

Interim Condensed Financial Statements

Chimimport AD

31 March 2018



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Interim condensed statement of financial position

	Notes	31.03.2018 BGN'000	31.12.2017 BGN'000	31.03.2017 BGN'000
Assets				
Non – current assets				
Property, plant and equipment	7	3 643	3 646	7 689
Investment property	8	35 831	35 831	35 831
Investment in subsidiaries	9	782 054	782 054	785 914
Long – term financial assets		12 481	12 481	46 171
Long – term related party receivables	17	44 611	48 980	26 524
Long – term receivables	10	148 994	147 567	127 995
		1 027 614	1 030 559	1 030 124
Current assets				
Short – term related party receivables	17	93 692	85 852	130 200
Loans granted	10	83 138	103 078	102 554
Trade and other receivables		50 388	50 438	46 102
Short – term financial assets		177 357	151 441	117 161
Cash and cash equivalents		73 957	72 619	73 270
		478 532	463 428	469 287
Total assets		1 506 146	1 493 987	1 499 411

Prepared by: _____

/A.Kerezov/



Executive Director: _____

/I. Kamenov/

Date: 27 April 2018

Interim condensed statement of financial position (continued)

Equity and liabilities	Notes	31.03.2018 BGN'000	31.12.2017 BGN'000	31.03.2017 BGN'000
Equity				
Share capital	11	239 646	239 646	239 646
Share premium		260 615	260 615	260 615
Other reserves		59 892	59 892	59 890
Retained earnings		679 661	662 787	675 734
Net profit for the period		24 351	38 975	21 243
Total equity		1 264 165	1 261 915	1 257 128
Liabilities				
Non – current liabilities				
Long – term related party payables	17	59 838	59 388	12 171
Long – term bank and other loans	13	51 925	52 062	43 078
Pension and other employee obligations		27	27	24
Loan commitments		2 387	-	-
Deferred tax liabilities		17 474	14 878	12 332
		131 651	126 355	67 605
Current liabilities				
Short – term related party payables	17	84 567	89 549	122 127
Short – term dividend liabilities	12	-	-	9 320
Short – term bank and other loans	13	21 168	10 966	36 173
Trade and other payables		4 276	4 975	5 315
Pension and other party payables		94	112	117
Tax liabilities		225	115	1 626
		110 330	105 717	174 678
Total liabilities		241 981	232 072	242 283
Total equity and liabilities		1 506 146	1 493 987	1 499 411

Prepared by: _____

/A.Kerezov/



Executive Director: _____

/I. Kamenov/

Date: 27 April 2018

Interim condensed statement of comprehensive income

	Notes	31.03.2018	31.03.2017
		BGN'000	BGN'000
Gains from transactions with financial instruments and noncurrent assets		25 916	16 917
Losses from transactions with financial instruments		(138)	-
Net profit from transactions with financial instruments		25 778	16 917
Interest income		2 644	2 963
Interest expense		(1 001)	(3 192)
Net profit from interest		1 643	(229)
Gains from foreign exchange differences		518	154
Losses from foreign exchange differences		(521)	(303)
Net loss from foreign exchange differences		(3)	(149)
Other financial income/(expenses)		(54)	(130)
Operating revenue		361	360
Operating expenses		(668)	(513)
Result from operating activities		(307)	(153)
Profit for the period before tax		27 057	16 256
Tax expense	14	(2 706)	4 987
Net profit for the period		24 351	21 243
Remeasurement of defined benefit liability		-	-
Total comprehensive income		24 351	21 243
Earnings per share in BGN	15	0.10	0.09

Prepared by: 
/A. Kerezov/



Executive Director: 
/I. Kamenov/

Date: 27 April 2018

Interim condensed statement of changes in equity

All amounts are presented in BGN '000

	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Balance at 1 January 2018	239 646	260 615	68	59 824	701 762	1 261 915
Net profit for the period, ending at 31 March 2018	-	-	-	-	24 351	24 351
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	24 351	24 351
Effect of initial application of IFRS 9	-	-	-	-	(22 101)	(22 101)
Balance at 31 March 2018	239 646	260 615	68	59 824	704 012	1 264 165

Prepared by:



