

Industrial Holding Bulgaria PLC
Non-consolidated financial statements
for the period ended 30 June 2006

Income Statement

For the 6-month period ended 30 June 2006

<i>In thousands of BGN</i>	Note	2006 30 June	2005 30 June
Income from interest, dividends and investment transactions	1	664	7,912
Other operating revenue	2	348	61
		1,012	7,973
Personnel expenses	3	(103)	(105)
Hired services		(76)	(76)
Other operating expenses	4	(75)	(68)
Net operating profit		758	7,724
Net financing expenses	5	(295)	(222)
Profit before tax		463	7,502
Income tax revenue/(expenses)		(1)	-
Profit after tax		462	7,502
Basic earnings per share (BGN)	19	0,0219	0,357

The income statement should be considered together with the notes thereto, which are integral part of the financial statements presented on pages 6 to 20.

Daneta Zheleva
Executive Director

Toshka Vasileva
Preparer

INDUSTRIAL HOLDING BULGARIA PLC
NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Balance Sheet
at 30 June 2006**

<i>In thousands of BGN</i>	Note	2006 30 June	2005 31 December
Non-current assets			
Property, plant and equipment	7	122	122
Intangible non-current assets	8	1	2
Long-term investments in subsidiaries	9	31,320	28,199
Investments in associates	10	4,345	4,822
Long-term loans to related parties	11	131	165
Financial assets available for sale	12	107	228
Other long-term receivables	13	953	523
Deferred tax asset	14	31	31
Total non-current assets		37,010	34,092
Current assets			
Trade and other receivables	15	698	482
Receivables from related parties	16	2,314	453
Financial assets held for trading	17	1,310	1,310
Cash and cash equivalents	18	1,144	3,044
Materials		3	3
Total current assets		5,469	5,292
Total assets		42,479	39,384
Equity			
Capital and reserves			
Share capital	18	21,003	21,003
Reserves		3,475	2,761
Retained earnings (net)		9,846	10,100
Total equity and reserves		34,324	33,864
Non-current liabilities			
Payable on debenture loan	20	5,238	5,233
Payables to related parties		-	-
Total non-current liabilities		5,238	5,233
Current liabilities			
Trade and other payables	21	2,893	285
Payables to related entities		-	2
Taxes payable		24	-
Total current liabilities		2,917	287
Total equity and liabilities		42,479	39,384

The balance sheet should be considered together with the notes thereto, which are integral part of the financial statements presented on pages 6 to 20

Daneta Zheleva
Executive Director

Toshka Vasileva
Preparer

INDUSTRIAL HOLDING BULGARIA PLC
NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Statement of Cash Flows
For the 6-month period ended 30 June 2006**

<i>In thousands of BGN</i>	<u>6-month period ended 30 June</u>	
	2006	2005
Operating activities		
Proceeds received on sale of shares and other trade receivables	489	6,460
Dividends received	430	347
Recovered amounts on loans	468	2,944
Interest received	68	166
Payments for acquisition of shares and stocks	(489)	(9,955)
Loans granted	(2,279)	(781)
Payments related to labour remuneration	(97)	(96)
Foreign exchange gains/(losses)	(125)	297
Corporate taxes paid	(1)	(6)
Other payments	(170)	(129)
<i>Net cash flow used in operating activities</i>	<u>(1,706)</u>	<u>(753)</u>
Investing activities		
Purchase of tangible non-current assets	(27)	-
<i>Net cash flow used in investing activities</i>	<u>(27)</u>	<u>-</u>
Financing activities		
Bank loan interest and charges paid	-	(89)
Bond charges and interest paid	(159)	(159)
Recovered amounts on bank loan	-	(617)
Dividends paid	-	(4)
Other payments for financing activities	(8)	-
<i>Net cash flow used in investing activities</i>	<u>(167)</u>	<u>(869)</u>
Increase/(decrease) in cash and cash equivalents	(1,900)	(1,622)
Cash and cash equivalents at the beginning of the period	3,044	4,691
Cash and cash equivalents at 30 June	<u>1,144</u>	<u>3,069</u>

