

CHIMIMPORT AD
Interim Financial Statements
30 June 2008



Contents

	Page
Interim Balance Sheet	2
Interim Income Statement	5
Interim Statement of Cash Flows (direct method)	7
Interim Statement of Changes in Equity	8
Notes to the Interim Financial Statements	9

Interim Balance Sheet

	Notes	30 June 2008 BGN'000	31 December 2007 BGN'000	30 June 2007 BGN'000
Assets				
Non-current assets				
Property, plant and equipment	4	28 964	21 838	19 101
Investment property		1 130	1 170	1 214
Investments in subsidiaries		388 693	340 387	185 909
Investments in associates		45 670	18 767	18 052
Intangible assets	5	123	247	371
Long-term financial assets		1 245	19 510	17 699
Long-term receivables due from related parties		81 052	72 465	-
Long-term receivables		13 495	23 168	12 674
		560 372	497 552	255 020
Current assets				
Inventories		143	155	296
Short-term receivables due from related parties		34 476	22 741	63 472
Short-term financial assets		5 394	11 742	2 517
Advance payments for purchase of financial instruments		-	61 289	-
Loans granted		113 062	76 191	5 107
Trade receivables		3 460	4 179	2 824
Other receivables		24 028	11 283	16 104
Cash and cash equivalents		85 653	92 845	30 455
		266 216	280 425	120 775
Total assets		826 588	777 977	375 795

Prepared by: _____
Date: _____

Executive director: _____

Interim Balance Sheet

	Notes	30 June 2008 BGN'000	31 December 2007 BGN'000	30 June 2007 BGN'000
Equity				
Share capital	6	150 000	150 000	130 000
Share premium		232 343	232 343	32 925
Other reserves		6 735	6 834	7 119
Retained earnings		148 708	66 225	65 945
Net profit for the period		43 346	82 483	41 307
Total equity		581 132	537 885	277 296
Liabilities				
Non-current liabilities				
Long-term trade liabilities		-	864	2 470
Long-term bank loans	7	-	-	1 788
Finance lease liabilities		2 699	3 745	5 772
Long-term payables due to related parties		177 295	178 597	27 235
Deferred tax liabilities		-	-	539
		179 994	183 206	37 804
Current liabilities				
Short-term payables due to related parties		40 752	12 405	35 548
Short-term bank loans	7	3 636	24 680	9 137
Loans received	7	4 332	4 962	-
Trade payables		7 846	8 367	3 102
Finance lease liabilities		1 488	1 620	2 477
Tax liabilities		1 948	567	6
Payables to employees and social security institutions		61	58	554
Other liabilities		5 399	4 227	9 871
		65 462	56 886	60 695
Total liabilities		245 456	240 092	98 499
Total equity and liabilities		826 588	777 977	375 795

Prepared by: _____

Executive director: _____

Date: _____

Interim Income Statement for the period ended 30 June 2008

	Note	30 June 2008 BGN'000	30 June 2007 BGN'000
Gains from transactions with financial instruments		36 121	49 168
Losses from transactions with financial instruments		(1 109)	(6 588)
Net profit from transactions with financial instruments		35 012	42 580
Interest income		10 582	7
Interest expense		(2 132)	(933)
Net profit/ (loss) from interest		8 450	(926)
Gains from foreign exchange differences		578	279
Losses from foreign exchange differences		(16)	(5)
Net profit from foreign exchange differences		562	274
Other financial income/ (losses), net		592	(75)
Operating income		3 883	2 982
Operating expenses		(3 325)	(3 528)
Operating result		558	(546)
Profit for the period before tax		45 174	41 307
Tax expense, net	8	(1 828)	-
Net profit for the period		43 346	41 307

