negative impact over the GDP of Bulgaria, its foreign trade and the economy, as a whole. The investors should pay special attention when assessing the existing risks and should decide whether, when such risks exist, investing in shares is appropriate. In general, investing in emerging markets is appropriate for experienced investors, who fully assess the significance of the inherent risks. The investors should pay close attention to the conditions of the emerging markets, because of the frequently changing environment, which may lead to outdated documents and information.

Risks, related to the Bulgarian securities market

It is possible that the investors have less information for the Bulgarian securities market, than it is available in other countries' securities markets. There is not only difference in the regulation and the monitoring of the Bulgarian securities market but also in the investors' actions, the brokers and the other market participants, when compared to the market in western Europe and the USA. The financial monitoring commission monitors the disclosure of information and the maintenance of other regulatory standards of the Bulgarian securities markets, the laws preservation and issues regulations. Furthermore, it is reliable for the obligations regarding the disclosure of information, securities trading when internal information is available and other questions. It is probable that there is not as much publicly available information for the Bulgarian companies, than it is usually provided to investors from public companies of other securities markets, which may impact the shares' prices.

The Bulgarian stock exchange is significantly smaller and less liquid compared to the securities markets in some other countries

The Bulgarian stock exchange is significantly smaller and less liquid than the securities markets of some other countries, such as those in the USA and Western Europe.

As at 31 December 2008 404 companies' shares are registered on the Bulgarian stock exchange, 22 of which are registered for trading on the Official market, 315 on the Unofficial market, and 67 companies on the Market for companies with special investment purposes.

As at 31 December 2008 the market capitalization of the companies traded on the BSE amounts to BGN 3 459,3 million on the Official market, BGN 7 402,6 million on the Unofficial market and BGN 1 598,82 million on the Market for companies with special investment purposes. As at 31 December 2007 the market capitalization of the companies traded on the BSE was BGN 8 537,5 million on the Official market and BGN 20 449,2 million on the Unofficial market.

Meanwhile, very few companies represent a significant share of the market capitalization and a significant part of the traded volumes of the Bulgarian stock exchange. The low liquidity also leads to other difficulties, such as higher volatility, as the market is vulnerable to speculations, as the liquidity is as low as the prices can be manipulated from relatively small transactions. Therefore, there is no guarantee that the shares will be actively traded and if they are not, the price volatility may increase.

Risk, related to Bulgaria

Political risks

In the conditions of international financial and economic crisis, the usual political risks have increased, reflected by the timely and adequate reaction of the political structures, legislation and executive authorities of the economic situation. For instance, in 2009 are scheduled elections for the European Parliament and for the National Parliament in Bulgaria, as the latter will be followed by the establishment of a new government. The presidential elections will be held in 2010. The concentration of three elections in comparatively short period of time and regarding the international situation, even bigger than usual efforts will be needed in direction of ensuring stable and foreseeable economic environment - without additional shocks, triggered by the inadequate behavior of the political forces.

Among the political risks is the successful continuation of the Bulgarian EU integration. The EU accession legitimizes the economic reforms, which were undertaken in order the country to be integrated into the Community. In the near future, the economic growth of Bulgaria will depend on the political will to continue the ongoing economic reforms, the implementation of the best market practices of EU, and the reflection over the Bulgarian economy of the financial crisis from 2008. The ability of the government to carry out a policy to encourage the economic

growth depends on the extent, to which the government members can continue to cooperate in the popularizing of the undertaken reforms, and also the effective and quick application of the prepared anticrisis measures by the government and the smooth transition of the new cabinet after the elections. There is no guarantee that the change in the administration will lead to immediate and significant change in the political and economic conditions of the country, which can have significant unfavorable effect over Chimimport's activity, the operating results and its financial performance.

The current Bulgarian political system is vulnerable to economic difficulties, discontent from the reforms and the membership in the EU, due to the unrealistic expectations, as well as from the social instability and changes in the government policy, the organized crime and corruption, all of which can have significant unfavorable effect on Chimimport's activity, its operating results and financial condition.

