

Annual Activity Report
of the Group of Chimimport AD, Sofia for 2007

This annual activity report presents comments and analysis of the financial reports and other substantial information regarding financial statements and results from the activity for the period 1 January - 31 December 2007.

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 Assets Management” EAD, represented by Mirolub Panchev Ivanov;
3. Jivko Velikov Jekov;

The members of the Managing Board are:

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

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

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

Share capital: 149 999 984.00 BGN.

Number of shares issued: 149 999 984 registered shares, with a par value of 1 BGN.

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

- Acquisition, management and sale of Bulgarian and foreign companies;
- Financing of subsidiaries and associates;
- Banking, finance, insurance and life insurance, pension and health insurance;
- Real estate and receivables securitization;
- Extraction of oil and natural gas;
- Construction of output capacity in the area of oil-processing industry, production of biological fuel and production of rubber items;
- Production and trading with oil and chemical products;
- Production of vegetable oil, buyout, 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 harbor infrastructure;
- Trade representation and agency;
- Commission, forwarding and warehouse activity.

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

Name of subsidiary	Country of incorporation	Principal activity	2007	2006
			%	%
Central Cooperative Bank AD	Bulgaria	Banking	72.80%	81.39%
ZPAD Armeec	Bulgaria	Insurance	97.26%	92.62%
CCB Group Assets Management EAD	Bulgaria	Finance	100.00%	100.00%
CCB Assets Management EOOD	Bulgaria	Finance	100.00%	0.00%
CCB Real Estate Fund ADSIC	Bulgaria	Finance	100.00%	100.00%
SK Chimimport Consult OOD	Bulgaria	Finance	59.34%	59.34%
FBK Chimimport Finance EOOD	Bulgaria	Finance	96.00%	96.00%
ZAED CCB Zhivot	Bulgaria	Finance	100.00%	0.00%
ZOK CCB	Bulgaria	Finance	100.00%	0.00%
Chimimport Lega Consult OOD	Bulgaria	Finance	70.00%	70.00%
Armeec Leasing OOD	Bulgaria	Finance	100.00%	100.00%
POAD CCB Sila	Bulgaria	Pension fund	99.26%	99.26%
DPF CCB Sila	Bulgaria	Pension fund	100.00%	100.00%
UPF CCB Sila	Bulgaria	Pension fund	100.00%	100.00%
PPF CCB Sila	Bulgaria	Pension fund	100.00%	100.00%
Prouchvane i dobiv na neft i gaz AD	Bulgaria	Production	56.50%	55.03%
Zarneni Hrani Bulgaria AD	Bulgaria	Production	59.61%	77.63%
MAYAK KM AD	Bulgaria	Production	77.19%	77.19%

Bulgarian Oil Refinery EOOD	Bulgaria	Production	100.00%	100.00%
Bulgarian Drilling Company EOOD	Bulgaria	Production	100.00%	100.00%
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%
Korabno Mashinostroene AD	Bulgaria	Production	51.81%	0.00%
Izdatelstvo geologiya i mineralni resursi OOD	Bulgaria	Production	70.00%	70.00%
Slanchevi lachi Commerce EOOD	Bulgaria	Production	100.00%	100.00%
Slanchevi lachi Provadia EOOD	Bulgaria	Production	100.00%	0.00%
Chimimport Group EAD	Bulgaria	Trade	100.00%	100.00%
Chimimport Oil Trade OOD	Bulgaria	Trade	60.00%	60.00%
Chimimport Oil AD	Bulgaria	Trade	100.00%	0.00%
Chimimport Rubber OOD	Bulgaria	Trade	60.00%	60.00%
Chimimport Orgachim OOD	Bulgaria	Trade	60.00%	60.00%
Chimimport Chimceltex OOD	Bulgaria	Trade	60.00%	60.00%
Chimimport Fertilizers OOD	Bulgaria	Trade	52.00%	51.00%
Dializa Bulgaria OOD	Bulgaria	Trade	50.00%	50.00%
Chimimport Pharma AD	Bulgaria	Trade	60.00%	60.00%
Siliko 07 OOD	Bulgaria	Trade	50.00%	50.00%
Ecoland Engineering OOD	Bulgaria	Trade	52.00%	52.00%
Kame Bulgaria OOD	Bulgaria	Trade	75.00%	75.00%
Chimimport Medica OOD	Bulgaria	Trade	51.00%	51.00%
Bulchimex OOD	Germany	Trade	100.00%	100.00%
Chimsnab AD Sofia	Bulgaria	Trade	93.33%	93.33%
Brand New Ideas EOOD	Bulgaria	Trade	100.00%	100.00%
IT Creation OOD	Bulgaria	Trade	50.00%	60.00%
Chimsin OOD	Bulgaria	Trade	0.00%	50.00%
Sport Complex Varna AD	Bulgaria	Trade	65.00%	65.00%
Golf Shabla AD	Bulgaria	Trade	65.00%	0.00%
Port Balchik AD	Bulgaria	Trade	100.00%	0.00%
Trans Interkar EOOD	Bulgaria	Trade	100.00%	0.00%
Asen Nikolov 1 AD	Bulgaria	Trade	50.00%	0.00%
Aris 2003 EOOD	Bulgaria	Trade	100.00%	100.00%
Diagnozis Si and ES	Bulgaria	Trade	95.00%	95.00%
Anitas 2003 EOOD	Bulgaria	Trade	100.00%	0.00%
AGRO EOOD	Bulgaria	Trade	100.00%	0.00%
Transkar Serviz EOOD	Bulgaria	Trade	100.00%	0.00%
Energoproekt AD	Bulgaria	Trade	83.20%	83.20%

Bulgarian Aviation Group EAD	Bulgaria	Transport	100.00%	100.00%
Port Balchik AD	Bulgaria	Transport	100.00%	100.00%
Bulgaria Air AD	Bulgaria	Transport	99.99%	0.00%
Chimtrans OOD	Bulgaria	Transport	60.00%	60.00%
Bulgarian Shipping Company EAD	Bulgaria	Transport	100.00%	100.00%
Hemus Air EAD	Bulgaria	Transport	100.00%	100.00%
Parahadstvo Bulgarsko Rechno Plavane AD	Bulgaria	Transport	83.25%	94.55%
VTC AD	Bulgaria	Transport	51.00%	51.00%
Harbor Lesport AD	Bulgaria	Transport	99.00%	99.00%

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.

Insurance activity

The Group possesses the following licenses for performing its activities:

Insurance type	Protocol No/ Date
"Accident"	Protocol N 7 of NIC as of 15.06.1998
"Road vehicles" (excluding railways)	Protocol N 7 of NIC as of 15.06.1998
Aircrafts	Protocol N 85 of NIC as of 22.07.1999
Marine vessels	Protocol N 7 of NIC as of 15.06.1998
Cargo en-route	Protocol N 7 of NIC as of 15.06.1998
Fire and natural calamities	Protocol N 7 of NIC as of 15.06.1998
Other property damages	Protocol N 7 of NIC as of 15.06.1998
Public liability insurance – Motor vehicles	Protocol N 7 of NIC as of 15.06.1998
Public liability insurance – Aircraft	Protocol N 85 of NIC as of 22.07.1999
General public liability insurance	Protocol N 7 of NIC as of 15.06.1998
Credit insurance	Protocol N 85 of NIC as of 22.07.1999
Guarantee insurance	Decision N 139-O3 of FSC from 30.06.2003
Miscellaneous financial losses	Decision V-58 of Insurance Supervision Agency dated 15 January 2003
Legal expenses/ legal defense	Decision N 385-O3 of FSC from 03.09.2003
Travel assistance	Protocol N 66 of NIC as of 21.12.1998
Public liability insurance for the possession and use of marine vessels	Decision N 248-O3 of FSC from 24.03.2004
Illness	Decision N V-27 of Insurance Supervision Agency dated 04 April 2001
Reinsurance license	Decision N 438-03 from 06.07.2005

Any liability for damages as a result of the use of road motor vehicles (Additional license) Decision N 1127-03 from 22.11.2006

The sale of insurance policies by the Company is organized on the basis of general and special conditions, tariffs and methods per insurance types, which have been adopted and approved by the Company's management.

More than 50% of ZPAD Armeec's shares are owned by the CCB Group Assets Management EAD, whose parent company is Chimimport AD.

The shares of the Company are not registered on the Bulgarian Stock Exchange Sofia. As at 31 December 2007 the Company has 260 employees.

ZPAD "Armeec" has a two-tier system of management consisting of a Supervisory Board and a Managing Board.

The members of the Supervisory Board are:

- Chairman "Chimimport" AD, represented by Nikola Mishev;
- Vice-chairman: Sonya Iankulova;
- Central Co-operative Bank AD, presented by two of the three Executive Directors - Georgi Konstantinov, Lazar Iliev and Viktor Mechkarov.

The members of the Managing Board are:

- Chairman: Rumen Georgiev;
- Valentin Dimov
- Alexander Kerezov
- Cvetanka Krumova.

The Company is represented by the Executive Directors Rumen Georgiev and Cvetanka Krumova.

The Company's main activity includes insurance as well as reinsurance, which was added with Decision No 34 dated 8 September 2006, Sofia City Court.

The principal groups of insurance services offered by the Company are as follows:

Accident insurance

- Personal accident insurance
- Group accident insurance
- Accident Insurance of students/kindergartens
- Group accident insurance - Ministry of Defense
- Mandatory labor insurance
- Loss of aviation license

- Accident Insurance of Motor Vehicle Passengers
- Accident Insurance of Marine Vessel Passengers
- Accident Insurance of Aviation Passengers
- Accident Insurance of Public Transport Passengers
- Accident Insurance of Hotel Guests
- Tourist insurance
- Visitors of sport facilities

Casco

- Casco
- Casco – Ministry of Defense
- Casco extended warranty

Aircraft insurance

- ***Aircraft*** insurance
- ***Aircraft*** insurance – active reinsurance

Marine vessels insurance

- Marine vessels insurance
- Marine vessels insurance – small vessels

Cargo insurance

- Cargo
- Transportation of cash and valuables

Fire and natural calamities insurance

- Fire and natural calamities insurance – large enterprises
- Fire and natural calamities insurance – small enterprises
- Fire and natural calamities insurance – citizens
- Fire and natural calamities insurance – Ministry of Defense
- Electronic equipment
- Private property
- Family Insurance
- Industrial fire – all risks
- Properties – banks
- Properties – active reinsurance

Property damage insurance

- Insurance of Agricultural Crops
- Livestock Insurance
- Insurance of Construction Works
- Insurance of All Risks of Entrepreneur

- Perennial plants

Motor vehicle liability

- Motor Third Party Liability Insurance of vehicles
- Motor Third Party Liability Insurance of vehicles – Ministry of Defense
- Motor Third Party Liability Insurance of vehicles from abroad
- Motor Third Party Liability Insurance of vehicles for abroad – Green card
- Hauler's liability insurance on road transportation of cargo

Aircraft third party liability insurance

- Aircraft third party liability insurance
- Aircraft third party liability insurance – active reinsurance

Marine vessels third party liability insurance

- Marine vessels third party liability insurance
- Marine vessels third party liability insurance – small vessels

General public liability insurance

- All risks of the entrepreneur
- Employer's indemnity insurance
- Public liability insurance of the product
- Public liability insurance of lawyers
- Public liability insurance of notaries
- Public liability insurance of certified accountants
- Professional indemnity insurance of medical personnel
- Public liability insurance of military personnel
- Professional indemnity insurance of educators and tutors
- Professional indemnity insurance of insurance brokers
- General public liability insurance of enterprises
- Public liability insurance for nuclear damages
- Public liability insurance for the possession and use of firearms
- Public liability insurance of touroperator
- Public liability insurance of customs collections
- Public liability insurance of persons employed in construction
- Public liability insurance of the hotel and restaurant keeper
- Public liability insurance of individuals
- Public liability insurance for the sale of airline tickets
- Public liability insurance of private judicial executives
- Public liability insurance of trustees
- Professional indemnity insurance of activities related to

- certification, licensing and control
- General public liability insurance – active reinsurance

Credit and lease insurance

- Credits
- Leases

Guarantee insurance

Miscellaneous financial losses

Court expenses insurance

- Court expenses
- Court expenses for liability for nuclear damages

Travel assistance insurance

- Medical expenses with provided assistance
- Traveling abroad
- Medical expenses for foreigners in Bulgaria
- Accident and medical service abroad
- Travel assistance

Transport

River

Transport activity and main directions

Parahadstvo Bulgarsko Rechno Plavane AD performs transport services of general, bulk and liquid cargo via towed vessels, grouped in convoys, pushed by towboats on the Danube river.

