“ERGOTRAK BULGARIA” OOD
Financial statements
31 December 2017

CONTENT

INDEPENDENT AUDITOR'S REPORT

To the owners of
"ERGOTRAK BULGARIA" OOD
22 "Poruchik Georgi Kiumiurdjiev" Str., Sofia, Bulgaria

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **"ERGOTRAK BULGARIA" OOD** (the Company), which comprise the statement of financial position as at 31 December 2017 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 "Basis for the preparation of the financial statements" in the financial statements, which indicates that the Company incurred a net loss of BGN 1 113 thousand during the year ended 31 December 2017, accumulated loss amounting to TBGN 4 303 and as of that date, the Company's current liabilities exceeded its current assets by BGN 168 thousand. As stated in note 2 "Basis for the preparation of the financial statements", these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Gergana Mihaylova
Registered Auditor

20 April 2018
Bulgaria, Sofia 1680, Sinanishko ezero Srt. 9, app. 37

Statement of financial position as of 31 December

	Notes	2017 BGN'000s	2016 BGN'000s
Assets			
Non-current			
Property, plant and equipment	5	1 157	1 164
		1 157	**1 164**
Current			
Inventories	7	303	766
Trade receivables	8	330	1 016
Related parties receivables	23.3	215	196
Other receivables	9	25	26
Cash and cash equivalents	10	264	337
		1 137	**2 341**
Total assets		**2 294**	**3 505**

Prepared by: K. Lazarova

Representative of the manager:
G. Papakonstantinou

Date: 24 March 2018

Audited according to the auditor's report dated 20 April 2018

Gergana Mihaylova
Registered auditor

0310 Гергана Михайлова Регистриран одитор

ЕРГОТРАК-БЪЛГАРИЯ СОФИЯ ООД

The notes on pages 6 to 33 are an integral part of the financial statements

Statement of financial position as of 31 December (continued)

	Notes	2017 BGN'000s	2016 BGN'000s
Equity			
Share capital	11.1	5 292	5 292
Accumulated loss		(4 303)	(3 190)
Total equity		**989**	**2 102**
Current			
Short-term financial liabilities	12	1 159	1 159
Trade payables	13	22	216
Related parties payables	23.3	89	4
Other liabilities	14	35	24
		1 305	**1 403**
Total liabilities		**1 305**	**1 403**
Total equity and liabilities		**2 294**	**3 505**

Prepared by: K. Lazarova

Representative of the manager:
G. Papakonstantinou

Date: 24 March 2018

Audited according to the auditor's report dated 20 April 2018

Gergana Mihaylova
Registered auditor

Гергана Михайлова
Регистриран одитор

ЕРГОТРАК-БЪЛГАРИЯ
СОФИЯ
ООД

Statement of profit and loss and other comprehensive income for the year ended at 31 December

	Notes	2017 BGN'000s	2016 BGN'000s
Sales revenue:	15	**953**	**1 497**
Goods for resale		916	1 370
Services		24	86
Other		13	41
Cost of materials	16	(27)	(25)
Hired services expenses	17	(114)	(164)
Employee benefit expenses	18	(171)	(289)
Depreciation, amortization and impairment of non-financial assets	5,6	(1)	(6)
Other expenses	19	(796)	(366)
Cost of sold goods and other assets		(896)	(1 158)
Operating loss		**(1 052)**	**(511)**
Finance income	20	-	15
Finance expenses	21	(61)	(64)
Loss for the year before tax		**(1 113)**	**(560)**
Net loss for the year		**(1 113)**	**(560)**
Total comprehensive loss for the year		**(1 113)**	**(560)**