/I.A. Kerezov/



Executive Director:



/I.I. Kamenov/

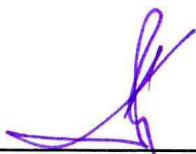
Date: 27 April 2018

Interim condensed statement of changes in equity (continued)

All amounts are presented in BGN '000

	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	239 646	260 615	66	59 824	675 734	1 235 885
Dividends	-	-	-	-	(12 947)	(12 947)
Transactions with owners	-	-	-	-	(12 947)	(12 947)
Net profit for the period, ending at 31 December 2017	-	-	-	-	38 975	38 975
Other comprehensive income	-	-	2	-	-	2
Total comprehensive income	-	-	2	-	38 975	38 977
Balance at 31 December 2017	239 646	260 615	68	59 824	701 762	1 261 915

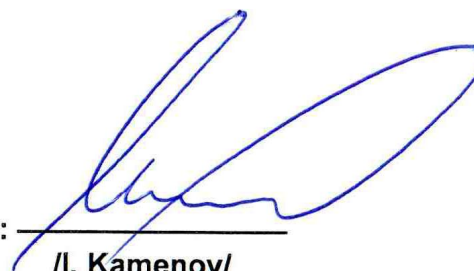
Prepared by:



/I.A. Kerezov/



Executive Director:



/I.I. Kamenov/

Date: 27 April 2018

Interim condensed statement of changes in equity (continued)

All amounts are presented in BGN '000

	Share capital	Share premium	Remeasurements of defined benefit liability	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	239 646	260 615	66	59 824	675 734	1 235 885
Net profit for the period, ending at 31 March 2017	-	-	-	-	21 243	21 234
Total comprehensive income	-	-	-	-	21 243	21 234
Balance at 31 March 2017	239 646	260 615	66	59 824	696 977	1 257 128

Prepared by:


/I.A. Kerezov/



Executive Director:


/I.I. Kamenov/

Date: 27 April 2018

Interim condensed statement of cash flows

	31.03.2018	31.03.2017
	BGN '000	BGN '000
Operating activities		
Proceeds from short-term loans	7 974	15 925
Payments for short-term loans	(6 245)	(7 978)
Proceeds from operations with short-term financial assets, net	(2 104)	(2 363)
Receipts from customers	795	256
Payments to suppliers	(249)	(320)
Interest received	2 054	3 240
Interest paid	(271)	(1 783)
Cash paid to employees and social security institutions	(352)	(136)
Taxes paid	(193)	(107)
Other (payments)/ proceeds, net	35	29
Net cash flow from operating activities	1 444	6 763
Investing activities	-	-
Net cash flow from investing activities	-	-
Financing activities		
Long-term loans received	9 729	-
Payments for long-term and bank loans received	(9 721)	(9 847)
Interest paid	(114)	-
Net cash flow from financing activities	(106)	(9 847)
Net change in cash and cash equivalents	1 338	(3 084)
Cash and cash equivalents, beginning of period	72 619	76 359
Exchange losses from cash and cash equivalents	-	(5)
Cash and cash equivalents, end of period	73 957	73 270

Prepared by: _____


/I.A.Kerezov/



Executive Director: _____


/I.I. Kamenov/

Date: 27 April 2018

Notes to the financial statements

1. Nature of operations

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

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

The Company is engaged in the following business activities:

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

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

The members of the Supervisory Board are as follows:

Invest Capital AD
CCB Group EAD
Mariana Bazhdarova

The members of the Managing Board are as follows:

Alexander Kerezov
Ivo Kamenov
Marin Mitev
Nikola Mishev
Miroliub Ivanov
Tzvetan Botev

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

2. Basis for the preparation of the interim condensed financial statements

These interim condensed financial statements as of 31 March 2018 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information and disclosures required in annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

The interim condensed financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) unless otherwise stated.

The Company also prepares interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and approved by EU. Investments in subsidiaries are accounted for and disclosed in accordance with IFR 10 “Consolidated Financial Statements”.

The interim condensed financial statements are prepared under the going concern principle.

3. Accounting policies

These interim condensed financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2017.