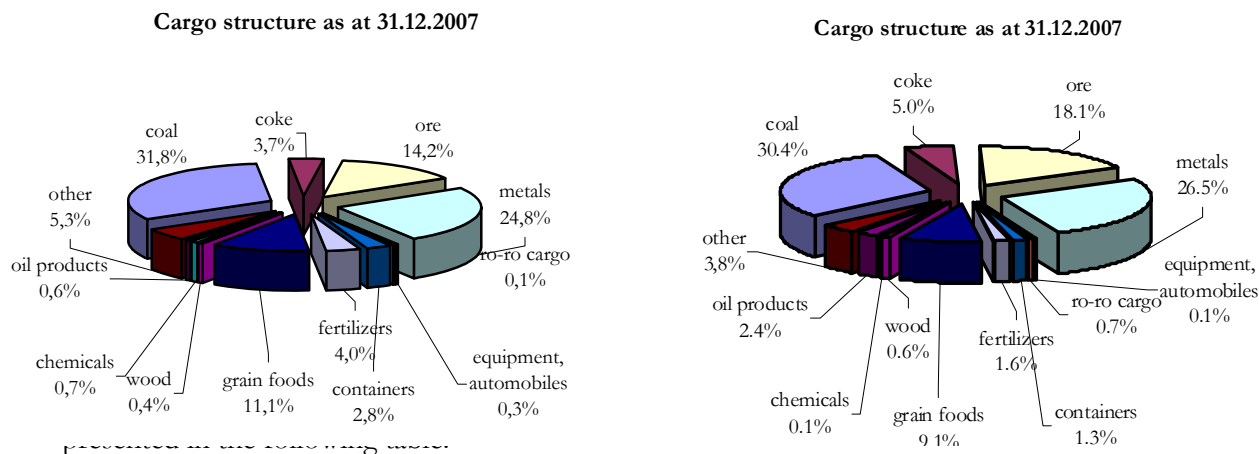
As at 31 December 2007 the Company reports 1 378.7 thousand tons of cargo turnover, which is a decrease of 98.4 thousand tons compared to 2006. This negative difference in the cargo turnover is due to the decreased burdenflow across the river in the last four months of the year. There is a positive increase in the transportations on the west direction (by 26.2%) and the transport services between third parties, (by 6.7 %). A decrease of 19.8% is reached in the east line and the temporarily stopped ro-ro line Rousse-Reni-Rousse doesn't have an essential impact on the final result of the natural indexes.

The bulk cargo for 2007, consisting of coal, coke, metal and ore, provides 74.5% of the volume of the rendered services; grain foods provide 11.1%; and the remaining 14.4% are attributed to the rest of the nomenclature groups.

The structure of the cargo turnover by sorts and sailing directions are presented in the following table.

Cargo (thousand tons) By type:	East line		Ro-ro		West line		Between third parties		Seaside line		TOTAL	
	Year		Year		Year		Year		Year		Year	
	2007 1	2006 2	2007 3	2006 4	2007 5	2006 6	2007 7	2006 8	2007 9	2006 10	2007 11	2006 12
Coal	343.3	376.3	-	-	9.1	-	84.9	62.4	1	10.2	438.3	448.9
Coke	39	41.3	-	-	2.5	5.1	9.7	27.9	-	-	51.2	74.3
Ore	87.6	91	-	-	27.6	29.5	80.4	146.6	-	-	195.6	267.1
Metals	164.5	280.8	-	-	76.5	83.7	100.2	27.3	0.9	-	342.1	391.8
Equipment, automobiles	0.2	-	-	-	3.8	0.7	0.2	1.4	-	-	4.2	2.1
Ro-ro cargo	-	-	1.1	10.7	-	-	-	-	-	-	1.1	10.7
Containers	0.1	-	-	-	-	-	38.9	18.6	-	-	39	18.6
Fertilizers	1.8	2.5	-	-	19.4	21.5	34.1	-	-	-	55.3	24
Grain foods	5	18.9	-	-	61.6	3.6	86.7	111.2	-	-	153.3	133.7
Wood	0.5	-	-	-	-	3.1	5.1	6.5	-	-	5.6	9.6
Non- metalliferous minerals	-	2.1	-	-	-	0.8	1.1	-	-	-	1.1	2.9
Chemicals	-	-	-	-	1.8	2	8.4	-	-	-	10.2	2
Oil Products	4.8	2.1	-	-	-	2.4	4.1	30.6	-	-	8.9	35.1
Other	11	5.5	-	-	54.1	50.8	7.7	-	-	-	72.8	56.3
Total :	657.8	820.5	1.1	10.7	256.4	203.2	461.5	432.5	1.9	10.2	1378.7	1477.1
Growth (%)	-19.8		-89.7		26.2		6.7		-81.4		-6.7	

Graph: Structure of the cargo turnover for 2007/ 2006



Direction	Cargo turnover	Relative weight	Ton kilometers	Relative weight
	2007 (thousand tons)	%	2007 (thousand ton kilometers)	%
East line	657.8	47.7	324 778	27.6
West line	256.4	18.6	280 203	23.8
Third parties	461.5	33.5	571 320	48.5
Ro-ro lines	1.1	0.1	425	0.1
Seaside line	1.9	0.1	359	
Total	1 378.70	100	1 177 085	100

The transport activity of the Company, for reporting purposes, is conducted in several directions, according to the relation of cargo on the Danube river.

The East line covers transport between Bulgarian harbors, located on the Danube river, the Ukrainian harbors Izmail and Reni, and the Romanian harbor Konstantsa, located on the Black Sea (through Sulina, connecting the Danube river with the Black Sea). The major burdenflows on this direction for the accounting period consist of coal (52%), metals (25%) and ore (13%), while the other groups form the remaining 10%. The cargo is entirely formed by import (97.5%). The cargo turnover on this line is almost half of the total volume for the accounting period (47.7%), while the revenue from the line consist 29.3% of the total revenue from cargo activity.

Since almost 80% of the Company's activity is oriented towards cargo of Russian and Ukrainian raw materials, the major currency used in cargo settlement is US dollars. Therefore, the decrease in the exchange rate of the US dollar has a direct influence over the revenue in leva equivalent.

Another factor that influences the import of Russian and Ukrainian raw materials is the complicated political and economic relationships between Ukraine and Russia, which lead to a crisis in the transit of Russian raw materials through the territory of Ukraine for a consecutive year. The main reason for this is the detention or deviation of the Russian wagons on the territory of Ukraine, which leads to a slower turnover of wagons and a denial of the Russian railways to provide additional wagons for cargo through Ukraine. The decrease in the volume in the transported coal, due to the above mentioned reasons, began at the end of August, but reached highest levels in the last four months of the year. On the other hand, Ukraine ceased the export of local coal for the autumn-winter period, which contributed further to decrease of supply.

The west line covers cargo transport between the Danube harbors of Bulgaria and those of Serbia, Croatia, Hungary, Slovenia, Austria and Germany.

This line provides 18.6% from the cargo turnover of the Company in this year and 24.9% of the cargo revenue. The cargo revenue for the period shows a significant growth of 26.2% compared to the base quantities as the major categories of cargo are metals (30%), ore (11%), grain foods (24%), fertilizers (8%), and other categories (27%).

The heavy drought this summer led to a critical shortage of grain foods. Traditional exporters such as Romania and Ukraine restricted their export of grain foods. The little quantity available for transportation resulted in a strong competition between the transport companies and therefore the prices went down significantly.

The transported cargo between third parties shows an increase of 6.7% compared to corresponding amounts for the previous year, providing more than one third of the total volumes for 2007. The revenue from this direction compose half (45.7%) of the total revenue from cargo activities.

For the period October - December 2007, the transport of raw materials, such as ore, cox and coal, has been significantly reduced due to upcoming principal repairs of the output capacity of one of the main consumers located on the river bank – a “US Steel” metallurgical plant in the town of Smedevo.

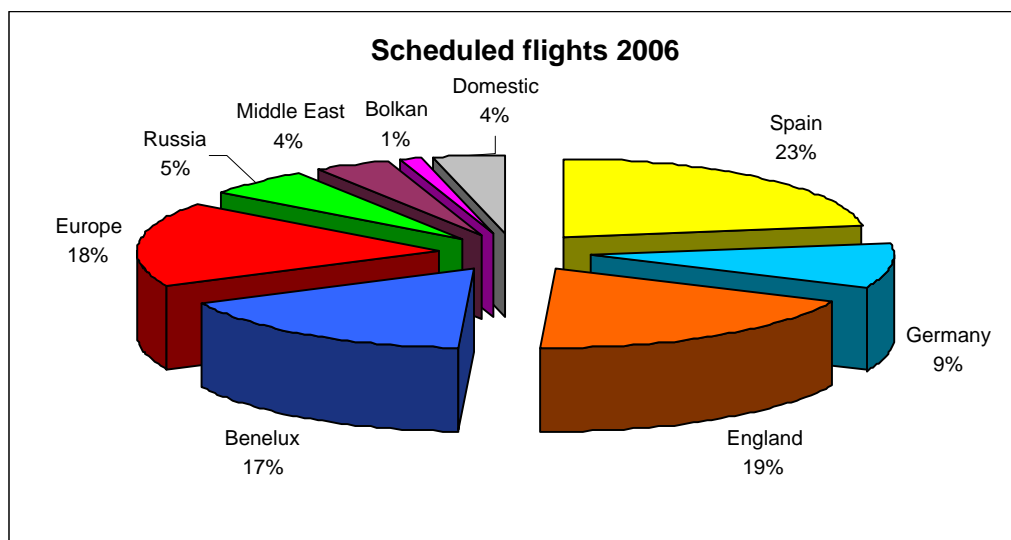
The container line Constanta – Beograd – Constanta was used to transport 3 216 TEU (37.8 thousand tons) compared to 1 707 TEU (18.6 thousand tons) for the base period of the previous year. MSC Beograd and HUB-DANUBE were actively included in the service of the container line.

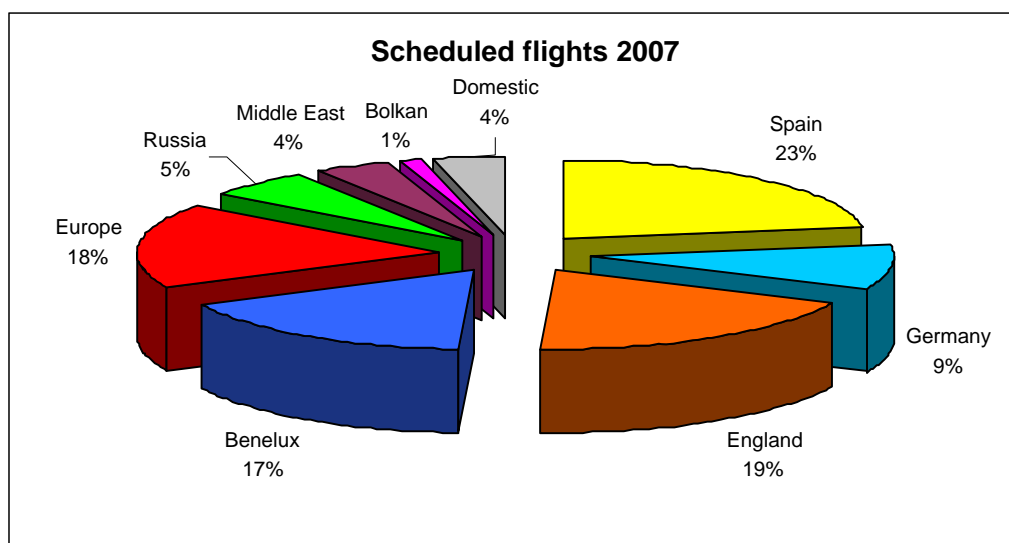
The Ro-ro line for the transportation of cargo vehicles and automobiles temporarily ceased activity on the line Rouse – Reny – Rouse, effective 25 April 2007, due to a decreased exchange of goods related to the economic conditions of the market, as well as the inability to utilize the power of the output capacity.