Prepared by: K. Lazarova

Representative of the manager:
G. Papakonstantinou

Date: 24 March 2018

Audited according to the auditor's report dated 20 April 2018

Gergana Mihaylova
Registered auditor

0640 Гергана Михайлова Регистриран одитор

ЕРГОТРАК-БЪЛГАРИЯ СОФИЯ ООД

Statement of changes in equity for the year ended at 31 December

All amounts presented in BGN'000's	Share Capital	Accumulated loss	Total Equity
Balance 1 January 2016	**5 292**	**(2 630)**	**2 662**
Loss for the year	-	(560)	(560)
Total comprehensive loss for the year	-	**(560)**	**(560)**
Balance 31 December 2016	**5 292**	**(3 190)**	**2 102**
Balance 1 January 2017	**5 292**	**(3 190)**	**2 102**
Loss for the year	-	(1 113)	(1 113)
Total comprehensive loss for the year	-	**(1 113)**	**(1 113)**
Balance 31 December 2017	**5 292**	**(4 303)**	**989**

Prepared by: K. Lazarova

Date: 24 March 2018

Representative of the manager:
G. Papakonstantinou

Audited according to the auditor's report dated 20 April 2018

Gergana Mihaylova
Registered auditor

ЕРГОТРАК-БЪЛГАРИЯ СОФИЯ ООД

Statement of cash flows (indirect) method for the year ended at 31 December

	Notes	2017 BGN'000s	2016 BGN'000s
Operating activities			
Result for the year before tax		(1 113)	(560)
Adjustments		848	408
(Increase)/decrease in inventories		463	(329)
(Increase)/decrease in trade and other receivables		(31)	97
Increase/(decrease) in trade and other payables		(98)	233
Net cash flows from operating activities		**69**	**(151)**
Investing activities			
Purchase of property, plant and equipment		-	(1)
Loan (granted)/repaid		(98)	285
Interest received		-	15
Net cash flows from investing activities		**(98)**	**299**
Financing activities			
Interest paid		(44)	(45)
Net cash flows from financing activities		**(44)**	**(45)**
Cash and cash equivalents, beginning of year		337	234
Net (decrease)/increase in cash and cash equivalents		(73)	103
Cash and cash equivalents, end of year	10	**264**	**337**

Prepared by: K. Lazarova

Representative of the manager:
G. Papakonstantinou

Date: 24 March 2018

Audited according to the auditor's report dated 20 April 2018

Gergana Mihaylova
Registered auditor

ЕРГОТРАК-БЪЛГАРИЯ ООД София

Notes to the financial statements

1 General information

"Ergotrak Bulgaria" Ltd. is limited liability company, registered at Sofia City Court under company case 3735/ 2002 with seat and address of activity: Republic of Bulgaria, Sofia city, "Poruchik Georgi Kiumiurdjiev" 22. Manager of the company is N. Patsatzis.

The company has no branches or offices registered at the territory of the country. The average number of employees for 2017 is 8 people.

The main activity of the company is:

- Sale, transit, import, export, leasing of equipment for road building equipment, digging equipment, lifting machines, portable cranes and other heavy cars;
- Sales of technical equipment, spare parts, oil and tires for the above machinery and equipment;
- Maintenance, repair and renovation of the above equipment.

The financial report as of 31 December 2017 (including the comparative information as of 31 December 2016) was approved and endorsed by the Managing Director of the Company on 18 April 2018.

The capital of "Ergotrak Bulgaria Ltd. is owned at 99.97 % from the joint-stock company "Ergotrak SA, Greece. The parent company of "Ergotrak SA, Greece is owned by "Sfakianakis" A.E.V.E., Greece.

2 Basis for the preparation of the financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (IFRS, as adopted by the EU). The term "IFRS, as adopted by the EU" has the meaning of paragraph 1, subparagraph 8 of the Additional provisions of Bulgarian Accountancy Act, which is International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2016) unless otherwise stated.

The financial statements are prepared under the going concern principle.

The Company reported a net loss for the period amounting to TBGN 1 113, accumulated loss amounting to TBGN 4 303. The current liabilities exceed the current assets by TBGN 168.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern without continuing support of its shareholders and providers of finance.

The Company has undertaken the following significant measures to improve its financial performance:

- The Company is in the process of rescheduling of loan payables, which is expected to improve the financial position of the Company.
- The Company has introduced optimization policy which will lead to lower costs, inventories and other elements of the working capital. It is expected that these measures will improve the liquidity position of the Company.