4. Accounting estimates

For the purpose of preparing these interim condensed financial statements, management has applied accounting estimates and assumptions in the assessment of its assets, liabilities, income and expenses. Actual results may differ from these estimates and management assumptions. Accounting estimates and assumptions applied in this interim condensed financial statements do not differ from the last annual financial statements of the Company as of 31 December 2017.

5. Effect of initial application of IFRS 9

Initial Effect from the Application of IFRS 9 "Financial Instruments" IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" and is effective from January 1, 2018. The new standard introduces significant changes in the classification, subsequent measurement, and a new pattern of expected credit losses for impairment financial actives. IFRS 9 also includes a new guidance on hedge accounting.

The management of the company identifies a few areas that are expected to have effect from the application of IFRS 9:

- the classification and measurement of the financial assets of the Company assesses the new criteria that take attention on the agreed cash flows for the assets

and the business model under which they are managed. The management holds most of the financial assets to collect the relevant cash flows and estimates the types of cash flows to properly classify the financial assets.

The management of the company expects the majority of held-to-maturity financial assets to continue to be carried at amortized cost.

Position on financial statement	Category of IAS 39	Category of IFRS 9	Business model
Long-term financial assets	Available-for-sale financial instruments	Equity instruments measured at fair value through other comprehensive income	Held for collection an sale
Bonds	Investments held to maturity	Debt instruments measured at amortized cost	Held for collection
Receivables from related parties	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Loans granted	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Trade payables	Credits and receivables	Debt instruments measured at amortized cost	Held for collection
Cash and cash equivalents	Credits and receivables	Debt instruments measured at amortized cost	Held for collection

All financial assets held by the Company are eligible for payment only for principal and interest.

The main effects that the Company recognizes in the application of IFRS 9 Financial Instruments are related to the application of the effect of the recognition of a credit correction for credit losses accrued in accordance with the requirements of the expected credit loss model. The scope of the model includes debt instruments managed by the company with a business model held for collection.

The Company applies an individual approach to impairment of the borrowed funds, taking into account the respective risks associated with the counterparty.

The recognized initial recognition effect is BGN 22,101 thousand and is presented in the interim condensed statement of equity. The change reported as at 31 March 2018 amounted to BGN 137 thousand. and is presented in the Interim Condensed Income Statement as part of "Operating Expenses".

6. Significant events and transactions

The Company has sufficient capital and liquidity to conduct its business and serve its obligations. The policies and procedures of the Company with respect to capital management, credit risk and liquidity risk are presented in the most recent annual financial statements of the Company as of 31 December 2017.

7. Property, plant and equipment

Property, plant and equipment of the Company include land, buildings, plant and equipment, vehicles, assets in process of acquisition, etc. The carrying amount can be analyzed as follows:

	Land BGN '000	Buildings BGN '000	Machines and equipment BGN '000	Vehicles BGN '000	Other BGN '000	Assets in process of acquisition BGN '000	Total BGN '000
Gross carrying amount							
Balance at 1 January 2018	-	26	232	113	1 451	2 318	4 140
Balance at 31 March 2018	-	26	232	113	1 451	2 318	4 140
Depreciation							
Balance at 1 January 2018	-	(22)	(227)	(113)	(132)	-	(494)
Depreciation	-	-	(2)	-	(1)	-	(3)
Balance at 31 March 2018	-	(22)	(229)	(113)	(133)	-	(497)
Carrying amount as at 31 March 2018	-	4	3	-	1 318	2 318	3 643

The carrying amount as at 31 December 2017 can be analyzed as follows:

	Land	Buildings	Machines and equipment	Vehicles	Other	Assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount							
Balance at 1 January 2017	-	26	225	113	1 444	6 370	8 178
Additions	-	-	7	-	7	-	14
Disposals	-	-	-	-	-	(4 052)	(4 052)
Balance at 31 December 2017	-	26	232	113	1 451	2 318	4 140
Depreciation							
Balance at 1 January 2017	-	(22)	(223)	(113)	(129)	-	(487)
Depreciation	-	-	(4)	-	(3)	-	(7)
Balance at 31 December 2017	-	(22)	(227)	(113)	(132)	-	(494)
Carrying amount as at 31 December 2017	-	4	5	-	1 319	2 318	3 646