Air Transport
„Bulgaria Air” AD

	Total number of transported passengers /scheduled flights/		Passenger of Bulgaria Air /scheduled flights/		Market share	
	2006	2007	2006	2007	2006	2007
Airports / year						
Sofia, Varna and Burgas	2 227 000	2 956 000	609413	792242	27.36%	26.80%

In 2007 the Spain market remains the market generating the highest income. Relatively no change occurs in the revenue structure by markets for 2006 and 2007. The best results are achieved by destination Sofia-Brussels-Sofia (42 879 transported passengers and revenues amounting to BGN 22 785 thousand). In 2007 this destination moves to the second place regarding the achieved results and the first place is held by the destination Sofia-Madrid-Sofia (81 353 transported passengers and revenues amounting to BGN 7 004 thousand)



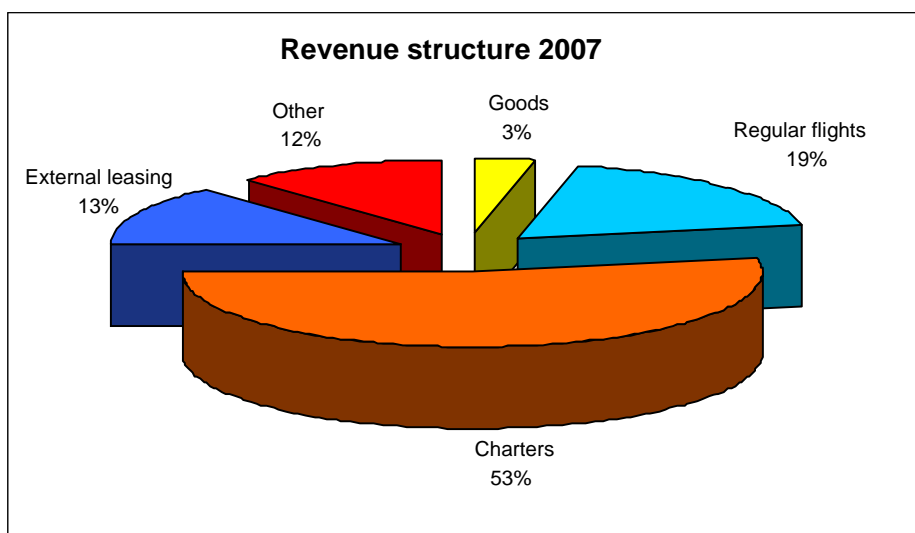
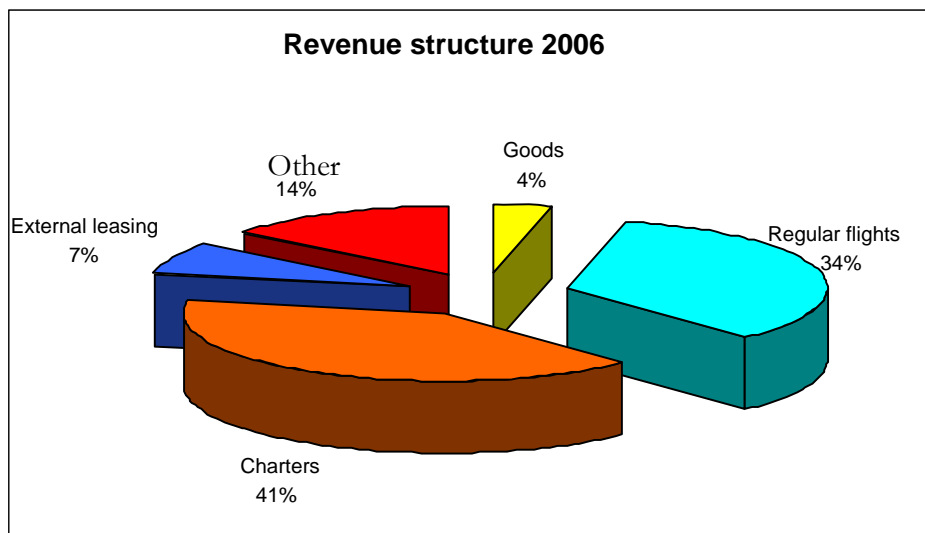


„Hemus Air” EAD

„Hemus Air” EAD revenue structure by activities

	2007	2006	Change in %
Revenue from goods sold	3 655 983	3 557 655	3%
Revenue from scheduled flights	19 616 198	34 059 142	-42%
Revenue from chartered flights	56 284 733	39 734 642	42%
Revenue from external lease	14 084 311	7 348 908	92%
Other revenue	12 230 644	14 279 000	-14%
Total revenue	105 871 869	98 979 347	7%

Revenue structure remains relatively constant during 2007 as it was in 2006. In the current and in the basic years the highest income is generated from chartered flights followed by income generated from scheduled flights.



Harbor services „Port Balchik” AD

On 25 May 2006 comes into force a concession agreement signed with the Ministry of Transport under the terms of which Port Balchik AD is the concessioner of Port terminal Balchik.

2006 is the second concession year of the concession agreement period. The Company generated gross income from rendering basic port services amounting to BGN 1 202 thousand.

From 27 November 2007 to 31 December 2007 the income generated by the Group from these services amounts to BGN 17 thousand.

Cargo turnover for 2007 amounts to 201 667 tones.

Cargo turnover of the Group for the period from 27 November 2007 to 31 December 2007 amounts to 2 496 tones.

The prices of cargo services are determined based on common rates, which to some extent restrict opportunities for direct negotiations with clients, but on the other hand they reflect the actual cost of the services rendered and contain ordinary profit margins.

Under the terms of the concession agreement the Group is obliged to:

По договора за концесия Групата се задължава :

- keep Port terminal Balchik in a valid for exploitation condition for the concession period;
- provide port services with no right to use the service of subcontractors for this purpose;
- make the investments stated in the approved Investment program as the amounts of the investments that for the first two years of the concession period should not amount less than BGN 1 097 900, and for the entire period of the concession agreement not less than BGN 3 474 800.;
- develop and present annual investment programs regarding the subject to the concession for approval by the Concessee;
- preliminary coordination with and approval by the Concessee for improvements of the subject to the concession;
- pay concession fees according to the terms of the concession agreement;
- insure the subject to the concession;
- secure bank guarantees for the concession period;
- fulfill the proposed business plan and the offered cargo turnover;
- return the subject to the concession on contract termination together with the government owned assets produced or built up in exchange of indemnity amounting to EUR 1.

The concession agreement is suspended on expiration of the concession contract, or purposeful violation of the obligations by one of the parties.

Under the terms of the Concession agreement the Group is obliged to secure its obligations for the third year of the concession period ending in 31 March 2008. The pledged collateral should be at the amount of BGN 430 thousand which if denominated when EUR equals to EUR 220 thousand.

Harbor Lesport
Sale revenue for 2006 and 2007

	2007 BGN '000	Share %	2006 BGN '000	Share %
Revenue from loading and unloading activities	2 887	83%	1 863	87%
Revenue from naval services	75	2%	82	4%
Revenue from other port services	325	9%	145	7%
Revenue from sale of goods	127	4%	-	-
Revenue from other services	58	2%	42	2%
Total revenue from operating activities	3 472	100%	2 132	100%

The data for the generated income are not compatible due to the fact that the Company provides harbor services since 30 May 2006.

The structure of the operating expenses related to the activity of the two periods is as follows:

	2007 BGN '000	Share %	2006 BGN '000	Share %
Cost of materials	(391)	9%	(267)	10%
Hired services expenses	(1 864)	45%	(1 319)	52%
Employee expenses	(1 473)	36%	(891)	35%
Amortization and depreciation	(275)	7%	(18)	1%
Other expenses	(33)	1%	(28)	2%
Cost of goods sold and other short-term assets	(57)	2%	-	-
	(4 093)	100%	(2 523)	100%

The revenue efficiency coefficients are 1.18 for 2007 and 1.19 for 2006. They show the need for expansion of the scope of the rendered harbor services through investment in construction of harbor output capacity, defined in the Concession agreement and the General plan for development of Harbor Lesport for the years to follow.

Forecasted data (marketing information)

1. Forecasted traffic – 2008 (by type of cargo)

Type of cargo	2008 Tons
Grain foods cargo (wheat, sunflower, barley, groats, bran)	135 000
Wood material	55 000
Chemical products (fertilizers, cement, calcium carbonate, kaolin, shamot, feldspar)	17 000
Glass and glass products	9 000
Oil products, fuel and industrial oils	-
Vegetable oil	10 000
Metals – black	55 000
Metals – non-ferous	45 000
Disposable metal scrap	66 000
Metallurgic slags	22 000
Coal	12 000
Laundry detergent – pallets and bags	13 000
Loose clay	2 000
Gas-concrete bricks – pallets	2 000
Other	1 444
	444 444
Average monthly cargo turnover	37 037

2. Forecasted revenue in BGN – 2008 (by type of cargo)

Type of cargo	2008 tons	2008 BGN
Grain foods cargo (wheat, sunflower, barley, groats, bran)	135 000	820 260
Wood material	55 000	549 780
Chemical products (fertilizers, cement, calcium carbonate, kaolin, shamot, feldspar)	17 000	126 616
Glass and glass products	9 000	141 120
Vegetable oil	10 000	58 800
Metals – black	55 000	528 220
Metals – non-ferous	45 000	352 800
Disposable metal scrap	66 000	776 160
Metallurgic slags	22 000	86 240
Coal	12 000	47 040
Laundry detergent – pallets and bags	13 000	129 948
Loose clay	2 000	8 232
Gas-concrete bricks – pallets	2 000	15 680
Other	1 444	28 302
	444 444	3 669 198
Average monthly cargo turnover	37 037	305 767

PENSION FUNDS

1 Number of secured persons and average amount of insurance batches

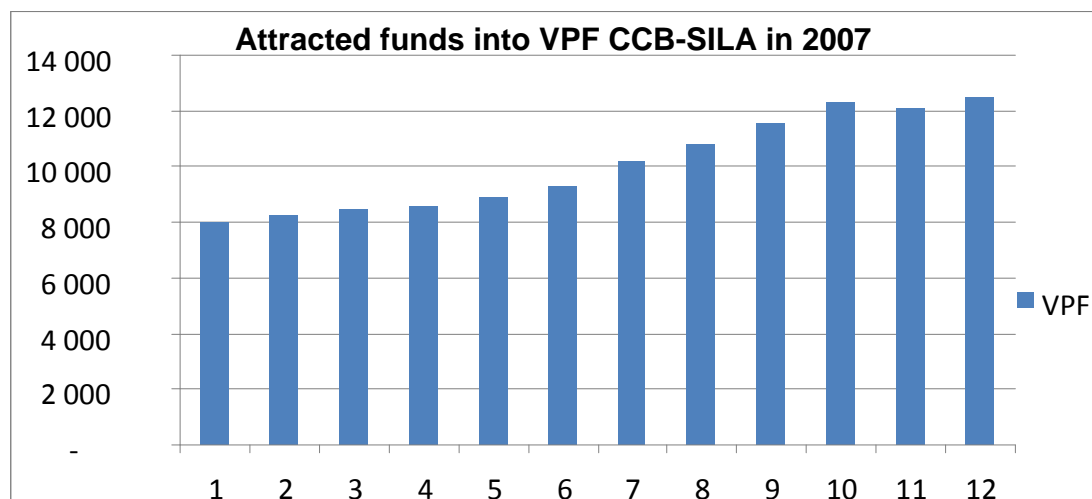
As at 31 December 2007 the Voluntary pension fund CCB-SILA has 20 465 insured persons and 37 pensioners. The average amount of the accumulated funds per secured persons as at 31 December 2007 amounts to BGN 609,77, which represents an increase of 48,85% compared to 31 December 2006 /BGN 409,66/

As at 31 December 2007 the Professional pension fund CCB-SILA has 432 secured persons classified as first category of labor, 10 162 secured persons classified as second category of labor, that are non-zero batches. On the other hand the average amount of the accumulated funds per person as at 31 December 2007 amount to BGN 968,85 and equals to an increase of 26,84%, compared to 31 December 2006 /BGN 763,85/. As a result of a change in the participation in PPF in 2007 630 secured persons were attracted and 302 secured persons transferred to funds managed by other companies i.e. net increase in the number of secured persons amounting to 328 and net increase of BGN 1 105 thousand in the secured persons' funds. In addition, the insurance contributions of 286 members of PPF CCB-SILA are not deposited by the National Revenue Agency into the fund yet.

