

**“MIRKAT” OOD**  
**Corporate financial statements**  
**31 December 2015**

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## Statement of financial position as at 31.12.2015

	Notes	2015 BGN'000s	2014 BGN'000s
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	4	6774	5740
Intangible assets	5	6	14
Long - term receivables	6	2375	4043
Deferred tax assets	7	495	899
		<b>9650</b>	<b>10696</b>
<b>Current</b>			
Inventories	8	2168	1777
Trade receivables	9	17726	17896
Related parties receivables	0	16	55
Other receivables	10	3154	3210
Cash and cash equivalents	11	577	580
Prepaid expenses	12	121	290
		<b>23762</b>	<b>23808</b>
<b>Total assets</b>		<b>33412</b>	<b>34504</b>

Prepared by:   
Fincomex Auditing OOD

Date: 24.02.2016

Registered auditor: Lilia Nikolova

Date: 29.02.2016

Manager:  
G. Papakonstantinou

0529 Лилия  
Николова  
Регистриран одитор

## Statement of financial position as at 31.12.2015

	Notes	2015 BGN'000s	2014 BGN'000s
<b>Equity</b>			
Share capital	13.1	16165	16165
Revaluation reserve	13.2	207	207
Other reserves		95	95
Retained earnings		(3220)	25
<b>Total equity</b>		<b>13247</b>	<b>16492</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Long-term financial liabilities	14	2169	2531
Employee benefits	19.2	27	27
Other non-current liabilities	15	4	4
		<b>2200</b>	<b>2562</b>
<b>Current</b>			
Short-term financial liabilities	16	6024	6024
Trade payables	17	288	241
Related parties payables	0	10928	8465
Tax liabilities	18	501	409
Payables to employees and social security institutions	19.3	66	87
Other payables	20	158	224
		<b>17965</b>	<b>15450</b>
<b>Total liabilities</b>		<b>20165</b>	<b>18012</b>
<b>Total equity and liabilities</b>		<b>33412</b>	<b>34504</b>

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The notes on pages 7 to 34 are an integral part of the financial statements

**Statement of profit and loss and other comprehensive income  
 for the year ended at 31.12.2015**

	Notes	2015 BGN'000s	2014 BGN'000s
<b>Sales revenue:</b>	21	8105	5854
Goods for resale		6049	4097
Services		1054	994
Other		1002	763
Cost of materials	22	(102)	(89)
Hired services expenses	23	(2098)	(1631)
Employee benefit expenses	19.1	(847)	(656)
Depreciation, amortization and impairment of non-financial assets	4,5	(707)	(733)
Other expenses	24	(1621)	(1226)
Cost of sold goods and other assets		(5110)	(3656)
<b>Operating result</b>		<b>(2380)</b>	<b>(2137)</b>
Finance income	25	81	176
Finance expenses	26	(517)	(601)
<b>Net finance expense</b>		<b>(436)</b>	<b>(425)</b>
<b>Profit (loss) for the year before tax</b>		<b>(2816)</b>	<b>(2562)</b>
Income taxes	27	(404)	-
<b>Net profit (loss) for the period</b>		<b>(3220)</b>	<b>(2562)</b>
<b>Other comprehensive income</b>			
Items that shall not be reclassified to profit and loss			
Actuarial gains/loss according to IAS 19		2	11
<b>Other comprehensive income for the period after taxes</b>		<b>2</b>	<b>11</b>
<b>Total comprehensive income for the period</b>		<b>(3218)</b>	<b>(2551)</b>

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**Statement of cash flows (indirect) method for the year ended at  
 31.12.2015**

	Notes	2015 BGN'000s	2014 BGN'000s
<b>Operating activities</b>			
Result for the year before tax		(2816)	(2562)
Adjustments		1143	1158
Increase/ decrease in inventories		(391)	837
Increase/ decrease in trade and other receivables		1151	3124
Increase/ decrease in trade and other payables		2388	(1106)
<b>Net cash flows from operating activities</b>		<b>1475</b>	<b>1451</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(2376)	(1067)
Proceeds from sale of property, plant and equipment		1631	1495
Interest received		81	176
<b>Net cash flows from investing activities</b>		<b>(664)</b>	<b>604</b>
<b>Financing activities</b>			
Repayment of bank loans		(352)	(1005)
Payment of bank charges		(30)	(35)
Interest paid		(430)	(565)
<b>Net cash flows from financing activities</b>		<b>(812)</b>	<b>(1605)</b>
Cash and cash equivalents, beginning of year		580	131
Exchange gains/(losses) on cash and cash equivalents		(2)	(1)
Net increase/(decrease) in cash and cash equivalents		(3)	449
<b>Cash and cash equivalents, end of year</b>	11	<b>577</b>	<b>580</b>

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Manager:   
 G. Papakonstantinov

Date: 24.02.2016

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Date: 29.02.2016



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### Statement of changes in equity for the year ended at 31.12.2015