		30 June 2008 BGN	30 June 2007 BGN
Earnings per share	9	0.29	0.32

Prepared by: _____
Date: _____

Executive director: _____

Interim Statement of Cash Flows for the period ended 30 June 2008

	30 June 2008 BGN'000	30 June 2007 BGN'000
Cash flow from operating activities		
Proceeds from short-term loans	33 781	39 738
Payments for short-term loans	(24 332)	(46 560)
Proceeds from sale of short-term financial assets	37 717	49
Receipts from customers	4 493	6 882
Payments to suppliers	(6 760)	(2 950)
Interest receipts	-	7
Payments to employees and social security institutions	(385)	(278)
Taxes paid	(454)	(1 926)
Other cash flows from operating activities	-	(2)
Net cash flows from operating activities	44 060	(5 040)
Investment activities		
Purchase of non-current assets	(8 260)	(25 016)
Proceeds from sale of non-current financial assets	16 326	41 195
Purchase of investments in subsidiaries and associates	(27 636)	(31 950)
Long-term loans granted	(9 022)	-
Net cash flows from investing activities	(28 592)	(15 771)
Financing activities		
Long-term loans received	18 497	38 991
Repayments of long-term and bank loans received	(39 682)	(12 401)
Discharge of finance lease liabilities	(1 178)	(1 133)
Interest paid	(860)	(589)
Net cash flows from financing activities	(23 223)	24 868
Gains from foreign exchange differences	563	6
Cash and cash equivalents, beginning of period	92 845	26 392
Net (decrease)/ increase of cash and cash equivalents	(7 192)	4 063
Cash and cash equivalents, end of period	85 653	30 455

Prepared by: _____

Executive director: _____

Date: _____

Interim Statement for Changes in Equity for the period ended 30 June 2008

All amounts are in BGN '000	Share capital	Premium reserves	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2007	130 000	32 925	7 125	65 945	235 995
Donations granted	-	-	(6)	-	(6)
Net income/(expense) recognized directly in equity as at 30 June 2007	-	-	(6)	-	(6)
Net profit for the period	-	-	-	41 307	41 307
Total recognized income and expenses as at 30 June 2007	-	-	(6)	41 307	41 301
Balance as at 30 June 2007	130 000	32 925	7 119	107 252	277 296

Prepared by: _____
Date: _____

Executive director: _____

Interim Statement for Changes in Equity for the period ended 30 June 2008

All amounts are in BGN '000	Share capital	Premium reserves	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2008	150 000	232 343	6 834	148 708	537 885
Donations granted	-	-	(99)	-	(99)
Net income/(expense) recognized directly in equity as at 30 June 2008	-	-	(99)	-	(99)
Net profit for the period	-	-	-	43 346	43 346
Total recognized income and expenses as at 30 June 2008	-	-	(99)	43 346	43 247
Balance as at 30 June 2008	150 000	232 343	6 735	192 054	581 132

Prepared by: _____ Executive director: _____
Date: _____

Notes to the Interim Financial Statements

1 General Information

CHIMIMPORT AD was registered as a joint-stock company at Sofia city court on 24 January 1990.

The main activity of the Company includes as follows:

- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies in which interest is held;
- Banking services, finance, insurance and life insurance, pension and health insurance;
- Securitization of real estate and receivables;
- Extraction of crude 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;

The interim financial statements as at 30 June 2008 is approved and accepted by the Managing Board on 30 July 2008.

2 Basis for preparation of the consolidated financial statements

This condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, applicable to interim financial statements (IAS 34 Interim financial statements). The interim financial statements do not contain all information, as required for the preparation of complete annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2007.

Company's interim financial statements are presented in Bulgarian Leva (BGN), which is also the functional currency of the Company.

3 Accounting policies and changes during the period

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Company:

- IFRIC 11 “IFRS 2 – Group and treasury share transactions”.
- IFRIC 12 “Service concession arrangements”.
- IFRIC 14 “IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction”.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- IFRS 8 “Operating segments”, effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, “Segment reporting” and requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed by Company’s management.
- IAS 23 (amendment) “Borrowing costs”, effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Company, as the borrowing costs do not fulfill the criteria for recognizing interest expenses as a component of the cost of property, plant and equipment assets developed by the Company.
- IFRS 2 (amendment) “Share-based payment”, effective for annual periods beginning on or after 1 January 2009. The Company’s management does not foresee providing remuneration in the form of compensations with shares or shares purchase options.
- IFRS 3 (amendment) “Business combinations” and consequential amendments to IAS 27 “Consolidated and separate financial statements”, IAS 28 “Investments in associates” and IAS 31 “Interests in joint ventures”, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Company. The Company has associates.
- IAS 1 (amendment) “Presentation of financial statements”, effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.
- IAS 32 (amendment) “Financial instruments: presentation” and consequential amendments to IAS 1 “Presentation of financial statements”, effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Company, as the Company does not have any puttable instruments.
- IFRIC 13 “Customer loyalty programmes”, effective for annual periods beginning on or after 1 July 2008. Management does not apply customer loyalty programmes.
- IFRIC 15 “Agreements for the construction of real estate”, effective for annual periods beginning on or after 1 January 2009. The Company has not signed and does not intend to sign real estate construction agreements.