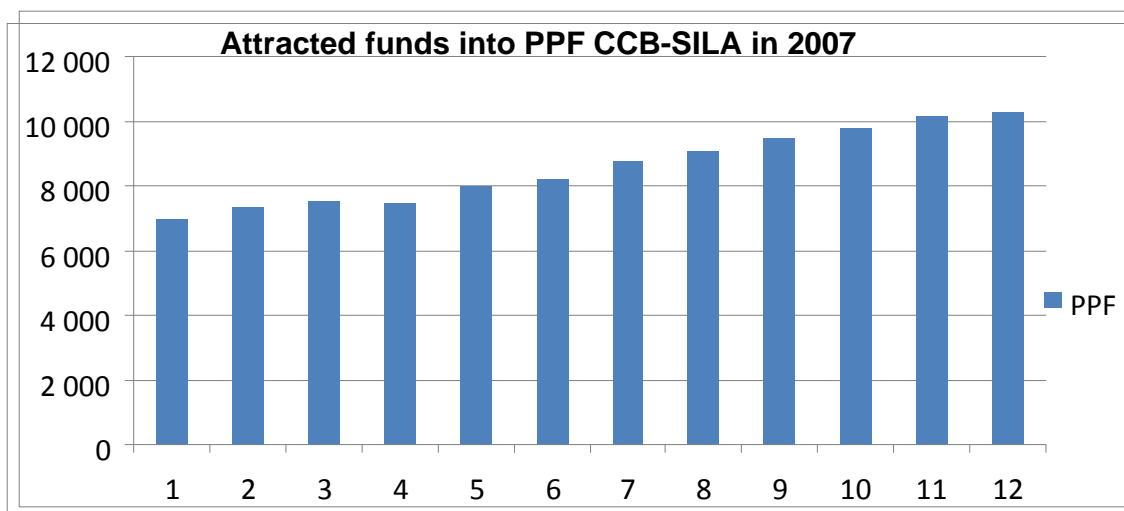
As at 31 December 2007 the Universal pension fund CCB-SILA has 130 592 secured persons with non-zero batches, which represents an increase of 16 664 individuals, or a growth of 14.63% of the secured persons with non-zero batches, compared to 2006. On the other hand the average amount of the accumulated funds per person as at 31 December 2007 amount to BGN 367,40 and equals to an increase of 60,27%, compared to 31 December 2006 /BGN 229,24/. The average amount of the monthly contributions to UPF CCB-SILA for 2007 amounts to BGN 21.92, which represents 86,01% of the average monthly contribution for all universal funds – BGN 25,46. As a result of a change in the participation in UPF in 2007 8 656 secured persons were attracted and 3 629 secured persons transferred to funds managed by other companies i.e. net increase in the number of secured persons amounting to 5 027 and net increase of BGN 2 287 thousand in the secured persons' funds. In addition, as at 31 December 2007 the insurance contributions of 4 114 members of UPF CCB-SILA are not deposited by the National Revenue Agency into the fund yet.

2 Managed funds

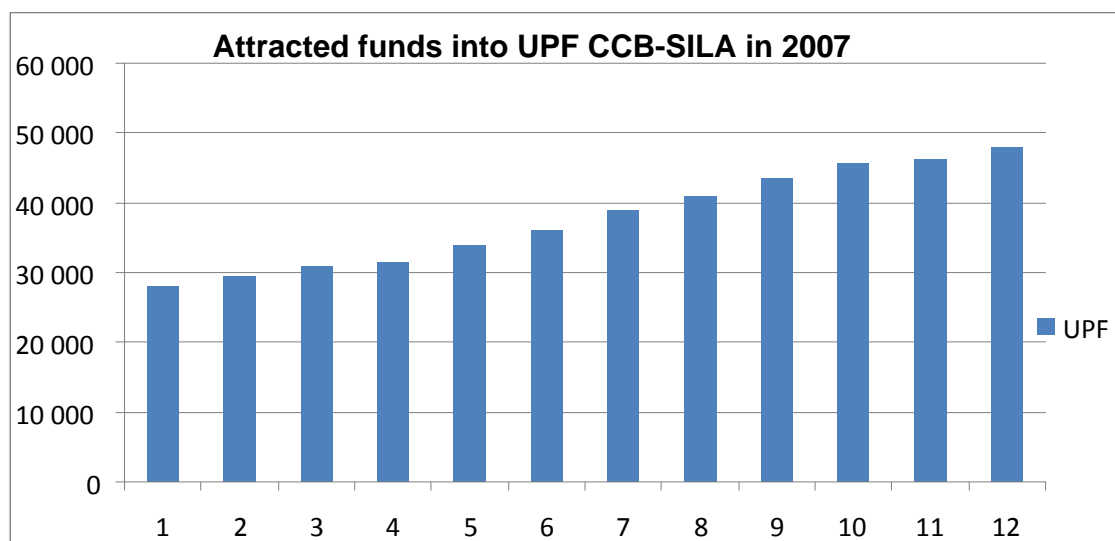
Attracted funds of VPF CCB-SILA as at 31 December 2007 amount to BGN 12 479 thousand which is an increase of 64,28% compared to 31 December 2006 / BGN 7 596 thousand/. There is a new tendency in the delay of the growth of the attracted funds for 2006. The growth for 2004 is 19.8% , 2003 – 27.9%, 2002 – 37.8%. The new tendency occurs as a result of the generated high income from the investment of the attracted funds by VPF CCB-SILA.



The attracted funds into VPF CCB-SILA as at 31 December 2007 amount to BGN 10 264 thousand, which represents an increase of 54,41% compared to 31 December 2006. The increase in 2007 is a result of both the increase in the number of secured persons and increase in the contributions for the individual batches. The growth is presented in the following graph:



The attracted funds into UPF CCB-SILA as at 31 December 2007 amount to BGN 47 979 thousand, which represents an increase of 83.71% compared to 31 December 2006/BGN 26 117 thousand/. The high growth in 2007 is a result of the increase in the number of secured persons in UPF CCB-SILA, raise of the insurance income of the secured persons and improvement of the collectability of the insurance contributions. The growth is presented in the following graph:



3 Generated return

In conformity with the applicable law and manuals of the pension funds, managed by POAD CCB-SILA, with the implementation of the accounting shares since 1 July 2004 daily valuation of both the net assets of the funds for supplementary pension insurance and a single accounting share is performed. Practically this results in a day-to-day distribution of

the generated return from investing the assets of FDPO. The return of each fund is presented in percentage as a simple annual interest equal to the change in the value of a single accounting share both at the beginning and end of the period, divided by the value of a single share at the beginning of the year.

The value of a single accounting share in DPF CCB-SILA as at 31 December 2007 is **BGN 1.66031** and as at 31 December 2006 amounted to **BGN 1.33645**. The return, generated from investing the funds of Voluntary Pension Fund CCB-SILA and distributed to the individual batches for 2007, calculated in accordance with the methodology, defined by FSC in the Requirements to the advertising and written information materials, amounts to **24.23%** on a yearly basis. This indicator for 2006 amounted to 16.51%. Therefore, the generated return for voluntary pension fund for the period 30 December 2005 – 28 December 2007 amounts to 20.31% calculated on a yearly basis, exceeding the weighted average return for all voluntary pension funds.

The value of a single accounting share of PPF CCB-SILA as at 31 December 2007 is **BGN 1.53386** and as at 31 December 2006 amounted to **BGN 1.34526**. The return, generated from investing the funds of Professional Pension Fund CCB-SILA for 2007, calculated in accordance with the methodology, defined by FSC in the Requirements to the advertising and written information materials, amounts to **14.02%** on a yearly basis. As at 28 December the generated return for a period of 24 months, defined by Regulation Nr.12 of the FSC amounts to **15.51%**, exceeding the weighted average return for all voluntary pension funds.

The value of a single accounting share in UPF CCB-SILA as at 31 December 2007 is **BGN 1.54404** and as at 31 December 2006 amounted to **BGN 1.36345**. The return, generated from investing the funds of Universal Pension Fund CCB-SILA for 2007, calculated in accordance with the methodology, defined by FSC in the Requirements to the advertising and written information materials, amounts to **13.25%** on a yearly basis. As at 28 December the generated return for a period of 24 months, defined by Regulation Nr.12 of the FSC amounts to **16.06%**, exceeding the weighted average return for all voluntary pension funds.

Manufacturing

Extraction of crude oil and natural gas

In accordance with PMS Nr. 536, 537, 538, 539, 540, 541, 542, 543 and 544 from 30 July 2003 (State gazette issue 70/2003), №524/23. June 2004, №552/30 June 2004 are signed concession agreements with subject:

- 1) Extraction of crude oil from the fields Bardarski geran, Dolni Lukovit, Dolni Lukovit – west, Gorni Dabnik, Staroseltzi and Tyulenovo.
- 2) Extraction of crude oil and natural gas from the fields Dolni Dabnik, Marinov geran, Butan – south and Selanovtzi
- 3) Extraction of natural gas from the fields Bulgarevo and Tyulenovo

In 2006 the Company was granted 10 Licenses for management of excisable tax warehouses for production and storage of energy products by Customs Agency.

In 2007 the Company has extracted crude oil, oil condensates and natural gas from the following fields:

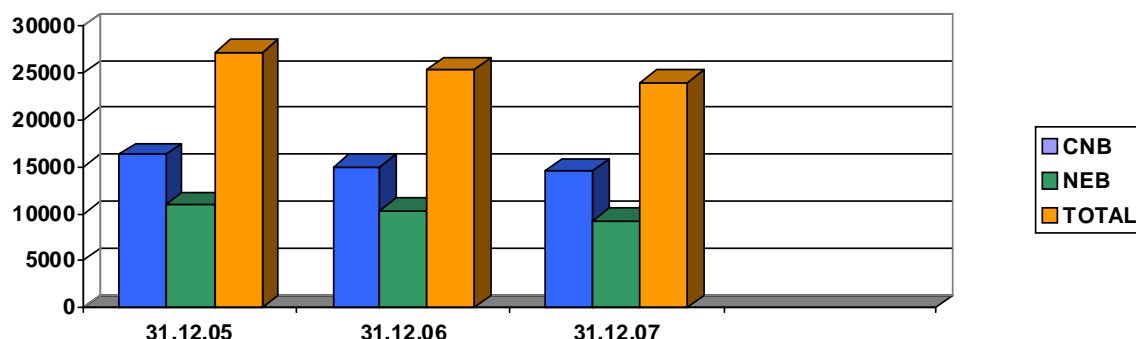
Oil field Dolni Dabnik;
Oil field Gorni Dabnik;
Oil field Dolni Lukovit;
Oil field Dolni Lukovit – west;
Oil field Staroseltzi;
Oil field Bardarski geran;
Oil field Selanovtzi;
Oil field Tyulenovo;
Gas condensate field Butan – south
Gas field Bulgarevo;
Gas field Durankulak.

The data for extraction of crude oil and natural gas during the accounting period are presented in tables as well as a comparative analysis for the extraction of the last two years on a six-month basis.

Extraction of crude oil, tons

Fields/Years	31 December 2005	31. December 2006	31. December 2007	2007/2005	2007/2006
Fields in CNB /Central North Bulgaria/	16262	14952	14657	Decrease 9.87%	Decrease 1,97%
Fields in NEB /North-East Bulgaria/	10972	10322	9346	Decrease 14,82%	Decrease 9,46%
Total:	27234	25274	24003	Decrease 11,86%	Decrease 5,03%

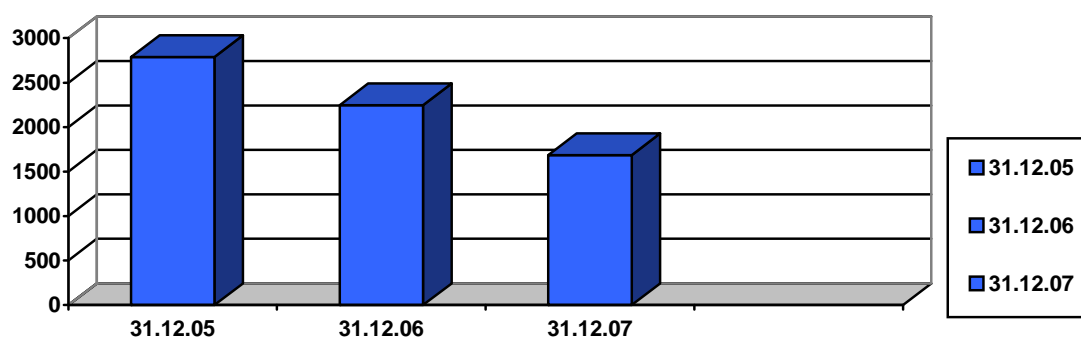
For higher efficiency and in order to decrease the sharp drop down of the extractions, due to their many years of exploitation, a replacement of equipment, pumps, RST, intensifying activities in the fields Dolni Dabnik, Dolni Lukovit and other fields was performed.