The management expects based on future forecasts, the undertaken measures and the continued financial support from the owners that the Company will be able to continue its operations and settle its obligations in the ordinary course of business, without sale of assets and change of its operating activities.

3 Changes in accounting policies

3.1. New and revised standards that are effective for annual periods beginning on or after 1 January 2017

The Company has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2017:

IAS 7 "Statement of Cash Flows" (amended) effective from 1 January 2017, adopted by the EU

These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Company categorises those changes into changes arising from cash flows and non-cash changes with further subcategories as required by IAS 7.

IAS 12 "Income Taxes" (amended) effective from 1 January 2017, adopted by the EU

These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2017 and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

IFRS 9 "Financial Instruments" effective from 1 January 2018, adopted by the EU
IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has identified the following areas that are expected to be most impacted by the application of IFRS 9:

- the classification and measurement of the Company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed. Management holds most financial assets to hold and collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly;

- an expected credit loss-based impairment will need to be recognised on the Company's trade receivables. For contract assets arising from IFRS 15 and trade receivables, the Company applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component. Based on the assessments undertaken to date, the Company expects a small increase in the loss allowance for trade debtors.

IFRS 15 "Revenue from Contracts with Customers" effective from 1 January 2018, adopted by the EU
IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and some revenue-related Interpretations and establishes a new control-based revenue recognition model. It changes the basis for deciding whether revenue is recognised at a point in time or over time and expands and improves disclosures about revenue. IFRS 15 is based on a core principle that requires an entity to recognise revenue in a manner that depicts the transfer of goods or services to customers and at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. Early adoption is permitted. The Company is required to apply the new revenue standard either retrospectively to each prior period presented, subject to some practical expedients or retrospectively, with the cumulative effect of initial application recognized in the current period.
Management intends to adopt the Standard retrospectively, recognising the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings on the initial date of application and that comparatives will not be restated. Under

this method, IFRS 15 will only be applied to contracts that are incomplete as at 1 January 2018. Management has started to assess the impact of the new Standard and at the date of approval of this financial statement, it considered that there should be no areas that would be materially affected.

IFRS 16 "Leases" effective from 1 January 2019, adopted by the EU

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use-asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Company are in the process of:

• performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;

• deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices;

• assessing the additional disclosures that will be required.

The following new standards, amendments and interpretations to existing standards, which have also been issued, but are not yet effective, are not expected to have a material impact on the Company's financial statements:

- IFRS 2 "Share Based Payments" (amended) effective from 1 January 2018, adopted by the EU
- IFRS 4 "Insurance contracts" (amended) effective from 1 January 2018, adopted by the EU
- IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" (amended), effective date to be determined, not yet adopted by the EU
- IFRS 14 "Regulatory deferral accounts" effective from 1 January 2016, not yet adopted by the EU
- IFRS 17 "Insurance Contracts" effective from 1 January 2021, not yet adopted by the EU
- IAS 19 "Employee Benefits" (amended) - plan amendment, curtailment or settlement, in force since 1 January 2019, not yet adopted by the EU
- IAS 28 "Investments in associates and joint ventures" (amended) – Long-term interests in associates and joint ventures effective from 1 January 2019, not yet adopted by the EU

- IAS 40 "Investment property" (amended) - Transfers of Investment Property effective from 1 January 2018, adopted by the EU
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" effective from 1 January 2018, adopted by the EU
- IFRIC 23 "Uncertainty over income tax treatments" effective from 1 January 2019, not yet adopted by the EU
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to References to the Conceptual Framework in IFRS Standards effective from 1 January 2020, not yet adopted by the EU

4 Summary of accounting policies

4.1 Overall considerations

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

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the 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.

4.2 Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Company has elected to present the statement of profit or loss and other comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Company:

(i) applies an accounting policy retrospectively,

(ii) makes a retrospective restatement of items in its financial statements, or

(iii) reclassifies items in the financial statements

and this has a material impact on the statement of financial position at the beginning of the preceding period.