The statement of cash flows should be considered together with the notes thereto, which are integral part of the financial statements presented on pages 6 to 20

Daneta Zheleva
Executive Director

Toshka Vasileva
Preparer

Statement of Changes in Equity
For the 6-month period ended 30 June 2006

<i>In thousands of BGN</i>	Note	Share capital	Statutory reserves	Additional reserves	Retained earnings	Total
Balance at 1 January 2004		21,003	713	608	2,006	24,330
Donations made		-	-	(2)	-	(2)
Profit for the period		-	-	-	630	630
Increase in reserves against 2003 profit			19		(19)	
Balance at 30 June 2004		21,003	732	606	2,617	24,958
Balance at 1 January 2005		21,003	732	604	3,035	25,374
Increase in reserves against 1997 dividend written off		-	-	1,322	-	1,322
Profit for the period		-	-	-	7,502	7,502
Increase in reserves against 2004 profit			105		(105)	
Balance at 30 June 2005		21,003	837	1,926	10,432	34,198
Balance at 1 January 2006		21,003	837	1,924	10,100	33,864
Profit for the period		-	-	-	462	462
Other movements – donation				(3)	1	(2)
Increase in reserves against 2004 profit		-	717	-	(717)	
Balance at 30 June 2006		21,003	1,554	1,921	9,846	34,324

The statement of changes in equity should be considered together with the notes thereto, which are integral part of the financial statements presented on pages 6 to 20

Daneta Zheleva
Executive Director

Toshka Vasileva
Preparer

(a) Legal status

Industrial Holding Bulgaria PLC (the Company or the Holding) is a joint-stock company, registered in the Republic of Bulgaria under company file 13081 dated 1996 having its seat in Sofia.

Initially the Company was established as a privatisation fund under the Law on Privatisation funds with the name Privatisation Fund Bulgaria Plc.

The General Assembly of the shareholders held on 27 February 1998 passed a decision for rearrangement of the activities of Privatisation Fund Bulgaria Plc. as a holding company and a change in the name of the Company from Privatisation Fund Bulgaria Plc. to Industrial Holding Bulgaria Plc.

The Company's capital amounts to BGN 21,003,235.

The Company has a two-tier management system and comprises Supervisory and Management Boards.

The object of activities of the Company is acquisition, management, assessment and sale of interests in Bulgarian and foreign companies, acquisition, assessment and sale of patents, cession of licenses to use patents of the companies in which the Holding company holds interest, financing of the companies, in which the Holding company holds interests, as well as any other activity, not forbidden by law.

The operations of the Company are not limited with a term or another termination condition.

The Company is registered under the Tax Proceedings Law under tax No 1221112349. Entry in the Unified State Register of Business Entities "BULSTAT" has been made under identification code No 121631219 IO, as well as with the State Social Security. It is registered under the Value Added Tax Law.

The shares of the Company are listed at the Bulgarian Stock Exchange AD, Sofia.

(b) Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), passed by the European Commission. Under the Accountancy Act in effect as of 1 January 2005, International Financial Reporting Standards (IFRS), adopted by the European Commission, are in effect on the territory of the Republic of Bulgaria. These standards should be translated officially to Bulgarian, approved by the Council of Ministers of the Republic of Bulgaria and promulgated in the State Gazette (SG). As of the date of approval of these financial statements by the Company's management, the IFRS adopted by the European Commission have not been approved by the Council of Ministers and have not been published in the SG in Bulgarian language. However, the accompanying financial statements have been prepared on the basis of the IFRS adopted by the European Union, applicable to 2005, as they are published in the Official Journal of the European Union in English.

The Company's management has reviewed and compared the numeric information, presentations and disclosures have these financial statements been prepared in accordance with International Accounting Standards approved for application in Bulgaria by virtue of Decree of the Council of Ministers (CM) No 21 dated 4 February 2003 and promulgated in the State Gazette (SG) issue 13 dated 2003. As a result of this review no material differences have been found, related to the carrying amount of the assets and liabilities and the amounts reported in the income statement.

(c) Basis of preparation

These financial statements are prepared in thousands of BGN. Historical cost has been used as basis for preparation with the exception of long-term investments held for sale, which have been presented at fair value, determined based on an active stock exchange market.