Extraction of condense, tons

Field/Years	31 December 2005	31. December 2006	31. December 2007	2007/2005	2007/2006
Fields in CNB	2789	2248	1685	Decrease 39,58%	Decrease 25,04%

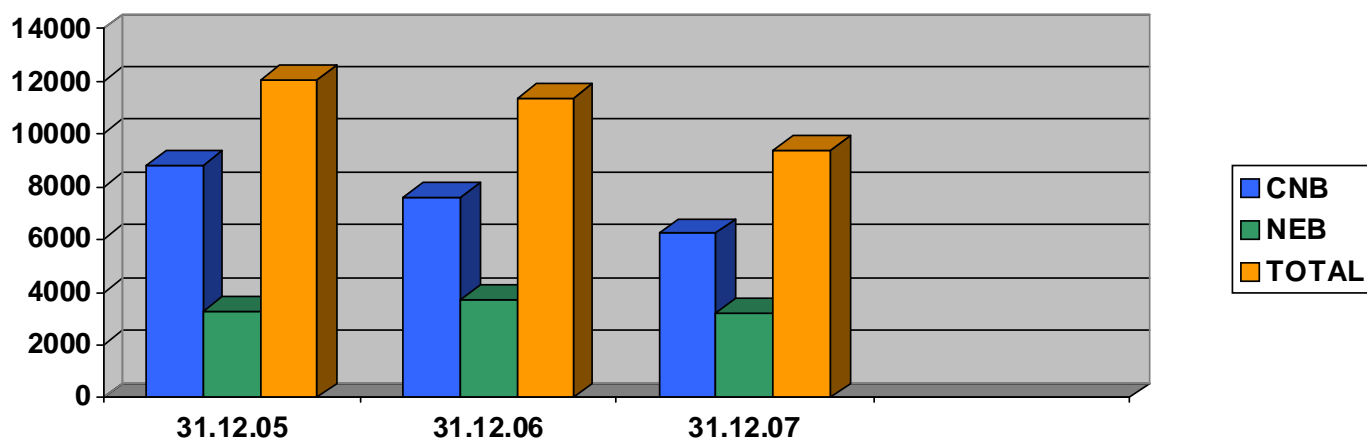
Since 2006 the total extraction of condense declines due to the decrease of layer pressure.



Extraction of natural gas, thousand m³

Field/Years	31.12.05	31.12.06	31.12.07	2007/2005	2007/2006
Fields in CNB	8812	7632	6220	Decrease 29,41%	Decrease 18,50%
Fields in NEB	3294	3712	3171	Decrease 3,73%	Decrease 14,57%
Total:	12106	11344	9391	Decrease 22,43%	Decrease 17,22%

The table shows that the extraction of natural gas and the fields in Central North Bulgaria are decreasing, due to the natural process of depletion of resources.



Extraction of natural gas – own consumption, thousand m³

	31.12.05 г.	31.12.06 г.	31.12.07 г.	2007/2005	2007/2006
Quantity	749	576	657	Decrease 12,28%	Growth 14,06%

There is a tendency of decreasing the expenses for own consumption of natural gas, due to the more favorable climate conditions

Repairs of the drilling

In 2007 capital repairs of the drilling of the fields Dolni Dabnik, Dolni Lukovit and Marinov Geran were carried out.

Extraction technology

There is no change in the extraction technology during 2007.

In the fields in CNB the drillings are exploited mainly on deep-pump method by means of deep lever pumps. Only several gas drillings are exploited by the fountain method – P – 4 Butan – south, E- 77 and E – 53 Dolni Dabnik.

The drillings of the fields in NEB (Tyulenovo and Bulgarevo) are exploited by the three methods: fountain, compression and less deep-pump.

Deemulsive installations are built up for better extraction of emulsion water from oil into oil-collecting stations in the extractive area Dolni Lukovit and the extractive areas Dolni Dabnik and Gorni Dabnik. The systems and equipment in the oil-collecting stations in field Staroseltzi are replaced. The infrastructure of all the oil-collecting stations has been improved.

Research and investigations of crude oil and natural gas

The research and investigations for crude oil and natural gas activities of the Company are performed in conformity with the terms and conditions of Subsurface Resources Act.

Blocks for Research and investigations of crude oil and natural gas

As at 31 December 2007 “ Prouchvane i Dobiv na Neft i Priroden Gas” AD, Sofia has two permissions for research and/or investigation for crude oil and natural gas, situated on dry land – Block 1-1 Pleven and Block 1-2 Novachane and one permission for research and/or investigation in the northern part of the Bulgarian Black Sea Shelf – Block Shabla

BULGARSKA PETROLNA RAFINERIYA EOOD

Following the introduction of the quality requirements for fuels, which came into force on 1 January 2007, the Company will start distribution of dissolvents for dyeing industry – BAS, NG and mineral turpentine, gas oil for manufacturing and communal purposes, gas oil for burning in stationary fuel installations with sulphur consistence up to 0.2% and steam boiler fuel.

Other than the abovementioned products, the Company has the capacity to improve its list of manufactured items after marginal technological investments through introducing to the market products as dissolvents AMV, MRT, diesel motor fuel, automobile nonleaded gasoline A95H, illuminating kerosene, light ship fuel, ship distillate and remaining fuel, solid fuel and base oils.

The Company employs highly-qualified specialists and utilizes adequate facilities, necessary for the performance of its activities.

Since 22 December 2004 Bulgarska Petrolna Rafineria EOOD is certified by the quality management system ISO 9001 : 2000. Manufacturing is implemented by technical documents and well-established technologies under effective physic-chemical control of products and processes. The chemical laboratory of BPR EOOD is an accredited institution for examination and control of fuels in accordance with the requirements of BDS EN ISO 17025. Its activities are controlled by an authorized state institution.

The strategy of Bulgarska Petrolna Rafineria EOOD complies with the current market trends and economic conditions in the country. The balance between high quality and reasonable price is the centerpiece of the strategy in order to fully satisfy the demands of the customers.

As at the moment, the production activity includes three stages:

1. Input of oil and condensed fluid, and the separation of freely available water. Oil is kept in five reservoirs with a combined capacity of 10 000 m³;
2. Preparation of oil for the processing which includes the separation of water and salt in block ELCI (Electro-chemical cleaning installation);
3. The processing of oil in the installation for atmospheric distillation;

The average yearly capacity of the installation for atmospheric distillation of oil is 50 000 tons.

The major fixed intangible assets of the Company cover its production activity.

In 2006 the Company was granted a license for management of excisable tax warehouse for production and storage of energy products by Customs Agency.

GEOFIZICHNI IZSLEDVANIA EOOD

In 2007, the commercial activity of the Company was carried out on the basis of contracts with Prouchvane i dobiv na neft i gaz AD and Bulgarian Drilling Company EOOD for conducting drilling geophysical research at drilling locations E-71 Chiren, R-1 Jernov, R-5 Marinov geran, R-1 Borislav, R-1 Odarne, torpedo-perforating activities at drilling location R-1 Jernov, shooting-explosive activities at drilling location E-13 Dolni Lukovit site, drilling location R-1 Borislav, 2D field research at the Bulgarevo deposit, field seismic research at the Tiulenovo deposit. In addition, the processing and re-processing of seismic information was carried out.

The Company performed a service with a source of ionized radiation (SILR) of drilling location R-1 Gurkovo field, according to a contract with Energoresurs BG OOD.

PDNG – SERVIC EOOD

In 2007, a major priority in the activities of PDNG – Serviz EOOD is the realization of the delivery of specialized equipment, hardware and software, spare parts and materials for the needs of Prouchvane i dobiv na neft i gaz AD in connection with the implementation of projects for prospecting, research and extraction of oil and natural gas.

SOFGEOPROUCHVANE EOOD

As at 31 December 2007 the Company has realized revenue mainly from rent contracts of real estate – premises and areas owned by the Company; renting of specialized equipment; grinding of rock samples in the laboratory of the Company, as well as loading and unloading activities using forklifts.

PETROGAZ ANTIKA EOOD

In 2007, work started in accordance with the contract with Bulgartransgaz EAD for “Repair of drilling No. E-32 located on the territory of an underground natural gas warehouse Chiren (UNGW Chiren)”.

CHIMIMPORT OIL AD

The Company was granted license No. 342 for management of excisable tax warehouse for production and storage of energy products by Customs Agency. The warehouse is located in the city of Rouse, the Danube river, kilometer 494, named Stationary Oil-transferring Station – Tanker –BRP-T-XII and will be used for the sale and refueling of ships on the Danube river.

Since 1 August 2007, the Company has a contract for commission with Oil trade company EOOD, Sofia City, for rendering logistics and sales management services for the Company.

Izdatelstvo geologiya i mineralni resursi OOD

In 2007, the efforts of the company are directed at publishing the magazine “Geology and mineral resources”, containing enriched topics.

Production and trade of vegetable oils

The sales revenue from vegetable oils and groats for the year 2007 (from 27 November until 31 December 2007) is as follows:

Culture	Sales Revenue: BGN'000
Groats	51
Raw sunflower oil	16 694
Raw rapeseed oil	4 664
Neutralized rapeseed oil	3 634
Refined sunflower oil	3 571
Bottled sunflower oil	556
Total	29 170

Sales revenue from vegetable oils and groats account for 81% of the Company's sales for the period.

The main raw material for the production of vegetable oil in Bulgaria is the oil-bearing sunflower. Due to the idiosyncrasy of the market and the planless nature of the purchasing process, the Company purchases its entire quantity of sunflower necessary to provide for the yearly production in the period between August and November.

The price of sunflower and sunflower oil is directly correlated with the markets of the other oil-bearing cultures and mostly with that of soy, rape and palm oil. The cost of vegetable oil is formed by the purchasing price and the quality of the sunflower (oiliness and admixture), as well as the price of the main co-product from the processing – the sunflower groats.

Trade of grain

Agricultural products, traded by the Group:

- grain cultures: wheat, barley, corn;
- oil-bearing: sunflower, rape;

The revenue from trade of agricultural products for the period between the establishment of the Company on 27 November 2007 until 31 December 2007 is as follows:

Culture	Sales revenue: BGN'000
Wheat	2 004
Sunflower	4 916
Total	6 920

Sales revenue from trade of grain account for 19% of the Group's total sales for the period.

The volume of sales, in physical and financial respect, depends on the crops in the country and in the world, and the prices in the local and world markets.

The major exchange markets on which agricultural goods are traded are: CBOT, MATIF, LIFFE, and WCE.

Trade of grain within the country and export of grain are planless in nature – 70-80% from the total exports of the country takes place in the second half of the year (July - December).

Grain storage

Grain storage is a service comprised of acceptance, cleaning, drying, storing and transferring of grain and technical crops to clients in the grain plants of Zarneni hrani Bulgaria AD.

Revenues from storage for 2007 amount to BGN 59 thousand. They account for 0.16% of Company sales for the period.

The quantity of stored grain owned by third parties depends on:

- crops in the country;
- purchasing prices;
- reputation of the storage company;

The prices for the rendered services are relatively stable and defined by practice.

1. 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.