4.3 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 is 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 ration 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 2017, the closing exchange rate of the BGN in relation to the US Dollar – 1USD = BGN 1.63081.

4.4 Revenue

Revenue arises from the sale of goods, the rendering of services and others. Revenue from major products and services is shown in note 15.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding VAT, rebates and trade discounts.

The Company often enters into sales transactions involving a range of the Company's products and services (multiple components). The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

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

- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred can be measured reliably; and
- when the criteria for each of the Company's different activities have been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

4.4.1. Sale of goods

Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognized on delivery. Where the goods require significant tailoring, modification or integration the revenue is recognized using the percentage of completion method as described below.

4.4.2. Rendering of services

Revenue from services is recognized when the services are provided by reference to the stage of completion of the contract at the reporting date.

4.4.3. Interest income

Interest income is reported on an accrual basis using the effective interest method.

4.5. Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin in accordance with the accrual and matching principle.

4.6. Interest expenses and borrowing costs

Interest expenses are reported on an accrual basis using the effective interest method.

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'Finance costs'.

4.7 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:

	2017	**2016**
• software	5-7 years	5-7 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 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.

4.8 Property, plant and equipment

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:

	2017	**2016**
• Machines	5 years	5 years
• Vehicles	6-7 years	6-7 years
• Fixtures & Fittings	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.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'Gain on sale of non-current assets'.

4.9 Leases

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.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

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.

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.

4.10 Impairment testing of intangible assets and property, plant and equipment

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

All individual assets or cash-generating units are tested for impairment 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, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.11 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets are recognized on their transaction date.

Financial assets and financial liabilities are subsequently measured as described below.

4.11.1. Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within 'Finance costs' or 'Finance income', except for impairment of trade receivables which is presented within 'Other expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within 'Other expenses'.

4.11.2. Financial liabilities

The Company's financial liabilities include bank loans and trade payables.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'Finance costs' or 'Finance income'.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Bank loans are raised for support of funding of the Company's operations. They are recognized in the statement of financial position of the Company, net of any costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the statement of profit or loss/statement of profit or loss and other comprehensive income on an accrual basis using the effective interest method and are added to the carrying amount of the financial liability 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.

Dividends payable to shareholders are recognized when the dividends are approved at the general meeting of the owners.

4.12 Inventories

Inventories comprise raw materials and goods. Cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses connected to their delivery as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not included in the cost of the inventories. At the end of every accounting period, inventories are carried at the lower of cost and net realizable value. The amount of impairment of inventories to their net realizable value is recognized as an expense for the period of impairment.

Net realizable value is the estimated selling price of the inventories 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, then the new net realizable value is adopted. The reversal amount can only be up to the carrying amount of the inventories prior to their impairment. The reversal of the impairment is accounted for as decrease in inventory expenses for the period in which the reversal 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 expensed in the period in which the related revenue is recognized.

4.13 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

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 by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.18.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank accounts and demand deposits.

4.15 Equity

The share capital of "Ergotrak Bulgaria" OOD represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits and uncovered losses.

All transactions with owners of the Company are recorded separately within equity.

4.16 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.

In accordance with Labor Code requirements, in case of retirement, after the employee has gained the legal right of pension due to years of services and age, the Company is obliged to pay him/her compensation at the amount of up to six gross wages.

The Company has not developed and implemented post employment benefit plans.

Short-term employee benefits, including holiday entitlement, are current liabilities included in 'Other liabilities', measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

4.17 Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.18 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.19.

4.18.1. Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4.19. Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

4.19.1. Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.10). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4.19.2. Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date.

At 31 December 2017 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in notes 5 and 6. Actual results, however, may vary due to technical obsolescence.

4.19.3. Inventories

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. Moreover, future realization of the carrying amounts of inventory assets BGN 303 (2016: BGN 766) is affected by changes in vehicle's market.