All amounts presented in BGN'000's	Share Capital	Premium reserve	Revaluation reserve	Retained earnings	Total Equity
<b>Balance 1 January 2014</b>	<b>165</b>	<b>95</b>	<b>207</b>	<b>2620</b>	<b>19087</b>
Other changes in equity	-	-	-	(44)	(44)
Profit/(loss) for the period	-	-	-	(2562)	(2562)
Other comprehensive income for the period	-	-	-	11	11
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2551)</b>	<b>(2551)</b>
<b>Balance 31 December 2014</b>	<b>16165</b>	<b>95</b>	<b>207</b>	<b>25</b>	<b>16492</b>
<b>Balance 1 January 2015</b>	<b>16165</b>	<b>95</b>	<b>207</b>	<b>25</b>	<b>16492</b>
Other changes in equity	-	-	-	(27)	(27)
Profit/(loss) for the period	-	-	-	(3220)	(3220)
Other comprehensive income for the period	-	-	-	2	2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3218)</b>	<b>(3218)</b>
<b>Balance 31 December 2015</b>	<b>16165</b>	<b>95</b>	<b>207</b>	<b>(3220)</b>	<b>13247</b>

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## Notes to the financial statements

### 1 General information

“MIRKAT” OOD is registered as a limited liability company at the Sofia City Court under company case file No. 13448/1993, with a domicile and a registered office located at: No.96 Pop Gruyu street, City of Sofia, Republic of Bulgaria. The Company is managed and represented by Georgios Papakonstantinou.

The company has no branches or offices registered at the territory of the country. The average number of employees for 2015 is 26 people.

The principal activity of the Company consists of:

- sales and leasing of cars and motorcycles of the SUZUKI trade mark
- sales of electricity generators, propeller engines for motorboats of the SUZUKI trade mark etc.

The financial report as of 31 December 2015 (including the comparative information as of 31 December 2014 ) was approved and endorsed by the Managing Director of the Company on 24 February 2016.

### 2 Basis for the preparation of the financial statements

The financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) as developed and published by the International Accounting Standards Board (IASB) and applied in European Union. As at 31.12.2015 IAS include International Accounting Standards (IAS), International Financial Reporting Standards (IFRSs), International Financial Reporting Interpretation Committee (IFRIC). The company has been considered all related standards and interpretations as at the date of preparing its financial statement. The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The owner of 100.00 % of “Mirkat” Ltd.’ s share capital is the Greek company “Sfakianakis” A.E.B.E. The company owner has been prepared a consolidated financial statement which includes the subsidiary company “Mirkat” Ltd.

### 3 Significant accounting policy

#### 3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The notes on pages 7 to 33 are an integral part of the financial statements



The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and certain financial assets and liabilities. The measurement bases are more fully described in the accounting policies below. All financial information presented in BGN for the year 2015 and 2014 has been rounded to the nearest thousand.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### **3.2 Foreign currency translation**

The separate elements of the financial statements of the Company are in the currency of the main economic environment in which it carries out its activities (“functional currency”). Company's financial statements are presented in Bulgarian Leva (BGN), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognized in the income statement.

The Currency Board was introduced in Bulgaria on 01 July 1997 following the recommendations by the International Monetary Fund (IMF) and fixed the value of the BGN against the DEM in ratio 1:1. Following the introduction of the EURO, the BGN was fixed to the EURO at rate 1 EURO = 1.95583 BGN. On 31 December 2015 the closing exchange rate of the BGN in relation to the Japanese Yen was 100 JPY = BGN 1.48552, in relation to the US Dollar – 1USD = BGN 1.79007, and in relation to the pound sterling – 1GBP = BGN 2.65021.

### **3.3 Income and expense recognition**

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates, allowed by the Company. In case of similar assets with similar values are exchanged, the transaction is not recognized as generating income.

Revenue from sale of goods is recognized, provided all of the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- The value of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the enterprise;

The notes on pages 7 to 33 are an integral part of the financial statements

- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is recognized, when the outcome of the transaction can be measured reliably.

Operating expenses are recognized in the income statement upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized. Interest income and expenses are reported on an accrual basis. Dividends received, other than those from investments in associates, are recognized at the time of their distribution.

### 3.4 Borrowing costs

All borrowing costs are expensed as incurred. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

### 3.5 Intangible assets

Intangible fixed assets are measured initially at cost. If an intangible asset is acquired separately, the cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition.

After initial recognition, according to the benchmark treatment, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the current period income statement.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognized as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance; and this expenditure can be measured and attributed to the asset reliably. If these two conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

Amortization is calculated using the straight-line method over the estimated useful life of individual assets as follows:

	2015	2014
• software	2 years	2 years
• others	4-7 years	4-7 years

Careful judgment by Company's management is applied when deciding whether the recognition requirements for development costs have been met. Judgments are based on the

The notes on pages 7 to 33 are an integral part of the financial statements

best information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by Company’s management.

The recognition threshold, selected by the Company for intangible fixed assets amounts to BGN 700.

### 3.6 Property, plant and equipment

With the IFRS implement for a first time, the company has chose to execute the model of revaluation of the position “Buildings” from the entry “Estate, machinery and equipment”, as an accepted value.

An item of property, plant and equipment is initially measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent to initial recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses according to benchmark treatment. Impairment losses are recognized in the current period income statement.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized in the financial statements is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as an expense in the period in which it is incurred.

Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract in shorter.

Depreciation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

	2015	2014
• Buildings	25 years	25 years
• Machines	3-4 years	3-4 years
• Vehicles	6-7 years	6-7 years
• Fixtures & Fittings	6-7 years	6-7 years
• IT equipment	2 years	2 years
• Others	6-7 years	6-7 years

The recognition threshold, selected by the Company for tangible fixed assets amounts to BGN 700.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Adjustments are treated as changes in the estimation and enter into force as at the date changing.

Development expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

### **3.7 Leases**

#### In the Lessee's Statements

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.

The related asset is recognized at the time of inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs.