The carrying amount as at 31 March 2017 can be analyzed as follows:

	Land	Buildings	Machines and equipment	Vehicles	Other	Assets in process of acquisition	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount							
Balance at 1 January 2017	-	26	225	113	1 444	6 370	8 178
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at 31 March 2017	-	26	225	113	1 444	6 370	8 178
Depreciation							
Balance at 1 January 2017	-	(22)	(223)	(113)	(129)	-	(487)
Depreciation	-	-	(1)	-	(1)	-	(2)
Balance at 31 March 2017	-	(22)	(224)	(113)	(128)	-	(489)
Carrying amount as at 31 March 2017	-	4	1	-	1 314	6 370	7 689

8. Investment property

Investment property includes land and buildings, which are located at 1, Battenberg Str., Sofia, and which are owned for capital appreciation.

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

	Investment property BGN '000
Carrying amount at 1 January 2016	33 572
Net gain from fair value adjustments	2 259
Carrying amount at 31 December 2016	35 831
Carrying amount at 31 December 2017	35 831
Carrying amount at 31 March 2018	35 831

9. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of subsidiary	Country	Main activities	31.03.2018 BGN '000	share %	31.12.2017 BGN '000	share %	31.03.2017 BGN '000	share %
CCB Group EAD	Bulgaria	Financial services	251 996	100.00%	251 996	100.00%	255 539	100.00 %
Zarneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	165 363	63.65%	165 363	63.65%	165 363	63.65%
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	209 611	100.00%	209 611	100.00%	209 611	100.00 %
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	44 393	100.00%	44 393	100.00 %
CCB AD	Bulgaria	Financial services	22 492	6.65%	22 492	6.65%	22 492	6.65%
Sport Complex Varna AD	Bulgaria	Real estate	22 474	65.00%	22 474	65.00%	22 474	65.00%
Oil and Gas Exploration and Production AD	Bulgaria	Manufacturing and trade	16 929	13.84%	16 929	13.84%	16 929	13.84%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%	16 380	99.00%
ZAD Armeec	Bulgaria	Financial services	20 419	9.74%	20 419	9.74%	20 736	9.89%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%	2 500	100.00 %
Energoproekt AD	Bulgaria	Engineering sector	2 168	83.25%	2 168	83.25%	2 168	83.25%
Trans Interkar EAD	Bulgaria	Transport	4 855	100.00%	4 855	100.00%	4 855	100.00 %
Natsionalna stokova borsa AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 879	67.00%	1 879	67.00%
Technoimpex AD	Bulgaria	Manufacturing and trade	480	87.67%	480	87.67%	480	87.67%
HGH Consult OOD	Bulgaria	Services	111	59.34%	111	59.34%	111	59.34%
Prime Lega Consult OOD	Bulgaria	Services	4	70.00%	4	70.00%	4	70.00%
			782 054		782 054		785 914	



10. Loans granted

	31.03.2018 BGN '000	31.12.2017 BGN '000	31.03.2017 BGN '000
Loans granted – long term	148 994	147 567	127 995
Loans granted – short term	83 138	103 078	102 554
	232 132	250 645	230 549

11. Share capital

The share capital of the Company as at 31 March 2018 consists of 239 646 267 ordinary shares with a par value of BGN 1. The shares of the Company are ordinary, registered and subject to unrestricted transfers and entitle 1 voting right and liquidation quota.

	Number of Shares as at 31.03.2018 BGN'000	Number of Shares as at 31.12.2017 BGN'000	Number of Shares as at 31.03.2016 BGN'000
Shares issued and fully paid:			
- beginning of the year	239 646 267	239 646 267	239 646 267
Shares issued and fully paid at the end of the period	239 646 267	239 646 267	239 646 267
Shares of Chimimport AD, acquired by its subsidiaries			
CCB Group EAD	(1 296 605)	(1 296 605)	(1 296 605)
ZAD Armeec	(3 236 507)	(3 236 507)	(3 236 507)
POAD CCB Sila	(7 919 307)	(7 872 107)	(7 872 107)
CCB AD	-	-	(188 100)
Trans Intercar EAD	(2 200)	(5 300)	-

The list of principle shareholders, holding more than 10% of the total shares (ordinary shares and preferred shares) of the Company's capital is presented as follows:

	As at 31.03.2018 Number of shares /ordinary and preferred shares/	As at 31.03.2018 %	As at 31.12.2017 Number of shares /ordinary and preferred shares/	As at 31.12.2017 %	As at 31.03.2017 Number of shares /ordinary and preferred shares/	As at 31.03.2017 %
Invest Capital AD	174 847 247	72.96 %	174 847 247	72.96 %	174 847 247	72.96 %
Other legal entities and private individuals	64 799 020	27.04 %	64 799 020	27.04 %	64 799 020	27.04 %
	239 646 267	100.00 %	239 646 267	100.00 %	239 646 267	100.00 %

12. Dividend liabilities

As at 31 December 2017 dividend liabilities for the preferred shares are as follows:

	Non - current		
	31.03.2018	31.12.2017	31.03.2017
	BGN '000	BGN '000	BGN '000
Dividend liabilities	-	-	9 320
	-	-	9 320

13. Financial liabilities

Borrowings include financial liabilities at amortized cost as follows:

	Current			Non - current		
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.12.2017	31.03.2017
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Bank loans	20 015	10 334	10 334	31 538	31 538	38 872
Other borrowings	1 153	632	25 839	20 387	20 524	4 206
Total carrying amount	21 168	10 966	36 173	51 925	52 062	43 078

14. Income tax expenses

Income tax expense is recognized based on management's best estimate of the annual income tax rate expected for the full financial year 2017 of 10 % applied to the financial result for the period ended as at 31 March 2018 (the estimated annual tax rate for the full financial year 2017 was 10 %).

15. Earnings per share

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

The weighted average number of outstanding shares used for basic earnings per share as well as profit attributable to shareholders is:

	As at 31.03.2018	As at 31.03.2017
Profit attributable to the shareholders (BGN)	24 351 000	21 243 000
Weighted average number of outstanding shares	239 646 267	239 646 267
Basic earnings per share (BGN per share)	0.10	0.09

16. Related parties transactions

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled through bank transfer.

16.1. Transactions with owners

	31.03.2018 BGN'000	31.03.2017 BGN'000
Sales		
<i>Sale of services, interest income and other income</i>	-	137
Purchases		
<i>purchase of services, goods and interest income</i>	(42)	-

16.2. Transactions with subsidiaries and associates

	31.03.2018 BGN'000	31.03.2017 BGN'000
Sales		
<i>sale of services, rental income and interest income</i>		
- subsidiaries	1 328	766
- other	11	-
Purchases		
<i>purchase of services, goods and interest income</i>		
- subsidiaries	(1 070)	(957)

16.3. Transactions with key management personnel

Key management personnel of the Company include members of the Managing board and Supervisory board. Key management personnel remuneration consists of salaries and bonuses as follows:

	31 March 2018 BGN'000	31 March 2017 BGN'000
Short-term employee benefits:		
Salaries, including bonuses	(207)	(42)
Social security costs	(5)	(5)
Company car allowance	-	-
Total short-term employee benefits	<u>(212)</u>	<u>(47)</u>

17. Related party balances

	31.03.2018 BGN'000	31.03.2017 BGN'000
Non-current receivables from:		
- subsidiaries	44 611	26 524
Total	<u>44 611</u>	<u>26 524</u>



	31.12.2017	31.12.2016
	BGN'000	BGN'000
Current receivables from:		
- owners	20 083	31 342
- subsidiaries	66 654	84 796
- associated	-	408
- other related parties	6 955	13 654
Total	93 692	130 200
	31.03.2018	31.03.2017
	BGN'000	BGN'000
Non-current payables to:		
- subsidiaries	59 838	12 171
Total	59 838	12 171
	31.03.2018	31.03.2017
	BGN'000	BGN'000
Current payables to:		
- owners	3 437	-
- subsidiaries	74 663	121 632
- other related parties	6 467	495
Total	84 567	122 127

18. Post-reporting date events

No significant events have occurred between the reporting date and the date of authorization.

19. Authorization of the interim condensed financial statements

The interim condensed financial statements as of 31 March 2018 (including comparatives) were approved for issue by the managing board on 27 April 2018.