4.19.4. Impairment of loans and receivables

The management assesses the appropriateness of this provision based on ageing analysis of the receivables, historical experience as to the write-off rates of bad debts, as well analysis of the solvency of the respective customer, changes in the contractual payment terms, etc. If the financial position and performance of the customers deteriorate (in excess of the expected) the amount of the receivables to be written off in the next reporting periods may be higher than the one estimated at the reporting date. At 31 December 2017 the best estimate of management regarding the required impairment of receivables amounts to BGN 1 360 (2016: BGN 652). Further details are provided in note 8.

5 Property, plant and equipment

	Land	Machines Equipment	Vehicles	Other	Total
	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
At 1 January 2016					
Cost or valuation	1 147	40	15	10	1 212
Accumulated depreciation	-	(32)	(4)	(7)	(43)
Net book amount	**1 147**	**8**	**11**	**3**	**1 169**
Year ended 31 December 2016					
Opening net book amount	1 147	8	11	3	1 169
Additions	-	1	-	-	1
Depreciation charge	-	(3)	(2)	(1)	(6)
Closing net book amount	**1 147**	**6**	**9**	**2**	**1 164**
At 31 December 2016					
Cost or valuation	1 147	41	15	10	1 213
Accumulated depreciation	-	(35)	(6)	(8)	(49)
Net book amount	**1 147**	**6**	**9**	**2**	**1 164**
Year ended 31 December 2017					
Opening net book amount	1 147	6	9	2	1 164
Disposals	-	(27)	(4)	(3)	(34)
Depreciation on disposals	-	24	2	2	28
Depreciation charge	-	-	(1)	-	(1)
Closing net book amount	**1 147**	**3**	**6**	**1**	**1 157**
At 31 December 2017					
Cost or valuation	1 147	14	11	7	1 179
Accumulated depreciation	-	(11)	(5)	(6)	(22)
Net book amount	**1 147**	**3**	**6**	**1**	**1 157**

Ergotrak Bulgaria Ltd. under a contract with a credit limit "Alpha Bank" AD has been established a mortgage over a proper land of 7 acres.

6 Intangible assets

	Acquired software licenses	Total
	BGN'000s	BGN'000s
At 1 January 2016		
Cost	10	10
Accumulated amortization and impairment	(10)	(10)
Net book amount	**-**	**-**
Year ended 31 December 2016		
Opening net book amount	-	-
Closing net book amount	**-**	**-**
At 31 December 2016		
Cost	10	10
Accumulated amortization and impairment	(10)	(10)
Net book amount	**-**	**-**
Year ended 31 December 2017		
Opening net book amount	-	-
Disposals	(10)	(10)
Amortization on disposals	10	10
Closing net book amount	**-**	**-**
At 31 December 2017		
Cost	-	-
Accumulated amortization and impairment	-	-
Net book amount	**-**	**-**

7 Inventories

	2017 BGN'000s	2016 BGN'000s
Goods	303	766
	303	**766**

No reversal of previous write-downs was recognized as a reduction of expense in 2017.

8 Trade receivables

	2017 BGN'000s	2016 BGN'000s
Trade receivables, gross	1 690	1 668
Impairment of trade receivables	(1 360)	(652)
Trade receivables, net	**330**	**1 016**

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.

The impairment loss on receivables for 2017 amounts to TBGN 708 (2016: TBGN 354) and is shown in the line 'Other expenses' in the Statement of Comprehensive Income.

Movement in impairment of receivables in 2017 is as follows:

	2017 BGN'000s	2016 BGN'000s
Impairment of receivables at 1 January	652	298
Impairment losses	708	354
Impairment of receivables at 31 December	**1 360**	**652**

9 Other receivables

	2017 BGN'000s	2016 BGN'000s
Guarantees and other	25	26
	25	**26**

10 Cash and cash equivalents

	2017 BGN'000s	2016 BGN'000s
Cash in hand	1	3
Cash at bank	263	334
	264	**337**

11 Equity
11.1 Share capital

As of 31.12.2017 the capital of the Company is at the amount of 5 292 thousand BGN and is divided to 6 076 shares with single nominal value of 871 BGN. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the owners meeting of the Company.