Assets acquired under the terms of finance lease are depreciated in accordance with IAS 16 Property, plant and equipment or IAS 38 Intangible assets.

All other leases are treated as operating lease agreements. Operate lease payments are recognized as an expense on a straight-line basis. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

#### In the Lessor's Statements

Assets subject to operating lease agreements are presented in the balance sheet and are depreciated in accordance with the lessor's normal depreciation policy for similar assets. The depreciation charge are calculated on the basis set out in IAS 16, Property, plant and equipment and IAS 38 Intangible assets. Lease income is recognized on a straight line basis in the Income statement for the period of the lease agreement.

Assets held under a finance lease agreement are presented in the balance sheet as a receivable at amount equal to the net investment in the lease. The sales revenue from assets is recognized in the current year Income statement. The spreading of the financial income, trough the whole term of the leasing contract has been performed on the systemic and rational base. The recognition of the financial income has been based on such model that is affecting a constant percent of returnability over the net investment.

The notes on pages 7 to 33 are an integral part of the financial statements

### **3.8 Impairment testing of goodwill, other intangible assets and property, plant and equipment**

The Company's assets are subject to impairment testing at every balance sheet date, other intangible assets and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation.

Impairment losses recognized for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

### **3.9 Financial assets**

Company's financial assets include cash and financial instruments other than hedging instruments. They can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are initially recognized at cost plus related transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in the Income statement.

The notes on pages 7 to 33 are an integral part of the financial statements

Trade receivables are provisioned when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the carrying amount of the asset and the present value of estimated future cash flows. In order to determine whether there is objective evidence indicating deterioration in the financial condition of the customers, the Company performs quantitative and qualitative analysis of the information obtained, uses public available sources of additional information and review the fair value of the property under the contract as well.

The impairment expense is pointed as "Other expenses" in the statement of comprehensive income.

Receivables are being written off as uncollectible under a resolution of the management, evidencing that the company cannot perform more reasonable collection efforts and activities.

### **3.10 Inventories**

Inventories comprise raw materials and supplies, purchased goods. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. At the balance sheet date, inventories are carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. In case inventories have already been impaired to their net realizable value and in the following period the impairment conditions are no longer present, than a new net realizable value is determined up to the initial value prior impairment. The inventory recovery amount is accounted for as decrease in inventory expenses for the period in which the recovery takes place.

The costs of inventories are assigned by using the concrete identification of the value of inventories.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

### **3.11 Accounting for income taxes**

Current income tax assets and/or liabilities comprise those obligations to, or claim from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

The notes on pages 7 to 33 are an integral part of the financial statements

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax basis. However, in accordance with the rules set out in AS 12, no deferred taxes are recognized in conjunction with goodwill. This applies also to temporary differences associated with shares in subsidiaries and joint ventures if the Company can control reversal of these temporary differences and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets. Deferred tax asset in relation to carried forward losses is recognized to the extent that the realization of the related tax benefits through the future taxable profits is probable.

Deferred tax liabilities are always recognized in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be offset against future taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged directly to equity (such as the re-valuation of land) are debited or credited directly to equity.

### **3.12 Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand as well as current bank accounts, short term or highly liquid investments which can easily be turned into money and contain insignificant risk of change in value.

### **3.13 Equity**

The company capital of “Mirkat” OOD reflects the nominal value of the shares.

The revaluation reserve consists of profits and losses related to the revaluation of certain categories of buildings.

Retained earnings include all current and prior period results as determined in the income statement.

### **3.14 Pension obligations and short term employee benefits**

The Company reports short-term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short term payables to personnel include wages, salaries and related social security payments.

The notes on pages 7 to 33 are an integral part of the financial statements

Definitive retirement incomes - According to the Labour Code as at the date of employee retirement, the Company effect compensation at the amount of two gross salaries if the length of working period in the company in less than ten years. If the employee has been working more than 10 years in the company then the amount of the compensation is at the amount of six gross salaries. The current value of the liability has been calculated on the base of the actuarial valuation from independent experts.

### **3.15 Financial liabilities**

The Company's financial liabilities include bank loans and overdrafts, trade and other payables and financial lease liabilities.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the Income statement.

Bank loans are raised for support of long - term funding of the Company's operations. They are recognized at proceeds received, net of direct issue costs. Financial charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividend distributions to shareholders are included when the dividends are approved by the shareholders' meeting.

### **3.16 Other provisions, contingent liabilities and contingent assets**

Provisions, representing current obligations of the Company arising from past events, the settlement of which is expected to result in an outflow of resources, are recognized as liabilities. A provision is recognized only when the following conditions are present:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. In reaching the best estimate of the provision, the Company takes into account the risks and uncertainties that inevitably surround many events and circumstances as well as the effect of the time value of the money, when it is material.



Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The Company does not recognize contingent assets in the financial statements as possible obligations arise, whose existence is not yet confirmed or this may result in the recognition of income that may never be realized.

### **3.17 Accounting errors**

Errors can arise in relation to recognition, measurement, presentation and disclosure of elements of the financial report. Possible current period errors discovered in that period are corrected before the financial statements were authorized for issue. However, it can be found mistakes from past periods. If the Company determines that the errors are significant and can influence the economic decisions of users made on the base of the financial statements, then only these errors are corrected in the comparative information by retrospective restatement.

### **3.18 Determination of fair value**

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### ***Property, plant and equipment***

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

#### ***Trade and other receivables***

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

#### ***Non-derivatives financial liabilities***

The fair values which are determined for disclosure purposes is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. For a financial leasing the market interest rate is estimated according to similar contracts.