The accounting policies have been consistently applied by the Company throughout all periods presented in the financial statements.

The Company has not consolidated the financial statements of its subsidiaries as at 30 June 2006. In accordance with the requirements of the national accounting legislation interim consolidated financial statements will be prepared by 30 August 2006.

There interim financial statements should be considered in relation to the annual financial statements of the Company for 2005.

(d) Comparative information

When the presentation or classification of items in the statements have been adjusted, comparative amounts have been restated to ensure comparability with the current period. Such restatements result from the more detailed presentation of the balance sheet and income statement items in the notes to the financial statements.

(e) Reporting currency

The functional and reporting currency of the Company is the Bulgarian lev. With the introduction of the EURO as the official currency of the European Union the Bulgarian lev has been pegged to the EURO at a ratio BGN 1.95583 for EUR 1.

(f) Foreign currency transactions

Transactions in foreign currency are recorded in Bulgarian levs at the exchange rate effective on the date of the transaction. At the balance sheet date monetary assets and liabilities denominated in foreign currency have been translated to Bulgarian levs applying the foreign exchange rate on that date. Foreign currency gains and losses arising as a result of translation are taken to the Income statement.

(g) Property, plant and equipment and intangible assets

Property, plant and equipment are valued at cost less the accumulated depreciation and impairment losses.

Newly acquired property, plant and equipment are reported at cost, which includes the purchase price and costs incurred to commission the asset.

As of 2003 the adopted value materiality threshold, below which tangible assets are reported as current expenses upon acquisition is BGN 500.

Upon classification of subsequent expenses on property, plant and equipment as costs increasing the carrying amount of the assets or as current operating expenses it is considered whether these costs are related to an increase of the economic benefit in excess of the initially assessed efficiency of the asset.

(g) Property, plant and equipment and intangible assets, continued

The Company applies the straight-line depreciation method for property, plant and equipment, considering their useful life, determined by the Company's management by groups, as follows:

- | | |
|--|------------|
| ■ Computers and computer equipment | 2-5 years |
| ■ Transport vehicles (cars) | 5 years |
| ■ Fixtures and fittings and all others | 6-10 years |

(h) Intangible assets

Non-current intangible assets acquired by the Company are presented at cost, less the accumulated amortisation and impairment loss, if any.

The amortisation of intangible assets is charged based on the straight-line amortisation method depending on their assessed useful lives.

- | | |
|------------------------|---------|
| Patents and trademarks | 7 years |
| Software | 7 years |

(i) Long-term investments in subsidiaries

Subsidiaries are the entities on which the Company exercises control. Control exists where the Company is in position, directly or indirectly, to direct the financial and operating policies of the subsidiary, in order to benefit from its operations. The cost method is used to report these investments. Upon acquisition the investment is initially recorded at cost, which includes the cash amounts paid and the costs related to the acquisition: charges, commissions, fees, non-refundable taxes, etc.

The share of the attributable net profit of the investee, i.e. the dividend following its distribution, is reported as current financing income.

(j) Long-term investments in associates

Associates are entities where the Company has significant influence, but not control, on the financial and operating policies. Current reporting is at cost. Dividend income is recognised following its determining.

(k) Financial assets available for sale

Financial assets available for sale valued at their fair value have been presented as other long-term financial assets, with the resulting gains or losses being taken to the income statement. Financial assets which fair value cannot be measured reliably are valued at depreciated cost or at cost. Dividends received therefrom are taken to the income statement.

(l) Financial assets held for trading

Financial assets held for trading include debenture and equity securities, as well as loans and receivables which the Company has acquired with the intention of realising short-term profit.

Financial instruments held for trading are presented as current financial assets and are measured at fair value. Fair value measurement gains and losses are taken to the income statement as incurred.

(m) Trade and other receivables

For sales realised under share purchase-sale agreements and stated payments terms, the portion of the receivable which should be paid within one year as of the balance sheet date as per the contractual terms is presented as short-term. Receivables on cash loans granted under art. 280, para 1 of the Commercial Act are presented similarly.