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

	2017 number of shares	2017 %	2016 Number of shares	2016 %
Ergotrak Greece	6 074	99.97	6 074	99.97
Sfakianakis A.E.B.E	2	0.03	2	0.03
	6 076	**100**	**6 076**	**100**

12 Short-term financial liabilities

	2017 BGN'000s	2016 BGN'000s
Short-term bank loans:		
-Alfa Bank AD – principal	1 159	1 159
	1 159	**1 159**

The contract for credit limit with "Alpha Bank" AD has been signed at 15.11.2004 for the amount of 3 600 thousand euro or 7 041 thousand BGN. The interests is pointed as a total from: 3 month EURIBOR plus 5,5 % yearly. The loan has to be paid till the end of 31.03.2016. With an annex dated 13 December 2017, the repayment term of the loan was renegotiated for 31 March 2018. The company has been established a mortgage in favour of the Bank over a property land. A money guarantee is also provided from Sfakianakis S.A.-Greece. For more information please see note 26.

13 Trade payables

	2017 BGN'000s	2016 BGN'000s
Trade payables	22	16
Financial liabilities	**22**	**16**
Advances from customers	-	200
Non-financial liabilities	**-**	**200**
Trade payables	**22**	**216**

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.

14 Other liabilities

	2017 BGN'000s	2016 BGN'000s
VAT	29	12
Liabilities for unused paid leave	3	5
Income tax of individuals	1	2
Liabilities related to social security	2	5
	35	**24**

15 Incomes from sales

Incomes include:

	2017 BGN'000s	2016 BGN'000s
Sales of vehicles	518	962
Sales of spare parts	398	408
Provided services	24	86
Other income	13	41
	953	**1 497**

16 Costs for materials

Costs include:

	2017 BGN'000s	2016 BGN'000s
Costs for fuel and oils	(10)	(14)
Costs for spare parts	(7)	(6)
Costs for office materials	(10)	(4)
	(27)	**(24)**

17 Costs for services

Costs include:

	2017 BGN'000s	2016 BGN'000s
Rents	(52)	(83)
Consumables	(13)	-
Insurances	(8)	(9)
Telephones, couriers	(7)	(7)
Advertisement	(4)	(23)
Costs for routine repairmen	(3)	(10)
Costs for transport	(2)	(2)
Legal services	(1)	(5)
Subscription	-	(9)
Other	(24)	(16)
	(114)	**(164)**

18 Employee benefit expenses

Costs include:

	2017 BGN'000s	2016 BGN'000s
Wages and salaries	(149)	(244)
Social security	(24)	(39)
Unused paid leave	2	(5)
Social security related to unused paid leave	-	(1)
	(171)	**(289)**

19 Other costs

Costs include:

	2017 BGN'000s	2016 BGN'000s
Impairment of trade receivables	(708)	(354)
Impairment of inventory	(51)	-
Scrapping of inventory	(27)	-
Costs for business trips	(2)	(5)
Entertainment expenses	(1)	(1)
Other	(7)	(6)
	(796)	**(366)**

20 Financial incomes

	2017 BGN'000s	2016 BGN'000s
Interests incomes-trade loans	-	15
	-	**15**

21 Financial costs

	2017 BGN'000s	2016 BGN'000s
Costs for bank/trade loans interests	(58)	(60)
Costs for bank fees	(3)	(4)
	(61)	**(64)**

22 Income tax expense

The Company does not account for deferred tax asset on tax losses for the previous and current year because management believes that there is insufficient security in the future for the occurrence of circumstances in which to generate sufficient profits from which to be deducted losses. Tax loss which should be carried forward in the next five years amounts to 2 164 BGN thousand (2016: 1 455 BGN thousand).