2.1 Income, distributed in separate activity categories /net/

Business Segments	Production	Trade	Transport	Insurance	Banking	Finance	Pension funds	Consolidation	Group
31 December 2007	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Income from non-financial activities	112 959	58 912	399 027	240	8 132	9 528	-	(68 770)	520 028
Expenses on non-financial activities	(97 909)	(51 135)	(397 310)	-	-	-	-	64 331	(482 023)
Net result from non-financial activities	15 050	7 777	1 717	240	8 132	9 528	-	(4 439)	38 005
Insurance revenue	-	-	-	141 457	-	-	-	(5 920)	135 537
Insurance expenses	(28)	(5)	-	(125 899)	-	-	-	2 138	(123 794)
Net result from insurance	(28)	(5)	-	15 558	-	-	-	(3 782)	11 743
Interest income	651	649	765	122	92 264	7 412	d	(8 541)	93 622
Interest expense	(1 325)	(2 193)	(7 634)	(124)	(34 100)	(4 437)	(2)	8 541	(41 274)
Net interest income	(674)	(1 544)	(6 869)	(2)	58 164	2 975	298	-	52 348
Gains from transactions with financial instruments	7 573	389	12 211	36 844	24 622	84 945	65 571	(34 236)	197 919
Losses from transactions with financial instruments	(139)	(29)	(746)	(18 533)	(11 001)	-	(40 213)	2 125	(68 536)
Net result from transactions with financial instruments	7 434	360	11 465	18 311	13 621	84 945	25 358	(32 111)	129 383
Administration expenses	-	-	-	(18 759)	(81 698)	(9 513)	(2 286)	4 622	(107 634)
Negative goodwill	-	-	-	-	-	-	-	4 409	4 409
Other finance income/(expense)	(151)	(316)	(4 300)	(224)	23 965	620	1 842	(508)	20 928
Result from investments in associated entities under the equity method	-	-	-	-	-	-	-	(203)	(203)
Revenues for distribution by insurance batches	-	-	-	-	-	-	(7 860)	-	(7 860)
Result for the period before tax	21 631	6 272	2 013	15 124	22 184	88 555	17 352	(32 012)	141 119
Tax expense	(1 954)	(642)	(43)	(213)	(2 090)	133	(20)	-	(4 829)
Net result for the period	19 677	5 630	1 970	14 911	20 094	88 688	17 332	(32 012)	136 290

Share in the Sales revenue of the Group by segments /%/

▪ Production	11.14%
▪ Trade	5.51%
▪ Transport	37.86%
▪ Insurance	16.42%
▪ Banking	13.66%
▪ Finance	9.36%
▪ Pension funds	6.05%

2.2 Income from internal and external markets

The ratio income from internal markets to income from external markets is approximately 70/30. The most significant share in the trade activities with foreign countries belongs to the aviation transport which is part of the Group.

2.1. Financial indicators

At the end of 2007 the Company's total revenue amounts to BGN 2 334 019 thousand, which represents an increase of 144.05% compared to the amount in 2006.

The expenses for the year amount to BGN 2 192 900 thousand i.e. BGN 650 648 thousand more compared to the basic period which is an increase of 42.19%.

The net result for 2007 is profit before taxes amounting to BGN 141 119 thousand, profit after taxes at the amount of BGN 136 290 thousand. The Company generates an increase in the result for the period of 211.00% compared to the profit in 2006.

For 2007 the Company's financial indicators are as follows:

BASIC FINANCIAL INDICATORS

	2007	2006	Increase/ Decrease times
	BGN '000	BGN '000	
Operating income	2 334 019	1 620 240	1.44
Operating expenses (less depreciation and amortization)	2 168 937	1 528 029	1.42
Earnings before income, tax, depreciation and amortization (EBITDA)	117 156	52 847	2.22
EBITDA / Operating income (%)	520 028	255 722	2.03
Earnings before income and taxes (EBIT)	99 845	34 510	2.89
EBIT / Operating income (%)	0.09	0.13	0.68
Earnings before taxes	141 119	77 988	1.81
Net profit	136 290	71 770	1.90
Cash flow (profit + amortization and depreciation))	110 327	57 547	1.92
Current assets	1 529 743	895 022	1.71
Current liabilities	1 162 678	854 241	1.36
Turnover capital	1 162 678	388 003	3.00
Equity	869 203	389 226	2.23
Quick liquidity	1.32	1.05	1.26
Indebtedness ratio	(0.63)	1.22	-0.51
Return on Equity (ROE)	0.25	0.18	1.36
Return on assets (ROA)	0.04	0.04	1.10
Asset turnover	0.40	0.31	1.29

2.2. Income and expenses structure

Income from non-financial activities	2007	2006
	BGN '000	BGN '000
Income from sale of plane tickets	309 243	87 758
Income from trading goods sold	68 165	61 057
Income from services rendered	56 350	48 220
Income from finished goods sold	50 132	37 678
Other	36 138	21 469
	520 028	256 182

Expenses from non-financial activities	2007 BGN '000	2006 BGN '000
Cost of materials	132 360	67 507
Hired services	194 917	66 159
Depreciation and amortization	14 957	6 932
Employee expenses	43 728	16 027
Cost of goods sold	48 596	55 550
Other	47 792	14 990
	482 350	227 165

Insurance income	2007 BGN '000	2006 BGN '000
Insurance premiums	84 805	55 677
Income from released insurance reserves	40 039	21 997
Regression income	3 304	1 697
Income from reinsurance operations	7 171	3 954
Other income from insurance activities	218	2 150
	135 537	85 475

Income from insurance premiums

	2007		2006	
	Premium income	Relative share in %	Premium income	Relative share in %
	BGN '000		BGN '000	
Insurance of transport vehicles	51 559	60.80	29 989	53.73
Vehicles third parties' liability	17 884	21.09	13 822	18.34
Fire and natural calamities	5 508	6.49	3 341	8.91
Property damages	931	1.10	612	2.77
Accident group	2 501	2.95	2 308	3.98
Loans and leases	622	0.73	566	2.53
General public liability	1 026	1.21	878	1.55
Aviation hull	1 078	1.27	438	2.41
Travel assistance	1 757	2.07	1 363	1.47
Casco of aircrafts	627	0.74	1 756	3.42
Cargo	576	0.68	338	0.64
Marine hull	32	0.04	6	0.00
Guarantees insurance	627	0.74	459	0.00
Other financial losses	41	0.05	(348)	0.00
Casco of marine vessels	36	0.04	149	0.25
	84 805	100.00	55 677	100.00

Income from reinsurance operations	2007	2006
	BGN '000	BGN '000
Income from received insurance compensations	1 341	926
Income from reserve participation in reinsurance companies	2	-
Income from received commissions from reinsurance companies	1 274	691
Income from reserves set aside for the reinsurer	4 444	2 337
Income from reinsurance premiums	110	-
	7 171	3 954

Insurance expenses

The insurance expenses have occurred in the process of the insurance activity of the Group, conducted through ZPAD Armeec.

	2007	2006
	BGN '000	BGN '000
Claims paid	25 908	16 979
Expenses for participation in the insurance result	116	115
Liquidation of damages expenses	574	228
Acquisition expenses	20 348	13 609
Expenses for insurance reserves set aside	62 778	36 862
Reinsurance expenses	11 816	8 282
Other insurance expenses	2 254	1715
	123 794	77 790

Reinsurance expenses	2007	2006
	BGN '000	BGN '000
Expenses for granted premiums to reinsurers	9 400	5 792
Expenses for released reserves for reinsurers	2 416	2 490
	11 816	8 282

Interest income	2007	2006
	BGN'000	BGN'000
Legal entities	51 127	43 024
Individuals	24 804	14 659
Banks	11 800	4 948
Government securities	4 944	3 759
Other	947	548
	93 622	66 938

Interest expenses	2007	2006
	BGN'000	BGN'000
Individuals	21 788	4 686
Legal entities	13 328	21 870
Banks	2 570	4 891
Other	3 588	1 111
	41 274	32 558

Gains from transactions with financial instruments	2007	2006
	BGN'000	BGN'000
Revaluation of financial instruments	110 083	64 497
Gains from dealing with securities	87 644	2 488
Other	192	1 908
	197 919	68 893

Losses from transactions with financial instruments	2007	2006
	BGN'000	BGN'000
Revaluation of financial instruments	67 106	29 124
Losses from dealing with securities	1 419	2 319
Other	11	-
	68 536	31 443

Administrative expenses	2007 BGN'000	2006 BGN'000
Cost of materials	3 840	3 101
Hired services	34 220	21 425
Depreciation and amortization	9 006	7 289
Employee expenses	28 729	22 737
Other	31 839	22 234
	107 634	76 786

Negative goodwill	Negative goodwill 2007 BGN'000	Shares acquired 2007 %	Negative goodwill 2006 BGN'000	Shares acquired 2006 %
Korabno Mashinostroene AD	2 648	51.81%	-	-
ZPAD Armeec	1 545	4.63%	-	-
Slanchevi lachi Commerce EOOD	197	100%	-	-
Argo EOOD	19	100%	-	-
Parahodstvo BRP AD	-	-	9 025	76.18%
Kauchuk AD	-	-	5 615	35.00%
Capital Management ADSIC	-	-	2 010	46.18%
Energoproekt AD	-	-	646	83.20%
Mayak KM AD	-	-	312	77.19%
VTC AD	-	-	178	51.00%
Other	-	-	(667)	-
Income recognized in current period profit	4 409	-	17 119	-

Other financial income	2007 BGN'000	2006 BGN'000
Fees and commissions income	19 268	18 360
Net result from foreign exchange differences	547	3 121
Other	1 440	2 077
	21 255	23 558

Fees and commissions income, net	2007	2006
	BGN'000	BGN'000
Servicing loans	2 843	5 534
Servicing commitments and contingencies	993	704
Servicing of deposit accounts	1 431	1 785
Bank transfers	10 676	8836
Other income	7625	4 201
Fees and commissions expenses	(4 300)	(2 700)
	19 268	18 360

Allocation to secured persons

As at 31 December 2007 and 31 December 2006 BGN 7 860 thousand and BGN 6 034 thousand respectively are the amounts subject to distribution to secured individuals in the course of the activity of the pension funds part of the Group.

Tax expense, net

The relationship between the expected tax expense based on the effective tax rate in 2007 at 10% (2006: 15 %) and the tax expense actually recognized in the income statement can be reconciled as follows:

	2007 BGN'000	2006 BGN'000
Profit for the period before tax	141 119	66 988
Tax rate	10%	15%
Expected tax expense	(14 112)	(10 048)
Adjustment for tax exempt income	7 732	3 235
Current tax expense	(6 380)	(6 813)
Tax rate	10%	10%
Deferred tax income, resulting from:		
- origination and reversal of temporary differences and changes in tax rates	1 551	595
Actual tax expense, net	(4 829)	(6 218)

2.4. Post balance sheet events

For the period after the balance sheet date until the date of the preparation of the financial statements, 29 April 2008, no significant or material non-adjusting events took place.

For the period from 1 January 2008 and 29 April 2008 the following significant events has taken place:

The acquisition of 718 236 shares with a nominal value of 10 rubles, representing 6,93% from the share capital of Tatininvest – Kazan, Republic of Tatarstan, was concluded successfully on 7 February 2008.

- On 7 March 2008 with the authorization of the Commission for Protection of Competition. Chimimport AD acquired all of the voting shares of the share capital of Molet AD;

- For the period 26 - 28 March 2008 a working group, led by the executive director Mr. Ivo Kamenov visited Tatarstan by the invitation of the President of Republic of Tatarstan – Mr. Mintimer Shaymiev and the Government of the Republic. During the visit the parties came to the agreement to establishing a mixed company on a parity basis. The Group will complete the reconstruction and expansion of the airport in Kazan and will take over the management of the national carrier of the republic.

- After the preparation of the annual financial statements for 2007, CCB AD acquires 136 658 shares of the share capital of Silex bank, Skopije, Republic of Macedonia, representing 62,57% of the voting shares . As a result of this acquisition the bank owes 171 658 shares of the share capital of Silex bank AD, representing 78,60% of the voting shares. The amount of the investment amounts to BGN 26 499 thousand.

After the balance sheet date, the Bank transfers through a cession agreement to Finance Consulting EAD, against consideration and without the right of regression , own cash receivables with reporting value of BGN 21,429 thousand and net book value BGN 11,331 thousand. The cession is with total amount of BGN 20,000 thousand.

- On 11 September 2007, the Bank and Eurostandard Bank AD, Skopije signed an agreement for sale of 25 660 ordinary, voting right shares from the equity of Post Bank AD, Skopije, Republic of Macedonia. The contract comes into force after the corresponding permits are obtained. The acquisition is allowed by BNB on 31 October 2007 and by the National Bank of the Republic of Macedonia on 6 December 2007. The deal will raise legal action after the Bank receives permit by the Government of the Republic of Macedonia.

- During the period between preparation of the individual financial statements of Zarneni Hrani Bulgaria AD and the consolidated financial statements of the Group an agreement for sale of bonds with nominal value amounting to BGN 10 268 thousand was signed. In the consolidated balance sheet these bonds are reclassified from liabilities to other related parties to long-term loans amounting to BGN 8 801 thousand and short-term loans amounting to BGN 1 467 thousand.