Trade and other receivables are presented at amortised cost less the impairment loss (see Accounting policies (p)).

Receivables on share sale agreements and loans granted are split into short-term and long-term depending on the term of their collectibility.

(n) Cash

Cash includes cash on hand and at banks and cash on deposits placed with local banks.

For the purposes of the statement of cash flows:

- Cash proceeds from customers and cash payments to suppliers are presented gross, including VAT (20%)
- Cash flows for acquisition and sale of equity shares and stocks in companies in which the Holding invests, as well as dividends received from them are reported as proceeds from and payments for operating activities.
- Cash flows related to the granting of loans to subsidiaries under art. 280 of the Commercial Act and the proceeds upon their repayment are reported as proceeds from and payments for operating activities.
- The underwriting of cash from the issue of equity securities or debenture securities, short-term or long-term loans from lenders external for the Company's operations, and their repayment, as well as the payment of dividends are reported as proceeds from and payments for financing activities.

(o) Share capital

The share capital is presented at nominal amount and it corresponds to the current court registration of the Company.

(p) Payables on loans received

Loans received are initially recorded at cost, less the respective transaction expenses. Following initial recording loans received are stated at amortised cost, while any difference between the origination cost and the subsequent measurement are taken to the income statement in the period of origination of the loan based on the effective interest rate.

(q) Trade and other payables

Short-term and long-term payables in Bulgarian levs are measured at amortised cost. Dividend payables and the current portion of long-term debt are stated in the balance sheet as short-term payables.

(r) Impairment of assets

The carrying amount of the Company's assets, with the exception of investment properties, inventories and deferred tax assets, are reviewed at the balance sheet date to determine whether events or circumstances exist that indicate impairment. If such events or circumstances exist assessment is made as to the recoverable amount of the asset.

For intangible assets, not ready for use yet, the assessment of the asset's recoverable amount is made at each balance sheet date. Impairment loss is recognised if the carrying amount of the asset or the cash generating unit to which the asset belongs exceeds its recoverable amount. Impairment losses are taken to the income statement.

(i) Measurement of the recoverable amount

The Company applies receivables write-down policy while reviewing and analysing the individual receivables.

The recoverable amount of other assets is the higher of their net selling price and their value in use. Upon measuring value in use future cash flows are discounted to their present value by applying a discount rate before tax, reflecting the current assessments of the market, time value of money and the risk specific to the asset. For an asset which does not generate cash independently the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversal of impairment losses

Impairment losses for a receivable are reversed when subsequent increase of the recoverable amount of the receivable can be objectively related to an event occurring following the recognition of the impairment.

In respect of other assets impairment loss is reversed if there is a change in the assessment used to determine the recoverable amount.

Impairment losses are reversed only to the carrying amount of the asset, not exceeding the carrying amount, less the accumulated depreciation, had the impairment loss not been recognised.

(s) Income and expense recognition

(i) Operating revenue

Financial and non-financial income and expenses are charged as incurred, regardless of cash proceeds and payments.

(ii) Interest income

Interest income and expenses are charged by using the effective interest rate.

(ii) Dividend income

Dividend income is recognised when the entitlement of the shareholder to receive the payment is established.

(t) Income taxes

Income taxes for the year include current and deferred taxes. Income taxes are recognised in the income statement unless related to items, which are taken directly to equity, while in such a case the taxes are presented in equity as well.

Current tax is the estimated tax payment on the taxable profit for the year applying the tax rates in effect at the balance sheet date.

Deferred tax is measured by applying the liability method, to temporary differences between the current value of assets and liabilities for accounting purposes and for tax purposes. The following temporary differences are not taken into account: positive goodwill not recognised for tax purposes, recording assets and liabilities which do not affect the accounting or tax profit, as well as differences related to investments in subsidiaries to the extent it is expected that these will not reverse in the foreseeable future. The amount of deferred tax is based on the estimated carrying amount of the asset or the liability, applying tax rate in effect at the balance sheet date.

Deferred tax asset is recognised to the extent it is probable that future taxable profit will be available against which the unused tax asset can be utilised. The deferred tax asset is reduced to the extent where it is no longer probable that future economic benefit will be realised.