Economic risks

As some other countries in transition, Bulgaria has significant current account deficit and trade deficit. Bulgaria has an open economy and its development directly depends on the international market conditions, which in the last few years were beneficial. In this sense, the last year's financial crisis has a negative impact on the business situation in the country, mainly the reduction of the export, and the inflow of foreign capital, which will reflect on the investment activity, the level of employment and income, the internal consumption and it is highly probable that it will lead to a recession in 2009. The Bulgarian economy was affected by the world financial crisis with a certain delay, mainly due to the decreasing foreign consumption and the sudden decrease of financial inflows, including the Foreign Direct Investments. These factors, together with the expected internal consumption contraction will most probably lead to negative growth. At the same time, the rate of recovery of the economy is very important.

In addition to the reviewed above political risks, regarding the crisis, it needs to be pointed out that the business in Bulgaria has relatively limited history of functioning in a free market conditions. In comparison to the companies, functioning in countries with developed market economy, the Bulgarian companies are to a greater extent characterized with the lack of management experience in market conditions and limited capital resources, with which to develop its own operations and with low labor efficiency.

Bulgaria has a limited capacity to maintain stable market system, as in this sense the stability and foreseeability of the currency regime and the trust is of a key importance. In February 2009 the Bulgarian government announced its intention to preserve the Monetary board until the Bulgarian entry in the Eurozone. In the same month leading political parties from the opposition also united for the necessity of Monetary board and the current fixed rate of the Bulgarian leva to the Euro to be kept until the Bulgarian entry in the Eurozone. In March 2009 in an announcement to the investment community the BNB's director said that no matter of the adjustment of the Bulgarian economy, resulting from the global financial and economic crisis, this adjustment will take place in the existing regime of cash council and at the exchange rate of BGN 1,95583 to EUR 1, as he stressed that Bulgaria will not experiment and speculate with the currency regime, which is a cornerstone for the Bulgarian macroeconomy and financial stability.

Chimimport's activity, the results from its activity and its financial condition to great extent depend on the conditions of the Bulgarian economy, which on the other hand reflects on the credit growth, the interest expenses and the clients' ability to service their loans in a timely manner. Every negative change in one or more macroeconomic factors such as interest rates, which affect the interest rates in the Eurozone for the active in Bulgaria monetary board, inflation, the wages rate, the unemployment, the foreign investments and the international trade,

can have significant unfavorable effect over the Issuer's activity, its operating results and its financial performance.

Taxation

Taxes, paid by the Bulgarian commercial entities, include withholding taxes, municipal taxes, income taxes, value-added taxes, excises, import and export duties and property taxes. During the recent years, in the environment of international and internal economic growth, several governments undertook measures for optimization and reduction of the tax burden on both commercial subjects and individuals. In the state of economic crisis, the additional tax reduction is highly limited, as the reverse process is probable (through an increase of the tax burden or through the reduction of the investment and services provided by the state).

Bulgarian EU accession may result into higher competition and additional heavier regulations

The EU accession may lead to an increase of the competition for the Issuer, as the removal or the reduction of the barriers for new competitors from other member countries can enter the Bulgarian market. It is probable that this will lead to a reduction of the revenue and income of the Group. On the other side, the harmonization of the Bulgarian legislation with the EU legal acts for the competition is necessary, as every change in the legislation can lead to the necessity of the Issuer to comply with additional and more burdensome rules, which may have significant unfavorable effect on the activity, operating results and financial performance.

Post balance sheet events

For the period of 1 January 2009 – 31 March 2009 the following event took place:

On 14 March 2009 the Group reported its separate and consolidated financial statements for the fourth quarter of 2008 in English, as well as Minutes from the General Meeting of the shareholders, held on 11 March 2009.

On 4 March 2009 the Consolidated financial statements for the fourth quarter of 2008 were reported.

On 30 January 2009 were reported the separate financial statements for the fourth quarter of 2008.

On 28 January 2009 the Company sold shares of Holding Nov Vek AD.

On 23 January 2009 the Company has submitted an invitation for gathering of the Extraordinary General Meeting of the Shareholders and materials for the General Meeting of the Shareholders, which will be held on 11.03.2009 from 12:00 in Sofia 1080, 2 St. Karadja str., following the agenda:

1. Changes in the articles of association of the Company
2. Changes in the Supervisory board of the Company
3. Selection of an Audit Committee

**MANAGING BOARD
OF "CHIMIMPORT" AD
SOFIA**