**4 Property, plant and equipment**

	Land BGN'000s	Buildings BGN'000s	Machines Equipment BGN'000s	Vehicles BGN'000s	Other BGN'000s	Total BGN'000s
<b>At 1 January 2014</b>						
Cost or valuation	3096	756	360	3901	211	8324
Accumulated depreciation	-	(472)	(117)	(1548)	(160)	(2297)
<b>Net book amount</b>	<b>3096</b>	<b>284</b>	<b>243</b>	<b>2353</b>	<b>51</b>	<b>6027</b>
<b>Year ended 31 December 2014</b>						
Opening net book amount	3096	284	243	2353	51	6027
Additions	-	-	6	1060	1	1067
Disposals (at net book value)	-	-	(5)	(1485)	(5)	(1495)
Depreciation charge	-	(39)	(10)	200	(10)	141
<b>Closing net book amount</b>	<b>3096</b>	<b>245</b>	<b>234</b>	<b>2128</b>	<b>37</b>	<b>5740</b>
<b>At 31 December 2014</b>						
Cost or valuation	3096	756	361	3476	207	7896
Accumulated depreciation	-	(511)	(127)	(1348)	(170)	(2156)
<b>Net book amount</b>	<b>3096</b>	<b>245</b>	<b>234</b>	<b>2128</b>	<b>37</b>	<b>5740</b>
<b>Year ended 31 December 2015</b>						
Opening net book amount	3096	245	234	2128	37	5740
Additions	-	-	5	2349	22	2376
Disposals	-	-	(20)	(1577)	(34)	(1631)
Depreciation charge	-	(40)	(16)	(637)	(7)	(700)
Write off depreciation	-	-	20	935	34	989
<b>Closing net book amount</b>	<b>3096</b>	<b>205</b>	<b>223</b>	<b>3198</b>	<b>52</b>	<b>6774</b>
<b>At 31 December 2015</b>						
Cost or valuation	3096	756	346	4248	195	8641
Accumulated depreciation	-	(551)	(123)	(1050)	(143)	(1867)
<b>Net book amount</b>	<b>3096</b>	<b>205</b>	<b>223</b>	<b>3198</b>	<b>52</b>	<b>6774</b>

With the IFRS implement for a first time, the company performs the revalued amount model, according to the previous Generally Accepted Accounting Principles, as an accepted value of the position “Buildings” on the date of the first IFRS implementing. The value of the building before the revaluation was performed was in the amount of 462 thousand BGN. The revalued value of the building includes a revaluation reserve in the amount of 207 thousand BGN, which is not intended to be distributed among the shareholders of the Company

The notes on pages 7 to 33 are an integral part of the financial statements

**5 Intangible assets**

	Acquired software licenses	Right of use	Other	Total
	BGN'000s	BGN'000s	BGN'000s	BGN'000s
<b>At 1 January 2014</b>				
Cost	54	72	130	256
Accumulated amortization and impairment	(53)	(71)	(108)	(232)
<b>Net book amount</b>	<b>1</b>	<b>1</b>	<b>22</b>	<b>24</b>
<b>Year ended 31 December 2014</b>				
Opening net book amount	1	1	22	24
Amortization	(1)	-	(8)	(9)
<b>Closing net book amount</b>	<b>-</b>	<b>1</b>	<b>13</b>	<b>14</b>
<b>At 31 December 2014</b>				
Cost	54	72	129	255
Accumulated amortization and impairment	(54)	(71)	(116)	(241)
<b>Net book amount</b>	<b>-</b>	<b>1</b>	<b>13</b>	<b>14</b>
<b>Year ended 31 December 2015</b>				
Opening net book amount	-	1	13	14
Disposals	(1)	(72)	(99)	(172)
Amortization charge	-	(1)	(6)	(7)
Write off amortization	1	72	98	171
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>
<b>At 31 December 2015</b>				
Cost	53	-	30	83
Accumulated amortization and impairment	(53)	-	(24)	(77)
<b>Net book amount</b>	<b>-</b>	<b>1</b>	<b>6</b>	<b>6</b>

**6 Long-term receivables**

	2015 BGN'000s	2014 BGN'000s
Long-term trade receivables	2349	3885
Finance lease receivables	26	158
	<b>2375</b>	<b>4043</b>

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### 6.1 Financial leasing.

As at 31 December 2015, the Company has receivables in connection with assets made available to be used under financial lease contracts concluded. The lease contracts envisage fixed lease payments and an option for acquisition of the asset at the end of the term of the lease. The lease contracts are irrevocable but they contain no other limitations.

Future minimum lease receivables as per 31 December 2014 are as follows:

	Up to 1 year BGN'000s	1 to 5 years BGN'000s	More than 5 years BGN'000s	Total BGN'000s
Lease payments	2153	207	-	2360
Discounts	59	49	-	108
<b>Net present value</b>	<b>2094</b>	<b>158</b>	<b>-</b>	<b>2252</b>

Future minimum lease receivables as per 31 December 2015 are as follows:

	Up to 1 year BGN'000s	1 to 5 years BGN'000s	More than 5 years BGN'000s	Total BGN'000s
Lease payments	1631	28	-	1659
Discounts	66	2	-	68
<b>Net present value</b>	<b>1565</b>	<b>26</b>	<b>-</b>	<b>1591</b>

### 6.2 Operative leasing

Future minimum lease receivables related to operating leasing are as follows:

	Up to 1 year BGN'000s	1 to 5 years BGN'000s	More than 5 years BGN'000s	Total BGN'000s
As at 31.12.2014	537	892	55	1484
As at 31.12.2015	813	1776		2589

The Contracts for operating leasing do not content clauses for payments under conditions, renewal or post buying.