Notes to the financial statements

	page		
1. Income from interest, dividends and investment transactions	13	13. Other long-term receivables	16
2. Other operating revenue	13	14. Deferred tax asset	17
3. Personnel expenses	13	15. Trade and other receivables	17
4. Other operating expenses	13	16. Receivables from related parties	17
5. Net financing expenses	14	17. Financial assets held for trading	18
7. Property, plant and equipment	14	18. Cash and cash equivalents	18
8. Intangible assets	15	19. Share capital	18
9. Investments in subsidiaries	15	19(a) Earnings per share	19
10. Investments in associates	16	20. Trade and other payables	19
11. Long-term receivables from related parties	16	21. Short-term payables	19
12. Financial assets available for sale	16	22. Related party transactions	19-20
		23. Contingent liabilities	20
		24. Post balance sheet events	20

1. Income from interest, dividends and investment transactions

	30 June 2006	30 June 2005
<i>In thousands of BGN</i>		
Interest income	78	152
Income from sale of shares	130	6,929
Dividend income	456	831
	664	7,912

The major portion of interest income is related to interest-bearing receivables from subsidiaries, as well as from other entities in respect of deferred payments on share sale agreements. The share sale profit is realised in the sale of the shares of Chimremontstroy AD and Elpo AD, which the Company held with a total selling price of BGN 728 thousand, book value of the shares BGN 597 thousand and selling costs of BGN 1 thousand.

Dividend income amounting BGN 456 thousand distributed by Maritime Holding AD have been reported.

2. Other operating revenue

	30 June 2006	30 June 2005
<i>In thousands of BGN</i>		
Income from sale of services	344	61
Others	4	-
	348	61

Income from sales of services is related to rendered consulting services to the companies within the Group of the Holding and to external companies.

3. Personnel expenses

	30 June 2006	30 June 2005
<i>In thousands of BGN</i>		
Expenses on remuneration	75	77
Social security expenses and other social payments	28	28
	103	105

4. Other operating expenses

	30 June 2006	30 June 2005
<i>In thousands of BGN</i>		
Depreciation and amortisation	25	30
Expenses on materials	8	8
Other operating expenses	42	30
	75	68

5. Net financing (expenses) income

	30 June 2006	30 June 2005
<i>In thousands of BGN</i>		
Foreign currency losses	(230)	(311)
Foreign currency gains	96	342
Debenture loan interest expense	(159)	(159)
Bank loan interest expense	-	(92)
Other expenses	(2)	(2)
	(295)	(222)

7. Property, plant and equipment

<i>In thousands of BGN</i>	Computers and computer equipment	Transport vehicles	Fixtures and fittings and other	Fixed assets under construction	Total
<i>Book value</i>					
Balance at 1 January 2005	80	172	82	-	334
Additions	-	-	6	-	6
Disposals	(8)	(33)	(6)	-	(47)
Balance at 31 December 2005	72	139	82	-	293
Balance at 1 January 2006	72	139	82	-	293
Additions	22	-	2	-	24
Disposals	(12)	-	-	-	(12)
Balance at 30 June 2006	82	139	84	-	305
<i>Depreciation and impairment loss</i>					
Balance at 1 January 2005	66	28	57	-	151
Depreciation charge	12	35	6	-	53
Depreciation on disposals	(8)	(25)	-	-	(33)
Balance at 31 December 2005	70	38	63	-	171
Balance at 1 January 2006	70	38	63	-	171
Depreciation charge	3	17	4	-	11
Depreciation on disposals	(12)	-	-	-	(12)
Balance at 30 June 2006	61	55	67	-	183
<i>Carrying amount</i>					
At 1 January 2006	2	101	19	-	122
At 30 June 2006	21	84	17	-	122

The Company has no limitations imposed in respect of the title of ownership on tangible fixed assets, and there are no assets pledged as collateral on liabilities or for other reasons.