- IFRIC 16 “Hedges of a net investment in a foreign operation”, effective for annual periods beginning on or after 1 October 2008. The Company does not apply hedging of investments in foreign operations.

4 Property, plant and equipment

	Land	Buildings	Machinery	Aircraft	Vehicles	Other	Assets in process of acquisition	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount	401	654	1 049	22 042	179	607	161	25 093
Accumulated depreciation	-	(141)	(1 009)	(4 193)	(179)	(470)	-	(5 992)
Carrying amount 30 June 2007	401	513	40	17 849	-	137	161	19 101
Gross carrying amount	401	654	1 057	22 042	179	607	4 023	28 963
Accumulated depreciation	-	(148)	(1 021)	(5 295)	(179)	(482)	-	(7 125)
Carrying amount 1 January 2008	401	506	36	16 747	-	125	4 023	21 838
Gross carrying amount	8 581	654	1 063	22 042	179	614	4 091	37 224
Accumulated depreciation	-	(160)	(1 031)	(6 397)	(179)	(493)	-	(8 260)
Carrying amount 30 June 2008	8 581	494	32	15 645	-	121	4 091	28 964

The carrying amounts of the property, plant, and equipment presented in the interim financial statements as at 30 June 2008 are calculated as follows:

	Land	Buildings	Machinery	Aircraft	Vehicles	Other	Assets in process of acquisition	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Carrying amount as at 1 January 2007	401	528	45	18 951	-	149	-	20 074
Additions								
- separately acquired	-	-	2	-	-	-	161	163
Depreciation	-	(15)	(7)	(1 102)	-	(12)	-	(1 136)
Carrying amount as at 30 June 2007	401	513	40	17 849	-	137	161	19 101
Carrying amount as at 1 January 2008	401	506	36	16 747	-	125	4 023	21 838
Additions								
- separately acquired	8 180	-	6	-	-	7	68	8 261
Depreciation		(12)	(10)	(1 102)	-	(11)	-	(1 135)
Carrying amount as at 30 June 2008	8 581	494	32	15 645	-	121	4 091	28 964

5 Intangible assets

Intangible assets of the Company include acquired software licenses and software. Their carrying amount for the current accounting period can be presented as follows:

	Property rights BGN'000	Trade marks BGN'000	Software licenses BGN'000	Total BGN'000
Gross carrying amount	981	1	47	1 029
Accumulated amortization	(614)	-	(44)	(658)
Carrying amount as at 30 June 2007	367	1	3	371

Gross carrying amount	978	1	51	1 030
Accumulated amortization	(733)	(1)	(49)	(783)
Carrying amount as at 1 January 2008	245	-	2	247

Gross carrying amount	978	1	51	1 030
Accumulated amortization	(856)	(1)	(50)	(907)
Carrying amount as at 30 June 2008	122	-	1	123

The carrying amounts of the intangible assets, presented in the interim financial statements as at 30 June 2008 are calculated as follows:

	Property rights BGN'000	Trade marks BGN'000	Software licenses BGN'000	Total BGN'000
Carrying amount as at 1 January 2007	490	1	4	495
Additions				
– separately acquired	-	-	1	1
Amortization	(123)		(2)	(125)
Carrying amount as at 30 June 2007	367	1	3	371
Carrying amount as at 1 January 2008	245	-	2	247
Amortization	(123)	-	(1)	(124)
Carrying amount as at 30 June 2008	122	-	1	123

6 Share capital

The share capital of the Company consists only of 149 999 984 ordinary shares with a par value of BGN 1.00. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	30 June 2008 BGN '000	31 December 2007 BGN'000
Shares issued and fully paid:		
- beginning of the year	149 999 984	130 000 000
- issued during the year	-	19 999 984
Shares issued and fully paid as at 30 June	149 999 984	149 999 984

The list of the principal shareholders is as follows:

	30 June 2008 Number of shares	30 June 2008 %	31 December 2007 Number of shares	31 December 2007 %
Chimimport Invest AD	114 616 084	76.41%	114 808 367	76.54%
Julias Bear Investment management LLS – USA	11 884 353	7.92%	11 278 610	7.52%
Other legal entities and individuals	23 499 547	15.67%	23 913 007	15.94%
		100		100

7 Loans

	30 June 2008 BGN '000	31 December 2007 BGN '000	30 June 2007 BGN '000
Long-term bank loans	-	-	1 788
Short-term bank and other loans	7 968	29 642	9 137
	7 968	29 642	10 925

Changes in loans during the period are presented as follows:

	BGN '000
For the period ended 30 June 2007	
Opening balance 1 January 2007	12 062
Received during the period	4 081
Repaid during the period	(5 218)
Closing balance 30 June 2007	10 925
For the period ended 30 June 2008	
Opening balance 1 January 2008	29 642
Received during the period	-
Repaid during the period	(21 674)
Closing balance 30 June 2008	7 968

The Company has not received any new loans during the period, ended 30 June 2008.

8 Tax expenses

Recognized tax expenses are based on management's best estimate of the expected annual tax rate. The tax rate, valid for 2008 is 10% corporate tax.

9 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 profits attributable to shareholders is as follows:

	30 June 2008 BGN	30 June 2007 BGN
Net profit attributable to equity holders of the Company	43 346 000	41 307 000
Weighted average number of ordinary shares in issue	149 999 984	130 000 000
Basic earnings per share (BGN per share)	0.2890	0.3177

10 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 in cash.

10.1 Transactions with subsidiaries and associates

	30 June 2008 BGN'000	31 December 2007 BGN '000
Sales		
- <i>Revenues from sales of goods</i>		
Chimimport Rubber OOD	5	48
Chimimport Oil Trade OOD	-	3
	5	51
- <i>Revenues from sales of non-current assets</i>		
POK Saglasie AD		-
- <i>Revenues from transactions with financial instruments</i>		
Bulgarian Shipping Company EOOD	-	4 850
ZPAD Armeec	-	3 602
	-	8 452
- <i>Revenues from services and rent</i>		
Hemus Air AD	2 244	4 893
Chimsnab AD	1 000	-
Brand New Ideas EOOD	270	1 683
CCB AD	156	505
SK Chimimport Consult OOD	15	32
POAD CCB Sila	10	97
Chimimport Fertilizers OOD	7	16
Chimimport Rubber OOD	6	17
PDNG AD	6	13
Chimimport Orgachim OOD	6	12
Chimtrans OOD	6	10
Chimimport Lega Consult OOD	6	5
Chimimport Oil Trade OOD	3	10
Parahodstvo BRP AD	3	4
Chimimport Chimitseltex OOD	3	4
Bulgarian Shipping Company EAD	-	135
Chimimport Finance AD	-	1
	3 741	7 437
Purchase of services		
- <i>purchase of services</i>		
SK Chimimport Consult OOD	90	239
Trans Interkar EOOD	23	158

Chimimport Lega Consult OOD	21	74
ZPAD Armeec	18	-
Brand New Ideas EOOD	13	84
IT Creation OOD	6	19
Chimsnab AD	1	16
Chimimport Orgachim OOD	-	16
Chimimport Rubber OOD	-	6
	172	612

10.2 Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	30 June 2008 BGN'000	31 December 2007 BGN'000
Short-term remuneration		
- salaries	100	144
- social security costs	11	13
- company car allowance	7	20
	118	177

11 Post balance sheet events

A General meeting of the shareholders of Chimimport AD was held on 24 July 2008 under the following agenda:

- Activity report for 2007 by the Managing bodies of the Company;
- Acceptance of the Annual financial statements of the Company for 2007;
- Auditor's report for 2007;
- Statement of the Director with regards to the investors;
- Election of a certified auditor;
- Relief of the members of the Managing bodies from responsibility for their activity in 2007;
- Amendments in the Articles of Association of the Company: In a period of 5 /five/ years, starting from the registration of this amendment in the Articles of Association in the Trade registry, on the basis of Art.196, line.1 of the Commercial Act, the Managing Board has the right to take decisions to increase the share capital of the Company to the total nominal amount of BGN 200 million by issue of new ordinary and preference shares;
- Resolution for distribution of the result for the year;

The complete text of the protocol from the General meeting of the shareholders can be found in the following website address: <http://www.x3news.com>.