2.6. Important Research and Development

The Company did not appoint or perform any important research and development activities during 2007.

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

The Company 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 2007, 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 Company 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.

During 2007 the compensations paid to the members of the Supervisory Board and the Managing Board, and the management personnel amount to BGN 144 thousand (2006 – BGN 38 thousand). In 2007 no other transactions with the Company's management were performed under special conditions.

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 2007.

6. Information regarding off-balance transactions

As at 31 December 2007 the Company is a party to an active contract from 20.12.2004 for bank guarantees with DSK bank. The contract specifies the limit of the guarantee to be BGN 1 million with a second mortgage of an investment property serving as a collateral.

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

3.1 Investments in associates

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

Name of the associate	Country of incorporation	2007 BGN'000	Share %	2006 BGN'000	Share %
POK Saglasie AD	Bulgaria	15 367	49.28%	15 159	49.28%
Kauchuk AD	Bulgaria	6 436	28.07%	8 436	37.50%
Capital Management ADSIC	Bulgaria	1 899	46.16%	2 406	46.16%
Lufthansa Technik OOD	Bulgaria	1 367	20.00%	-	-
Electroterm AD	Bulgaria	750	38.07%	-	-
Kavarna Gas OOD	Bulgaria	453	35.00%	444	41.00%
		26 272		26 445	

As at 31 December 2007, the fair value of shares of Kauchuk AD, traded on the Bulgarian Stock Exchange – Sofia at the exchange price of BGN 60.00 per share, is BGN 15 864 thousand. The Company owns 264 399 of the shares.

Financial information concerning the investments in associates can be summarized as follows:

2007	POK Saglasie	Kauchuk AD	Electrote rm AD	Capital Managemen t ADSIC	Lufthans a Technik OOD	Kavarna Gas OOD	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Assets	11 656	39 172	1 645	49 422	9 777	1 758	113 430
Liabilities	1 817	16 242	181	45 307	4	465	64 016
Revenues	6 276	25 366	1 090	3 851	-	1 295	37 878
Net result for the period	422	544	93	2 957	(27)	24	4 013
Share of the Group in the net result for the period	208	153	35	(602)	(5)	8	(203)

2006	POK Saglasie	Kauchuk AD	Capital Management ADSIC	Kavarna Gas OOD	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Assets	9 156	40 804	71 187	1 685	122 832
Liabilities	1 365	18 149	65 974	416	85 904
Revenues	3 935	30 680	308	1 258	36 181
Net result for the period	241	923	208	50	1 422
Share of the Group in the net result for the period	119	287	96	17	519

During 2007 and 2006 the Group has not received any dividends from its associates.

In these consolidated statements, investments in associated companies are accounted using the equity method.

3.2 Acquisition of 100 % of the share capital of Trans Interkar EOOD

In 2007 100% of Trans Interkar EOOD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	2 095
Fair value of net assets acquired (see below)	2 095
Goodwill	-

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, related to their location and potential for utilization.

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

	Fair value	Book value of the
	2007	company acquired
	BGN'000	2007
		BGN'000
Cash and cash equivalents	379	379
Property, plant and equipment	12 747	11 402
Investment properties	615	615
Investments in subsidiaries	200	200
Inventories	7 820	7 820
Receivables	1 920	1 920
Other assets	2 518	2 518
Liabilities	(24 104)	(24 104)
Net assets acquired	2 095	750

3.3 Acquisition of 65% of the share capital of Golf Shabla AD

In 2007 65% of Golf Shabla AD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007
	BGN'000
Purchase consideration:	
- Purchase price, paid in cash	1 074
- Purchase price, paid with contributions in kind	581
Total purchase consideration	1 655
Fair value of net assets acquired (see below)	1 655
Goodwill	-

The fair value of the net assets acquired approximated the book value of the net assets acquired, since the Company is established in 2007, and its Property, plant and equipment consists of contributions in kind.

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

	Fair value 2007 BGN'000	Book value of the company acquired 2007 BGN'000
Cash and cash equivalents	1 074	1 074
Property, plant and equipment	4 145	4 145
Net assets	5 219	5 219
Minority interest	(3 564)	
Net assets acquired	1 655	

3.4 Acquisition of 100 % of the share capital of Chimimport Oil AD

In 2007 100 % of Chimimport Oil AD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	500
Fair value of net assets acquired (see below)	500
Goodwill	-

The fair value of the net assets acquired approximated the book value of the net assets acquired, since the company is established in 2007.

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Cash and cash equivalents	500	500
Net assets acquired	500	500

3.5 Acquisition of 100 % of the share capital of Agro EOOD

In 2007 100 % of Agro EOOD's equity was acquired. As a result of the acquisition, income amounting to BGN 19 thousand was recognized in the income statement as Negative goodwill.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	10
Fair value of net assets acquired (see below)	29
Exceeding the fair value of the net assets acquired over the purchase consideration.	(19)

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

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Cash and cash equivalents	180	180
Other assets	5	5
Liabilities	(156)	(156)
Net assets acquired	29	29

3.6 Acquisition of 100 % of the share capital of Port Balchik AD

In 2007 100% of Port Balchik AD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	3 537
<hr/>	
Fair value of net assets acquired (see below)	3 537
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Goodwill	-

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, related to their location and potential for utilization.

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Cash and cash equivalents	516	516
Property, plant and equipment	1 673	512
Intangible assets	395	395
Receivables	992	992
Liabilities	(39)	(39)
Net assets acquired	3 537	2 376

3.7 Acquisition of 100 % of the share capital of Slanchevi lachi Provadia EOOD

In 2007 100% of Slanchevi lachi Provadia EOOD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	51 346
<hr/>	
Fair value of net assets acquired (see below))	51 346
<hr/>	
Goodwill	-

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, related to their location and potential for utilization.

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Property, plant and equipment	33 520	23 068
Intangible assets	244	244
Inventories	1 653	1 653
Short-term financial assets	3 962	3 962
Receivables	13 174	13 174
Cash and cash equivalents	15	15
Liabilities	(1 222)	(1 222)
Net assets acquired	51 346	40 894

3.8 Acquisition of 100 % of the share capital of Slanchevi lachi Commerce EOOD

In 2007 100% of Slanchevi lachi Commerce EOOD's equity was acquired. As a result of the acquisition, no goodwill was recognized. As a result of the acquisition, income amounting to BGN 197 thousand was recognized in the income statement as Negative goodwill.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	120
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Fair value of net assets acquired (see below)	317
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Goodwill	(197)

The fair value of the net assets acquired approximated the book value of the net assets acquired. The fair value adjustments reflect certain characteristics of Property, plant and equipment, related to their location and potential for utilization.

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Property, plant and equipment	266	266
Intangible assets	20	20
Inventories	309	309
Receivables	1 309	1 309
Other assets	1	1
Cash and cash equivalents	29	29
Liabilities	(1 617)	(1 617)
Net assets acquired	317	317

3.9 Acquisition of 59.61 % of the share capital of Zarneni Hrani Bulgaria AD

In 2007 59.61 % of Zarneni Hrani Bulgaria AD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	100 435
Total purchase consideration	100 435
Fair value of net assets acquired (see below)	100 435
Goodwill	-

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 Trade and other receivables.

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Property, plant and equipment	149 074	149 074
Intangible assets	956	956
Investment properties	6 108	6 108
Investments in subsidiaries	54 547	54 547
Inventories	35 018	35 018
Short-term financial assets	4 602	4 602
Receivables	68 687	70 986
Other assets	2 353	2 353
Cash and cash equivalents	5 613	5 613
Liabilities	(158 471)	(158 471)
Net assets	168 487	170 786
Minority interest	(68 052)	
Net assets acquired	100 435	

3.10 Acquisition of 100 % of the share capital of CCB Asset Management EOOD

In 2007 100 % of CCB Asset Management EOOD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007
	BGN'000
Purchase consideration - cash paid:	
- Purchase price	500
<hr/>	
Fair value of net assets acquired (see below)	500
<hr/>	
Goodwill	-

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

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

	Fair value	Book value of the company acquired
	2007	2007

	BGN'000	BGN'000
Cash and cash equivalents	500	500
Net assets acquired	500	

3.11 Acquisition of 100 % of the share capital of ZAED CCB Zhivot

In 2007 100 % of ZAED CCB Zhivot's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	6 440
Fair value of net assets acquired (see below)	6 440
Goodwill	-

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

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

	Fair value 2007 BGN'000	Book value of the company acquired 2007 BGN'000
Cash and cash equivalents	6 440	6 440
Net assets acquired	6 440	6 440

3.12 Acquisition of 100 % of the share capital of ZOK CCB EAD

In 2007 100 % of ZOK CCB EAD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	

- Purchase price	1 041
<hr/>	
Fair value of net assets acquired (see below)	1 041
<hr/>	
Goodwill	-

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

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

	Fair value	Book value of the
	2007	company acquired
	BGN'000	2007
		BGN'000
Cash and cash equivalents	1 000	1 000
Other assets	41	41
Net assets acquired	1 041	1 041

3.13 Acquisition of 51.81 % the share capital of Korabno Mashinostroene AD

In 2007 51.81 % of Korabno Mashinostroene AD's equity was acquired. As a result of the acquisition, income amounting to BGN 2 648 thousand was recognized in the income statement as Negative goodwill.

The acquired net assets and goodwill are as follows:

	2007
	BGN'000
Purchase consideration - cash paid:	
- Purchase price	220
<hr/>	
Fair value of net assets acquired (see below)	2 868
<hr/>	
Goodwill	(2 648)

The fair value of the net assets acquired is different from the book value of the net assets acquired.

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

	Fair value	Book value of the
		company acquired
	2007	2007
	BGN'000	BGN'000
Property, plant and equipment	8 643	8 598
Inventories	5 829	5 829
Receivables	1 347	645
Other assets	784	81
Cash and cash equivalents	64	64
Liabilities	(11 131)	(11 131)
<hr/>		
Net assets	5 536	4 086
Minority interest	(2 668)	
<hr/>		
Net assets acquired	2 868	

3.14 Acquisition of 50 % of the share capital of Asen Nikolov AD

In 2007 50 % of Asen Nikolov AD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007
	BGN'000
Purchase consideration - cash paid:	
- Purchase price	50
<hr/>	
Fair value of net assets acquired (see below)	50
<hr/>	
Goodwill	-

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

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

	Fair value	Book value of the
	2007	company acquired
	BGN'000	2007
		BGN'000
Investment properties	1 309	1 309
Investments in associates	1 760	1 760
Receivables	143	143
Cash and cash equivalents	294	294
Liabilities	(3 406)	(3 406)
Net assets	100	100
Minority interest	(50)	
Net assets acquired	50	

3.15 Acquisition of 100 % of the share capital of Aris 2003 EOOD

In 2007 100 % of Aris 2003 EOOD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007
	BGN'000
Purchase consideration - cash paid:	
- Purchase price	829
<hr/>	
Fair value of net assets acquired (see below)	829
<hr/>	
Goodwill	-

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

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

	Fair value	Book value of the
		company acquired
	2007	2007
	BGN'000	BGN'000
Receivables	948	948
Liabilities	(119)	(119)
<hr/>		
Net assets acquired	829	829

3.16 Acquisition of 95 % of the share capital of Diagnozis Si and ES OOD

In 2007 95 % of Diagnozis Si and ES OOD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007
	BGN'000
Purchase consideration - cash paid:	
- Purchase price	98
<hr/>	
Fair value of net assets acquired (see below)	98
<hr/>	
Goodwill	-

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

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Receivables	705	705
Liabilities	(602)	(602)
Net assets	103	103
Minority interest	(5)	
Net assets acquired	98	

3.17 Acquisition of 100 % of the share capital of Anitas 2003 EOOD

In 2007 100 % of Anitas 2003 EOOD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	5
Fair value of net assets acquired (see below)	5
Goodwill	-

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

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Receivables	156	156
Liabilities	(151)	(151)
Net assets acquired	5	5

3.18 Acquisition of 100 % of the share capital of Transkar Serviz EOOD

In 2007 100 % of Transkar Serviz EOOD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	200
Fair value of net assets acquired (see below)	200
Goodwill	-

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

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Cash and cash equivalents	200	200
Net assets acquired	200	200

3.19 Acquisition of 100 % of the share capital of Bulgaria Air AD

In 2007 100 % of Bulgaria Air AD's equity was acquired. As a result of the acquisition, no goodwill was recognized.