## 7 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses under the liability method, using a principal tax rate of 2015 10%, (2014 10%) (2012 10%), can be summarized as follows:

The notes on pages 7 to 33 are an integral part of the financial statements .

	2015 Deferred tax asset BGN'000s	2015 Deferred tax liability BGN'000s	2014 Deferred tax asset BGN'000s	2014 Deferred tax liability BGN'000s
<b>Non current assets</b>				
Tax depreciation	-	25	-	24
<b>Current assets</b>				
Impairment of assets	146	-	168	-
<b>Tax loss</b>	366	-	745	-
<b>Non-current liabilities</b>				
Retirement indemnity	3	-	3	-
<b>Current liabilities</b>				
Unused paid leaves of the personnel and other employee obligations	5	-	7	-
	<b>520</b>	<b>25</b>	<b>923</b>	<b>24</b>

Please also refer to note 28 for information on the Company's tax expense.

## 8 Inventories

	2015 BGN'000s	2014 BGN'000s
Goods	2212	1995
Impairment of goods	(44)	(218)
	<b>2168</b>	<b>1777</b>

In 2015, the Company has not committed impairment of inventories. The decrease is due to written off impairment costs, resulting from the sale of inventory in the amount of 174 thousand BGN.

## 9 Trade receivables

	2015 BGN'000s	2014 BGN'000s
Trade receivables – gross	18312	18575
Impairment of receivables	(586)	(679)
Trade receivables – net	<b>17726</b>	<b>17896</b>
	<b>17726</b>	<b>17896</b>

All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognized resemble a large number of receivables from various customers.

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Under a Contract for Loan line with Alpha Bank AD, the company has been established a pledge over current and future receivables under leasing contracts.

Movement in impairment of receivables in 2015 is as follows:

	2014 BGN'000s	2014 BGN'000s
Impairment of receivables at 1 January	679	723
Impairment losses	-	688
Reversal of impairment	-	(44)
Disposals from impairment	(93)	(688)
<b>Impairment of receivables at 31 December</b>	<b>586</b>	<b>679</b>

#### 10 Other receivables

	2015 BGN'000s	2014 BGN'000s
Other debtors	1759	1881
Awarded receivables	1395	1329
	<b>3154</b>	<b>3210</b>

The receivables from other debtors are receivables for insurance policies, taxes, fees etc. for automobiles made available under financial lease contracts.

#### 11 Cash and cash equivalents

	2015 BGN'000s	2014 BGN'000s
Cash at bank	575	579
Cash in hand	2	1
	<b>577</b>	<b>580</b>

#### 12 Prepaid expenses

	2015 BGN'000s	2014 BGN'000s
Insurance	115	130
Advertisement	2	159
Other	4	1
	<b>121</b>	<b>290</b>

Prepaid property insurance of Company assets.

### 13 Equity

#### 13.1 Share capital

The capital of the Company consists of 323 303 shares with a par value of BGN 50 each.

The list of the main partners with shares in the Company was presented as follows:

	2015 Number of shares	2015 %	2014 Number of shares	2014 %
Sfakianakis A.E.B.E	323 300	99.9999	323 300	99.9999
Stavros Taki	3	0.0009	3	0.0009
	<b>323 303</b>	<b>100</b>	<b>323 303</b>	<b>100</b>

The registered share capital as a result of in-kind contribution is estimated by the value adopted by the General Meeting of Shareholders, which can not be higher than the value of the one determined by the designated licensed appraisers in the amount of BGN 15 998 thousand.

#### 13.2 Revaluation reserve

As a result of the performed revaluation until 2001 of the book value of the building, the Company formed a revaluation reserve in the amount of BGN 207 thousand.

### 14 Long-term financial liabilities

	2015 BGN'000s	2014 BGN'000s
Long-term bank loans	2169	2531
	<b>2169</b>	<b>2531</b>

Fair values of these long term financial liabilities are as follows:

	2015 BGN'000s	2014 BGN'000s
Long-term bank loans:		
-Alfa Bank AD – under limit B	2169	2531
	<b>2169</b>	<b>2531</b>

### 15 Other non-current liabilities

	2015 BGN'000s	2014 BGN'000s
Other loans	4	4
	<b>4</b>	<b>4</b>

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**16 Short-term financial liabilities**

	2015 BGN'000s	2014 BGN'000s
Short-term bank loans:		
-Alfa Bank AD – under limit B	352	352
-Alfa Bank AD – under limit C	5672	5672
	<b>6024</b>	<b>6024</b>

The contract for a revolving line of credit with Alpha Bank AD was signed on 13 December 2001 for the amount of EUR 6 000 thousand or BGN 11 735 thousand. The interest rate is specified as the sum of: the three-month EURIBOR plus a mark-up of 3%. The loan must be repaid by 30 April 2010. The Company has made a special pledge in favour of the bank of its future receivables under lease contracts. A corporate guarantee has been provided by Sfakianakis A.E.B.E.-Greece.

The contract for a revolving line of credit with Alpha Bank AD was signed on 13 February 2007 for the amount of EUR 6 000 /six thousand/ or BGN 11 735 /thousand/. The interest rate is specified as the sum of: the three- month EURIBOR plus a mark- up of 3%. The loan must be repaid by 30 April 2010. A corporate guarantee has been provided by “Sfakianakis A.E.B.E”, Greece.