8. Intangible assets

<i>In thousands of BGN</i>	Software	Patents and trademarks	Others	Total
Book value				
Balance at 1 January 2006	19	7	1	27
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2006	<u>19</u>	<u>7</u>	<u>1</u>	<u>27</u>
Amortisation and impairment loss				
Balance at 1 January 2006	18	6	1	25
Amortisation charge	1	-	-	1
Amortisation on disposals	-	-	-	-
Balance at 30 June 2006	<u>19</u>	<u>6</u>	<u>1</u>	<u>26</u>
Carrying amount				
At 1 January 2006	<u>1</u>	<u>1</u>	<u>-</u>	<u>2</u>
At 30 June 2006	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

9. Investments in subsidiaries

Investments held by the Company at 30 June 2006 and 31 December 2005 are as follows:

<i>In thousands of BGN</i>	30 June 2006		31 December 2005 r.	
	Amount of participation	Percentage of participation	Amount of participation	Percentage of participation
ZMM Bulgaria Holding AD	7,885	99,998	7,885	95,998
Privatengineering AD	2,800	97,22	2,800	97,22
Dockyard Bourgas AD	1,777	91,74	1,775	91,72
Augusta Mebel AD	823	97,86	823	97,86
Bulyard AD	17,427	61,50	14,307	51,50
Maritime Holding AD	400	61,00	400	61,00
International Industrial Holding Bulgaria Plc	130	100,00	130	100,00
KLVK AD	44	66,844	44	66,844
Hydropower Bulgaria AD	34	67,00	34	67,00
	<u>31,320</u>		<u>28,199</u>	

The Company holds 2 shares from the capital of Leyarmach AD, which is controlled by the ZMM Bulgaria Holding AD Group.

In April the Company acquired the 2 401 898 ordinary registered voting shares owned by Ship Repair Yard Odesos AD, representing 10% of the capital of Bulyard AD.

10. Investments in associates

<i>In thousands of BGN</i>	30 June 2006		31 December 2005	
	Amount of participation	Percentage of participation	Amount of participation	Percentage of participation
Dunav Tours AD	2,761	48,395	2,761	48,395
Chimremontstroy AD	-	-	476	25.86
Dockyard Odesos AD	1,584	30%	1,584	
	<u>4,345</u>		<u>4,822</u>	

11. Long-term receivables from related parties

<i>In thousands of BGN</i>	30 June 2006	2005
Leyarmach AD	<u>131</u>	<u>165</u>
	<u>131</u>	<u>165</u>

The receivable amounting to BGN 131 thousand from related enterprises represents the portion which will be repaid after one year as of the balance sheet date on a cash loan granted to the subsidiary Leyarmach AD in accordance with art. 280, para 1 of the Commercial Act.

12. Financial assets available for sale

<i>In thousands of BGN</i>	30 June 2006		31 December 2005	
	Amount of participation	Percentage of participation	Amount of participation	Percentage of participation
Transbalkan Oil Pipeline Bulgaria AD	107	14,29%	107	14,29%
Elpo AD	-	-	121	17.99%
	<u>107</u>		<u>228</u>	

The Company holds ordinary registered shares in the above mentioned commercial entities, which the management has classified as non-current assets available for sale. The Company has this investment in its portfolio for an undefined period of time and sells them if necessary to contribute to its working capital or in case of better selling price.

During the second quarter of the current year the shares of Elpo AD have been sold.

In accordance with IAS 39 the Company reports investments available for sale at their fair value, when reliably measurable. For entities listed at the stock exchange active trade is required. When reliable measurement of the fair value is impossible, the acquisition cost method is used for the investments or the most recent valuation.

13. Other long-term receivables on share sale agreements

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
Chimremontstroy Engineering AD	743	313
MAK AD	210	210
	953	523

Receivables on share sale agreements amounting to BGN 953 thousand are presented as other long-term receivables, which as per repayment schedule should be repaid over a period of more than one year after the balance sheet date.

14. Deferred tax asset

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
	31	31
Deferred tax asset	31	31

15. Trade and other receivables

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
Receivables on share sale agreements	623	383
Other receivables from customers	19	19
Refundable tax	44	44
Advances to suppliers	2	12
Prepaid services	6	11
Other receivables	4	13
	698	482

Receivables amounting to BGN 623 thousand (2005: BGN 383 thousand) represent the short-term portion of deferred receivables under share sale agreements.