23 Related parties transactions

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

23.1 Transactions with owners

	2017 BGN'000s	2016 BGN'000s
Purchases of goods and services	**(73)**	**(116)**
- purchases of goods from Ergotrak Greece	(73)	(116)
Sale of goods and services	**117**	**-**
- sale of goods to Ergotrak Greece	117	-
Loan granted	**98**	**-**
- loan granted to Ergotrak Greece	98	-

23.2 Transactions with group entities

	2017 BGN'000s	2016 BGN'000s
Purchases of goods and services	**(16)**	**(19)**
- purchases of services from Mirkat Ltd.	(16)	(19)
Interests incomes	**-**	**15**
- Mirkat Ltd. – trade loans	-	15

23.3 Balances at the end of the year

	2017 BGN'000s	2016 BGN'000s
Receivables	**215**	**196**
Receivables of owners	**215**	**196**
- ERGOTRAK Greece	215	196
Payables	**89**	**4**
Payables from owners	**70**	**1**
- ERGOTRAK Greece	70	1
Payables from the group entities	**19**	**3**
Panergon A.E - purchases of goods	3	3
Mirkat Ltd. – services	16	-

23.4 Transactions with key management personnel

For the current 2017 and the previous 2016 there is no accrued and paid remuneration to key management personnel.

24 Contingent assets and contingent liabilities

Guarantees and other legal claims are made by and to the Company during the year. On a question claims by the Company to third parties there are no final decisions. The Company's management believes that claims made to the company are unfounded and that they tend to settle their requirement is small. This assessment of the management is supported by the opinion of independent legal counsel.

25 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.

25.1 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 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	**Effect over profit before taxes**
	'000 BGN	**'000 BGN**
2017 г.		
In euro, based on EURIBOR	0.001%	-
In euro based on EURIBOR	(0.001%)	-

	Increase/ Decrease in basis points	**Effect over profit before taxes**
	'000 BGN	**'000 BGN**
2016 г.		
In euro, based on EURIBOR	0.05%	(1)
In euro based on EURIBOR	(0.05%)	1

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

25.2 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 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 performs an analysis of the creditworthiness of each client and requires prior advance payment of their transactions.

At 31 December 2017 and at 31 December 2016 the Company is exposed to concentration of credit risk in relation to receivables from several companies as follows:

Client	Amount of exposure as at 31.12.2017 '000 BGN	% from all trade receivables '000 BGN
Client 1	143	43.33%
Client 2	34	10.30%
Client 3	11	3.33%
Trade receivables	**330**	

Client	Amount of exposure as at 31.12.2016 '000 BGN	% from all receivables '000 BGN
Client 1	145	14.27%
Client 2	89	8.76%
Client 3	86	8.46%
Trade receivables	**1 016**	

25.3 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.
As at 31 December the maturity structure of financial liabilities of the Company based on contractual undiscounted payments is presented below:

31.12.2017 г.	Current payment	Short-term to 1 year	Total
Financial liabilities			
Banks' loans	-	1 159	1 159
Trade liabilities	22	-	22
Related parties liabilities	-	89	89
Total financial liabilities	**22**	**1 248**	**1 270**

31.12.2016 г.	Current payment	Short-term to 1 year	Total
Financial liabilities			
Banks' loans	-	1 159	1 159
Trade liabilities	16	-	16
Related parties liabilities	-	4	4
Total financial liabilities	**16**	**1 163**	**1 179**

25.4 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.

25.5 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:

	Balance value		Fair value	
31.12.2017	**2017 '000 BGN**	**2016 '000 BGN**	**2017 '000 BGN**	**2016 '000 BGN**
Assets				
Financial assets				
Trade assets	330	1 016	330	1 016
Related parties receivables	215	196	215	196
Cash and cash equivalents	264	337	264	337
Total financial assets	**809**	**1 549**	**809**	**1 549**
Liabilities				
Financial liabilities				
Banks' loans	1 159	1 159	1 159	1 159
Trade liabilities	22	16	22	16
Related parties liabilities	89	4	89	4
Total financial liabilities	**1 270**	**1 179**	**1 270**	**1 179**

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.

26 Post-reporting date events

With an annex dated 28 March 2018, signed with "Alpha Bank" AD, the repayment term of the loan received from the bank was renegotiated for 30 April 2018.

No adjusting or other significant non-adjusting events have occurred between the reporting date and the date of authorization.

Prepared by: K. Lazarova

Date: 18 April 2018

Representative of the manager:
G. Papakonstantinou

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