On the date 29.07.2010 between the companies “Alpha Bank” AD and “Mirkat” Ltd. has been signed an additional agreement related to a Credit agreement № 045/ 2001, which agreement states that the amount of the credit limit is increased till the amount of 11 750 thousand euro and shall be divided into different “under-limits”, as follows:

- Under-limit A – at the amount of 3 427 thousand euro with term of payment till 05.01.2012 and interest at the amount of 12 month EURIBOR plus 4.25 %;
- Under-limit B – at the amount of 3 464 thousand euro with term of payment till 05.01.2017 and interest at the amount of 1 month EURIBOR plus 5.50 %;
- Under-limit C – at the amount of 3 850 thousand euro with term of payment till 31.03.2016 and interest at the amount of 1 month EURIBOR plus 5.50 %

“Sfakianakis A.E.B.E.” has been provided a corporate guarantee, representing a pledge over a receivable at the amount of 3 500 thousand euro at the bank account of “Sfakianakis A.E.B.E.” and a pledge over current and future receivables under leasing contracts and a mortgage on real property – 2. Land with an area of 7,831 acres and building in Sofia.

**17 Trade payables**

	2015 BGN'000s	2014 BGN'000s
Trade payables	59	66
Advances from customers	229	175
	<b>288</b>	<b>241</b>

The fair values of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the balance sheet to be a reasonable approximation of their fair value.

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## 18 Tax Liabilities

	2015 BGN'000s	2014 BGN'000s
VAT	177	100
Municipal taxes	314	305
Other	10	4
	<b>501</b>	<b>409</b>

## 19 Employee compensation

### 19.1 Employee benefit expenses

Expense recognized for employee benefits is analyzed below:

	2015 BGN'000s	2014 BGN'000s
Wages and salaries	758	575
Social security	85	88
Expenses for retirement compensations plans	4	(7)
	<b>847</b>	<b>656</b>

### 19.2 Employee benefit

#### Compensation for employees

	2015 BGN'000s	2014 BGN'000s
Compensation liabilities for retirement plans	27	27
	<b>27</b>	<b>27</b>

According to Art 222 from the Labour Code as at the date of employee retirement, the Company is obliged to effect compensation at the amount of two gross salaries if the length of working period in the company is less than ten years. If the employee has been working more than 10 years in the company then the amount of the compensation is at the amount of six gross salaries.

The Company for a first time performs retirement plans compensations and the current value of the liability has been calculated on the base of the actuarial valuation from independent experts.

#### Movement in the present value of the defined benefit obligations

	2015 BGN'000s	2014 BGN'000s
Defined benefit obligations at 1 January	27	31
Current service costs and interest	4	7
Income paid	(2)	-
Actuarial (gains) losses in other comprehensive income	(2)	(11)
<b>Defined benefit obligations at 31 December</b>	<b>27</b>	<b>27</b>

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**19.3 Pensions and other employee obligations**

	2015 BGN'000s	2014 BGN'000s
Obligations to employees	-	2
Payables to social security	15	13
Unused paid holiday	51	72
	<b>66</b>	<b>87</b>

**20 Other payables**

	2015 BGN'000s	2014 BGN'000s
Insurances	80	150
Interest payables	33	33
Other creditors	45	41
	<b>158</b>	<b>224</b>

**21 Incomes from sales**

Incomes include:

	2015 BGN'000s	2014 BGN'000s
Sales of goods	6049	4097
Provided services	1054	994
Other income	1002	763
	<b>8105</b>	<b>5854</b>

**22 Costs for materials**

Costs include:

	2015 BGN'000s	2014 BGN'000s
Costs for electricity	25	22
Costs for fuel and oils	18	16
Costs for spare parts	9	7
Costs for office materials	20	23
Other costs:	30	21
	<b>102</b>	<b>89</b>

**23 Costs for services**

Costs include:

	2015 BGN'000s	2014 BGN'000s
Costs for transport	19	15

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Costs for advertisement	705	380
Telephones, couriers	19	28
Consultancy services	185	173
Audit services	7	7
Costs for routine repairmen	212	198
Costs for one-off tax payments	96	56
Insurances	294	241
Security	29	54
State and court fees	12	5
Subscription	5	11
Rental	471	295
Other	44	168
	<b>2098</b>	<b>1631</b>

**24 Other costs**

Costs include:

	2015 BGN'000s	2014 BGN'000s
Costs for business trips	10	7
Costs for representatives purposes	17	5
Impairment of receivables	(93)	644
Impairment of goods	-	171
Receivables written of	1654	372
Marriage and loss of inventory and assets	16	12
Defaults costs	9	3
Other costs	8	12
	<b>1621</b>	<b>1226</b>

**25 Financial incomes**

	2015 BGN'000s	2014 BGN'000s
Incomes from leasing contracts interests	81	176
	<b>81</b>	<b>176</b>

**26 Financial costs**

	2015 BGN'000s	2014 BGN'000s
Costs for loans interests	485	565
Costs for bank fees	30	35
Costs resulted from changes in the exchange rate	2	1
	<b>517</b>	<b>601</b>

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## 27 Income tax expense

The relationship between the expected tax expense based on the effective tax rate of The Company at 10 % (2012: 10 %) and the tax expense actually recognized in the income statement can be reconciled as follows:

	2015 BGN'000s		2014 BGN'000s	
Profit/(loss) for the year before tax		(2816)		(2562)
Tax rate		10 %		10 %
<b>Expected tax expense</b>		-		-
	Base amount	Tax effect at 10 %	Base amount	Tax effect at 10 %
Adjustment for tax exempt income				
- tax deductible depreciation	(1360)	(136)	(1348)	(135)
-unrecognized amounts for accumulated unused vacation time	(31)	(3)	(34)	(3)
-other	(254)	(25)	(220)	(22)
Adjustment for non-deductible expenses				
-depreciation expenses	1350	135	1358	136
-impairment of assets	31	3	743	74
-recognized amounts for accumulated unused vacation time	10	1	9	1
- retirement indemnity	-	-	-	-
-other	25	3	84	8
<b>Current tax expense</b>		-		-
<b>Deferred tax income, resulting from</b>				
- origination and reversal of temporary differences		(404)		-
<b>Actual tax expense, net</b>		<b>(404)</b>		<b>-</b>

Please refer to note 7 for information on the entity's deferred tax assets and liabilities.

## 28 Related parties transactions

None of the transactions incorporate special terms and conditions and no guarantee was given or received.

### 28.1 Transactions with owners

	2015 BGN'000s	2014 BGN'000s
Purchases of goods and services	5986	2822
- purchases of goods from SFAKIANAKIS S.A	5986	2822

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Sales of goods and services	<b>75</b>	<b>64</b>
- Sales of services of SFAKIANAKIS S.A.	75	64

## 28.2 Transactions with group entities

	2015 BGN'000s	2014 BGN'000s
Interests costs	<b>21</b>	<b>25</b>
- Ergotrak Bulgaria Ltd – trade	21	25
Sales of goods and services	<b>303</b>	<b>150</b>
- Ergotrak Bulgaria Ltd – goods	14	96
- Ergotrak Bulgaria Ltd – services	13	9
- Executive Lease S.A. – services	275	45
Purchases of goods and services	<b>68</b>	<b>59</b>
- purchases of services Ergotrak Bulgaria	2	45
- purchases of services Executive Lease S.A.	66	14

## 28.3 Balances at the end of the year

	2015 BGN'000s	2014 BGN'000s
Payables to:	<b>10635</b>	<b>8154</b>
- owners	10635	8154
Paybles from the group entities	<b>293</b>	<b>311</b>
- Ergotrak Bulgaria Ltd - principal	293	297
- Executive Lease S.A. – services	-	14
Receivables from the group entities	<b>16</b>	<b>55</b>
- Executive Lease S.A. – services	16	55

## 28.4 Key managing deals

	2015 BGN'000s	2014 BGN'000s
Short term benefits		
- salaries	220	42
- costs for social insurance	6	3
- total	<b>226</b>	<b>45</b>

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## **29 Contingent assets and contingent liabilities**

Various guarantees and legal claims were filed by and against the Company during the year. Part of the Company's claims against third parties has been closed with Court resolutions in favour of Mirkat Ltd and the amounts are collected. Over another part from the Company's claims against third parties there are no deducted Court resolutions yet. The management of the Company is of the opinion that the claims files against the Company are unwarranted and ungrounded and that the probability that they will result in a settlement request is very low. This assessment by the management is supported by the opinion of an independent legal consultant.

On 03.06.2014 a pledge has been registered for part of the capital of Mirkat Ltd., which correspond to the planned shareholding of Sfakianakis A.E.B.E.

- Pledger and debtor - Sfakianakis A.E.B.E. Greece
- Pledgee - Alpha Bank AE Greece
- Reason - Contractual loan from 11.12.2009
- Collateral receivables - transfer of money for the amount of 186 500 000 Euro

## **30 Going concern**

The financial statement is performed on the principle of the going concern which assumes that the Company shall continue its activity in the near future. The company does not have intentions and doesn't need to terminate its activity or to reduce the working volume.

The Company activity creates assertions for currency, credit and interests risk. The company does not use financial instruments for the risk level reducing.

## **31 Policy of the management related to risk**

The activity of the company is exposed to market, credit and liquidity risk. However, the company does not use financial instruments to reduce financial risks.

### **31.1 Market risk**

Market risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate due to changes in market prices. Market prices include four types of risk: interest rate risk, currency risk, commodity price and other price risk. Financial instruments that are affected by market risk include loans and trade payables.

#### **Interest rate risk**

The interest risk is the risk that the value of the Company's interest – bearing loans might vary as a consequence of the changes in the market interest rates.

The interest's margins may increase from these changes, but they also may be reduced or to perform losses if an unexpected movements have arise, in accordance from the level of

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inaccuracy in the revaluation of the interests. In this case the Management has limited the allowed level for the inaccuracy in the revaluation of the interests percent.

The table below provides an analysis of the sensitivity to possible changes in interest rates to their effect on profit before tax, provided that all other variables are assumed to be constant. No effect on other components of equity of the Company.

	Increase/ Decrease in basis points ‘000 BGN	Effect over profit before taxes ‘000 BGN
<b>2015 г.</b>		
In euro, based on EURIBOR	0,5%	(3)
In euro based on EURIBOR	-1%	5

	Increase/ Decrease in basis points ‘000 BGN	Effect over profit before taxes ‘000 BGN
<b>2014 г.</b>		
In euro, based on EURIBOR	0,5%	(2)
In euro based on EURIBOR	-1%	4

### Foreign currency risk

The Company has received loans in foreign currency from financial institutions. As a result, the Company is imposed to a risk, related to the possible change in the exchange rates. Transactions in foreign currencies are mostly in Euros and because of the fixed rate the risk level is minimal.