16. Receivables from related parties

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
<i>Receivables on cash loans granted</i>		
Private Engineering AD	617	260
Leyarmach AD	34	1
Elprom ZEM AD	198	138
KLVK AD	644	-
Augusta Mebel	11	-
Dockyard Port Bourgas AD	110	-
Bulyard AD	36	-
ZMM Bulgaria Holding AD	600	-
	2,250	399
Dividends receivable from Maritime Holding	29	3
Services rendered	6	3
Other receivables	29	48
	2,314	453

Receivables from related parties are associated mainly with loans granted and receivables on services rendered.

17. Financial assets held for trading

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
Shares at acquisition cost	1,516	1,516
Impairment	(206)	(206)
Amount at the end of period	1,310	1,310

At the balance sheet date the Company holds 46,788 shares amounting to BGN 1,310 thousand. The shares are valued at the amount at which they are traded at the Bulgarian Stock Exchange as at 31 December 2005.

18. Cash and cash equivalents

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
Cash on hand	2	5
Cash at banks	86	110
Deposits with banks	1,056	2,929
	1,144	3,044

Cash in BGN is valued at its nominal amount, and cash in foreign currency - at the closing exchange rate of BNB at the end of the reporting period. Foreign exchange gains and losses are reported as current income, respectively expense.

Deposits with banks are presented at amortised cost.

The Company does not have blocked cash, which is unavailable for free operation at the balance sheet date.

19. Share capital

The capital of the Company comprises 21,003,235 dematerialised registered voting shares with a face value of BGN 1.

The share capital is subscribed at its face value and is fully paid-in. There are no preference shares and bearer shares.

19(a) Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2006 is based on the net yield attributable to the holders of ordinary shares, amounting to BGN 462 thousand (30 June 2005: profit of BGN 7,502 thousand) and the average weighted number of ordinary shares outstanding for the year ended 30 June 2006 of 21,003,235 (2005: 21,003,235).

20. Trade and other payables

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
Payables on debenture loan	5,238	5,233
	5,238	5,233

In January 2006 the third interest payment out of the total of six interest payments was made.

21. Short-term payables

	30 June 2006	31 December 2005
<i>In thousands of BGN</i>		
Payables on options sold to shareholders	116	116
Interest on debenture loan	155	158
Payable on subscribed share contributions	2,615	-
Other short-term payables	7	11
	2,893	285

22. Related party transactions

No unusual terms and conditions and departures from the market conditions exist in related party transactions carried out.

<i>In thousands of BGN</i>	Type of relation	2006
<i>Interest income</i>		
- Private Engineering AD	Subsidiary	5
- Leyarmach AD	Indirect control	7
- Elprom ZEM AD	Indirect control	8
- KLVK AD	Subsidiary	10
- Dockyard Port Bourgas AD	Subsidiary	2
<i>Income from sale of services</i>		
- Augusta Mebel AD	Subsidiary	30
- Dunav Tours AD	Associate	40
- Elprom ZEM AD	Indirect control	106
- ZMM Nova Zagora AD	Indirect control	15
- Leyarmach AD	Indirect control	55

Cash loans granted

- Private Engineering AD	Subsidiary	1,464
- Elprom ZEM AD	Indirect control	196
- KLVK AD	Subsidiary	676
- Dockyard Port Bourgas AD	Subsidiary	110
- Augusta Mebel AD	Subsidiary	19
- ZMM Bulgaria Holding AD	Subsidiary	600

Cash loans recovered

- Elprom ZEM AD	Indirect control	138
- Private Engineering AD	Subsidiary	1,099
- Augusta Mebel AD	Subsidiary	8

23. Contingent liabilities

At 30 June 2006 the Company has provided guarantees for payables of subsidiaries in the form of avals on promissory notes at the total amount of BGN 214 thousand on a performance bond.

The Company's management does not believe that there are indications that the promissory notes would be claimed, therefore no provisions have been set aside for contingent liabilities.

24. Post balance sheet events

There are no material events that might have significant impact on the interim financial statements.