The acquired net assets and goodwill are as follows:

	2007 BGN'000
Purchase consideration - cash paid:	
- Purchase price	13 006
Fair value of net assets acquired (see below)	13 006
Goodwill	-

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

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

	Fair value	Book value of the company acquired
	2007	2007
	BGN'000	BGN'000
Property, plant and equipment	535	535
Intangible assets	32 140	4
Inventories	2 987	2 987
Receivables and other assets	32 660	32 660
Cash and cash equivalents	1 822	1 822
Liabilities	(57 138)	(57 138)
Net assets acquired	13 006	(19 130)

- **Investments in subsidiaries**

The Company has the following investments in subsidiaries:

Name of the subsidiary	2007	share	2006	share
	BGN'000	%	BGN'000	%
CCB Group Assets Management EAD	160 270	100.00%	79 552	100.00%
Zarneni Hrani Bulgaria AD	96 058	57.78%	-	0.00%
Slanchevi Lachi Bulgaria AD	-	0.00%	7 222	70.97%
Bulgarian Aviation Group EAD	23 568	100.00%	23 568	100.00%
Sport Complex Varna AD	22 474	65.00%	22 474	100.00%
Pristanishte Lesport AD	14 880	99.00%	990	99.00%
Prouchvane i dobiv na neft i gaz AD	12 744	52.70%	11 891	52.00%
Bulchimeks OOD	2 500	100.00%	2 500	100.00%
Trans Intercar EOOD	2 095	100.00%	-	0.00%
Bulgarian Shipping Company EAD	2 000	100.00%	5	100.00%
Energoproekt AD	1 664	83.20%	1 664	83.20%
Chimsnab AD	1 011	93.33%	1 011	93.33%
Chimimport Group EAD	998	100.00%	998	100.00%
SK Chimimport Consult OOD	111	59.00%	111	59.00%
Brand New Ideas EOOD	5	100.00%	5	100.00%
Anitas 2003 EOOD	5	100.00%	-	0.00%
Chimimport Lega Consult OOD	4	70.00%	4	70.00%
	340 387		151 995	

The subsidiaries are registered in the Republic of Bulgaria and are included in the financial statements of the Company at cost.

4 Long-term financial assets

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

	2007	2006
	BGN '000	BGN '000
Loans and receivables	472 296	310 439
Held-to-maturity financial assets	83 790	16 142
Financial assets at fair value through profit or loss	64 571	42 526
Available-for-sale financial assets	53 930	110 078
	674 587	479 185

5 Short-term financial assets

The amounts recognized in the balance sheet comprise of the following categories of financial assets:

	2007	2006
	'000 AB.	'000 AB.
Loans and receivables	293 180	263 041
Financial assets at fair value through profit or loss	29 610	36 443
Held-to-maturity financial assets	7 004	36 042
Available-for-sale financial assets	109 090	23 435
	438 884	358 961

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.

5.1 Operating leases - lessor

The Group has entered into several lease contracts in the capacity of a lessor. The Group's lease contracts relate to letting out of buildings and premises.

The terms of the main operating lease agreements are as follows:

- Long-term agreements for rent of office premises at the price of 8 EUR/sq. meter.
- Rent of airplane sheds and other premises to Viadgio Air with a monthly rent installment at the amount of BGN 20 thousand, to Global Maintenance with a monthly rent installment at the amount of BGN 10 thousand, Scorpion Air with a monthly rent installment at the amount of BGN 240 thousand and other operating lease agreements with a maturity on 31 December 2007.
- Short-term agreements for rent of automobiles at an average price of 25 EUR per day

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

	Within 1 year BGN '000	From 1 to 5 year BGN '000	More than 5 years BGN '000	Total BGN '000
As at 31 December 2007	7 034	24 131	-	31 165
As at 31 December 2006	7 387	24 131	2 429	33 917

The operating lease agreements contain contingent payment clauses.

5.2 Operating lease – lessee

The Group has entered into several lease contracts in the capacity of lessee.

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

	Within 1 year BGN '000	From 1 to 5 year BGN '000	More than 5 years BGN '000	Total BGN '000
As at 31 December 2007	16 606	1 841	573	19 020
As at 31 December 2006	4 900	17 984	4 250	27 134

Operating lease agreements relate to rent of office premises to agencies and branches of the insurance company all around the country and in Sofia. The operating lease agreements contain neither contingent payment clauses, nor subsequent purchase clauses.

5.3 Finance lease – 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.

Finance lease agreements with: Unitrade – Leasing OOD, Leasing plus EOOD for an automobile Volkswagen Passat, Bultraco AD, Bulbank Leasing, Unitrade-Leasing, Interlease Auto, Afin Bulgaria, Sofia France Auto, Unicredit Leasing, HVB Leasing OOD, Hypo Group Alpe Adria, Unicredit Leasing, HVB leasing OOD, Hypo Group Alpe Adria, Bohemia Auto and others for the purchase of automobiles and transport vehicles.

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

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)

31 December 2006	Within 1 year BGN '000	1 to 5 years BGN '000	Total BGN '000
Lease payments	2 968	8 519	11 487
Discounts	(528)	(1 764)	(2 292)
Net present value	2 440	6 755	9 195

10. Information regarding the use of funds from additional shares issued during the accounting period.

During the accounting period, Chimimport AD increased its share capital as follows:

-On 29 June 2007 the Board decided to increase the share capital from BGN 130 000 thousand to BGN 150 000 thousand On 07 November 2007. the newly issued shares were registered by the Financial Control Commission The capital increase amounting to BGN 19 999 984 resulted from the placement of newly issued shares under the requirements and procedures of Public Offering of Securities .Act

The amount generated from the issue of new shares is used and will be used for increasing the Company's investments in the financial sector via "CCB Group Assets' Management" EAD (CCB AD, CCB Life AD and CCB Health AD); in the transport sector via "Bulgarian Aviation Group" EAD (Bulgaria Air AD) and "Bulgarian Shipping Company" EAD (Parahodstvo BRP AD), in the concession of Pristanishte Lesport AD and others.

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

In 2007 the Company has not published any forecasts of the financial result for the year. All publicly announced targets and objectives were accomplished.

12. 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 pays its liabilities.

13. 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.

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

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

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

During the accounting period the following changes in the number of managing personnel in the Managing and the Supervisory Boards of the Company took place:

- in April 2007, Jivko Velikov Jekov was elected as a member of the Supervisory Board, and Mr. Mirolub Panchev Damianov as a member of the Managing Board.
- in December 2007, Mr. Nikola Damianov ceased the chairman post of the Supervisory Board due to his demise; "Chimimport Invest" AD was elected as a chairman.

16. 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 2007, 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	114 808 367	76.539 %
2. CCB Group Assets Management EAD	-	-
3. Jivko Velikov Jekov	-	-

Members of the Managing Board

Name	Number of shares	% of share capital
1. Tsvetan Tsankov Botev	-	-
2. Aleksandar Dimitrov Kerezov	90 000	0.06
3. Ivo Kamenov Georgiev	309 925	0.21
4. Marin Velikov Mitev	309 924	0.21
5. Nikola Peev Mishev	38 464	0.028
6. Mirolub Panchev Ivanov	55 666	0.037

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

17. 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.

18. 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 Corporate 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 are not applied

Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the share prices during 2007 are as follows:

Opening price : 7.68 BGN on 03 January 2007
Closing price : 15.41 BGN on 21 December 2007

Maximum price : 19.00 BGN on 30 October 2007
Minimum price : 7.60 BGN on 04 January 2007

Information on appendix N 11:

1. Capital structure

The share capital of the Company consists of 149 999 984 ordinary, registered, dematerialized voting shares with nominal value of 1 BGN per share.

As at 31 December 2007 the capital is owned by 372 corporate bodies and 3 940 individuals, both of foreign and Bulgarian origin.

The Company has not issued any shares, that are not permitted for trading on the regulated market in the Republic of Bulgaria and abroad.

According to its corporate articles, the Company cannot issue preferred shares, entitled with more than one vote, except under the terms of article 10, par. 6 from the final provisions of Public Offering of Securities Act, or with additional liquidation quota. Each ordinary share entitles its owner with one vote at the General Meeting of the Shareholders, dividend rights and liquidation quota in case of Company liquidation. The shares are non-split.

2. Limitations on share transfer

Issuing and disposal of dematerialized shares requires mandatory registration in Central Depository.

3. Information regarding holding more than 5% from the voting right at the General Meeting of the Shareholders.

As at 31 December 2007 the shareholders holding 5% or more from the Company's capital are as follows:

Name	Number of shares	% of the share capital
1. "Chimimport Invest AD"	114 808 367	76.539

2. Julius Bear Investment Management LLC – USA 11 278 610 7.52

The remaining shareholders (corporate and individual entities) possess less than 5% of the share capital.

4. Shareholders with special control rights

There are no shareholders with special control rights.

5. Control system and voting limitations at the General Meeting of the Shareholders

The share rights are exercised in accordance with the terms and conditions of the Public Offering of Securities Act. The members of the Supervisory and Managing boards cannot represent a stockholder at the General Meeting, in compliance with the Company's corporate articles. If the members of the boards are not shareholders, they participate in the General Meeting without a voting right.

There are no additional voting limitations in the corporate articles, except those grounded in the Public Offering of Securities Act.

6. Agreements between the shareholders

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

7. Election and dismissal of the Company managing bodies

The Company managing bodies are:

- General Meeting of the Shareholders
- Supervisory Board
- Managing Board

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

The members of the Managing Board are elected by the Supervisory Board, which has the right to replace them. One and the same person cannot be a member of the Managing and the Supervisory Board at the same time. The members of the Managing Board may be reelected without any limitations.

Members of the Managing Board of "Chimimport AD" should meet the requirements of the applicable law:

- to be active individuals or corporate bodies;
- as at the moment of the election, the candidate must have clean record, related to crimes against the ownership, the economy, the financial, tax, or social-security systems of the Republic of Bulgaria or abroad, unless he/she has been rehabilitated;

the candidate cannot be a former member of a managing or supervisory body of a discontinued company, that has declared bankruptcy in the last two years prior to the decision for insolvency announcement, if there are any unsatisfied creditors remaining.

Amendments and additions to the corporate articles of the Company are approved at the General Meeting of the Shareholders.

8. Authorities of the managing bodies of the Company, including decisions for issuing and redemption of shares

The Managing body of Chimimport AD manages the current activity of the Company and represents it in front of the physical and legal entities in the country and abroad. The Managing Board decides on all matters, which are not under the exclusive competence of the General Meeting of the Shareholders or the Supervisory Board, while abiding the decisions of the General Meeting of the Shareholders and the Supervisory Board, as well as the orders of the corporate articles and the applicable legislation. The Managing Board is accountable for its activity to the Supervisory Board and the General Meeting of the Shareholders.

The Managing Board adopts its Activities Regulation, which is approved by the Supervisory Board.

The Managing Board submits a report on its activity to the Supervisory Board at least once for every three months. The chairman of the Supervisory Board must be promptly notified for all circumstances of significant importance for the Company.

The Managing Board presents to the Supervisory Board the annual Financial Statements, the Management's Report, the Auditor's Report, as well as the proposal for profit distribution at the General Meeting of the Shareholders.

According to the resolution of the General Meeting of the Shareholders held on 17 September 2007 within a period of 5 (five) year period of entering the amendment in the corporate articles into the Companies Register, the Managing Board is authorized to issue bonds, including convertible ones, up to total amount of EUR 100 000 000 (hundred million) or their equivalent in foreign currency. The Managing Board determines the type and parameters of the bonds issued and the terms and conditions for bond issuing. The decisions are made by the Managing Board with the approval of the Supervisory Board

According to the resolution of the General Meeting of the Shareholders held on 17 September 2007 within a period of 5 (five) year period of entering the amendment in the corporate articles into the Companies Register, the Managing Board is authorized to make decisions on the increase of the capital of the Company up to a total nominal amount of BGN 175 000 000 /one hundred seventy five million/ through issuing of ordinary or preferred shares. These decisions are taken by the Managing Board with the approval of the Supervisory Board

9. Significant contracts of the Company

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

10. Agreements between the Company and its managerial bodies

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

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Ivo Kamenov /Executive Director/