### Risk from the activity

The risk from the activity, resident in all economic companies, brings the potential for financial losses and economical instability, consequence of a bad internal control, process activities or their supporting systems. The aim of the management of the activity risk is to balance the costs and the risk in the frames of the limits, till the potential benefits.

### 31.2 Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Company secures the financial receivables under lease contracts

with the property leased under the contract.

The Company assesses the financial condition of the client, which includes qualitative and quantitative analysis that takes into account all the circumstances that might affect repayment.

The Company's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

The credit risk arises, because the clients or the partners may do not want or they are maybe not able to execute the agreed obligations. The company is performing credit capacity analysis over an each client and requires insurance for its receivables as set forth in the financial leases with financial risk policy of the leading market insurance companies. In the case of an insured event, the insurance company covers all the losses or buys the receivable at the market prices.

At 31 December 2015 and at December 31, 2014 the Company is exposed to concentration of credit risk in relation to receivables from several companies as follows:

<b>Client</b>	<b>Amount of exposure as at 31.12.2015 '000 BGN</b>	<b>% from all receivables</b>
Client 1	5439	27,06
Client 2	1431	7,12
Client 3	1185	5,90
	<b>20101</b>	<b>100,00%</b>

<b>Client</b>	<b>Amount of exposure as at 31.12.2014 '000 BGN</b>	<b>% from all receivables</b>
Client 1	5439	24,79
Client 2	1431	6,52
Client 3	1185	5,40
	<b>21939</b>	<b>100,00%</b>

### 31.3 Liquidity risk

Effective management of the Company's liquidity implies providing adequate working capital, primarily by maintaining unused committed credit lines and financing from related parties.

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As at 31 December the maturity structure of financial liabilities of the Company based on contractual undiscounted payments is presented below:

31.12.2015 r.	Current payment	Short-term to 1 year	From 1 to 5 years	Above 5 years	Total
<b>Financial liabilities</b>					
Banks' loans	-	6024	2169	-	8193
Trade liabilities	288	-	-	-	288
Related parties liabilities	-	10928	-	-	10928
Other liabilities	95	63	-	-	158
<b>Total financial liabilities</b>	<b>383</b>	<b>17015</b>	<b>2169</b>	<b>-</b>	<b>19567</b>

31.12.2014 r.	Current payment	Short-term to 1 year	From 1 to 5 years	Above 5 years	Total
<b>Financial liabilities</b>					
Banks' loans	-	6024	2531	-	8555
Trade liabilities	241	-	-	-	241
Related parties liabilities	-	8465	-	-	8465
Other liabilities	84	140	-	-	224
<b>Total financial liabilities</b>	<b>325</b>	<b>14629</b>	<b>2531</b>	<b>-</b>	<b>17485</b>

### 31.4 Equity managing

The Company policy is focused to hold a strong capital base that could keep the investors, creditors and market trust and to ensure business activity development.

Management's aims related to the equity managements are as follows:

- to ensure the company forward its activity as a going concern in way that could return the capital to the shareholders
- to ensure as well appropriate earnings capacity to the shareholders by adequately determination of its products and services prices as its investment projects in accordance with the different risk level.
- To follow the capital structure and to perform necessary adjustments in accordance with the changes in the economical environment.

### 31.5 Fair value

Below is a comparison between the carrying amounts and fair values of financial instruments of the Company separated by categories that are included in the financial statements:

31.12.2015	Balance value	Fair value	
	2015	2014	2015
	'000 BGN	'000 BGN	'000 BGN

The notes on pages 7 to 33 are an integral part of the financial statements

**Assets**

**Financial assets**

Trade assets	20101	21939	20101	21939
Related parties receivables	16	55	16	55
Other receivables	3154	3210	3154	3210
Cash and cash equivalents	577	580	577	580
<b>Total financial assets</b>	<b>23848</b>	<b>25784</b>	<b>23848</b>	<b>25784</b>

**Liabilities**

**Financial liabilities**

Banks' loans	8193	8555	8193	8555
Trade liabilities	288	241	288	241
Related parties liabilities	10928	8465	10928	8465
Other liabilities	158	224	158	224
<b>Total financial liabilities</b>	<b>19567</b>	<b>17485</b>	<b>19567</b>	<b>17485</b>

The Company's management has concluded that the balance amounts of cash and cash equivalents, trade receivables and trade payables approximate their balance values due to the short-term nature of these instruments.

The fair value of financial assets and liabilities is based on an approximate amount value for which the instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale.

**32 Post Balance sheet events**

The management of the Company declares that for the period after the balance sheet date until the date of the preparation of the financial statements no significant and/or material non-adjusting events took place concerning the activities of the Company, the non-disclosure of which could influence the truthful and fair presentation in the financial statements.

Prepared by: Fincomex Auditing OOD  
Date: 24.02.2016



Manager: G. Papakonstantinou



The notes on pages 7 to 33 are an integral part of the financial statements

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of "MIRKAT" OOD

We have audited the accompanying financial statements of "MIRKAT" OOD, which comprise the statement of financial position as at December 31, 2015, and the statement of profit and loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards applied from the European Union and applicable in Bulgaria, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In my opinion, the financial statements give a true and fair view of the financial position of "MIRKAT" OOD as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards applied from the European Union and applicable in Bulgaria.

Responsible for the audit: Lilia Nikolova



Date: 29.02.2016

Address: Bulgaria, Sofia