“ERGOTRACK BULGARIA” OOD
Financial statements
31 December 2018

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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 2018 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 2018 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 213 thousand during the year ended 31 December 2017, accumulated loss amounting to TBGN 4 800 and as of that date, the Company's current liabilities exceeded its current assets by BGN 655 thousand. Net cash flows from operating activities is negative amounting to TBGN 197. 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:

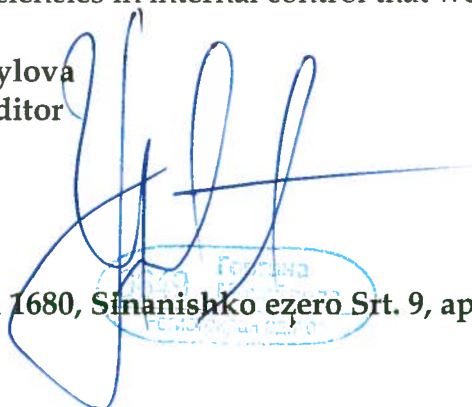
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit

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



4 April 2019
Bulgaria, Sofia 1680, Sinanishko ezero Srt. 9, app. 37

Statement of financial position as of 31 December

	Notes	2018 BGN'000s	2017 BGN'000s
Assets			
Non-current			
Property, plant and equipment	6	1 147	1 157
		1 147	**1 157**
Current			
Inventories	8	-	303
Trade receivables	9	14	330
Related parties receivables	23.3	534	215
Other receivables	10	11	25
Cash and cash equivalents	11	41	264
		600	**1 137**
Total assets		**1 747**	**2 294**

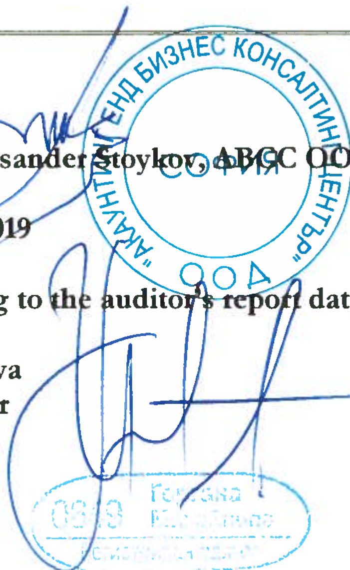
Prepared by: Aleksander Stoykov, ABCC OOD

Date: 24 March 2019

Representative of the manager:
G. Papakonstantinou

Audited according to the auditor's report dated 4 April 2019

Gergana Mihaylova
Registered auditor



Statement of financial position as of 31 December (continued)

	Notes	2018 BGN'000s	2017 BGN'000s
Equity			
Share capital	12.1	5 292	5 292
Accumulated loss		(4 800)	(4 303)
Total equity		**492**	**989**
Current			
Short-term financial liabilities	13	1 165	1 159
Trade payables	14	3	22
Related parties payables	23.3	86	89
Other liabilities	15	1	35
		1 255	**1 305**
Total liabilities		**1 255**	**1 305**
Total equity and liabilities		**1 747**	**2 294**

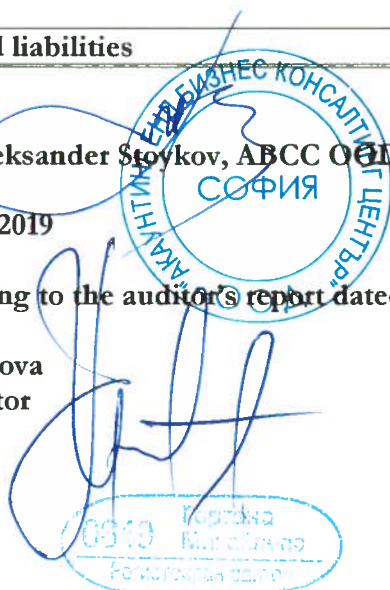
Prepared by: Aleksander Stoykov, ABCC OOD

Date: 24 March 2019

Representative of the manager:
G. Papakonstantinou

Audited according to the auditor's report dated 4 April 2019

Gergana Mihaylova
Registered auditor



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

	Notes	2018 BGN'000s	2017 BGN'000s
Sales revenue:	16	**240**	**953**
Goods for resale		240	916
Services		-	24
Other		-	13
Cost of materials	17	(2)	(27)
Hired services expenses	18	(55)	(114)
Employee benefit expenses	19	(48)	(171)
Depreciation, amortization and impairment of non-financial assets	6,7	(1)	(1)
Other expenses	20	(9)	(796)
Gain on sale of non-current assets		17	-
Cost of sold goods and other assets		(321)	(896)
Operating loss		**(179)**	**(1 052)**
Finance expenses	21	(34)	(61)
Loss for the year before tax		**(213)**	**(1 113)**
Net loss for the year		**(213)**	**(1 113)**
Total comprehensive loss for the year		**(213)**	**(1 113)**

Prepared by: Aleksander Stoykov, ABCC OOD

Date: 24 March 2019

Audited according to the auditor's report dated 4 April 2019

Gergana Mihaylova
Registered auditor

Representative of the manager: G. Papakonstantinou

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 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**
Balance 1 January 2018	**5 292**	**(4 303)**	**989**
Adjustments from the adoption of IFRS 9 - note 3.1.	-	(284)	(284)
Balance at 1 January 2018 (restated)	**5 292**	**(4 587)**	**705**
Loss for the year	-	(213)	(213)
Total comprehensive loss for the year	-	**(213)**	**(213)**
Balance 31 December 2018	**5 292**	**(4 800)**	**492**

Prepared by: Aleksander Stoykov, ABCC OOD

Date: 24 March 2019

Audited according to the auditor's report dated 4 April 2019

Gergana Mihaylova
Registered auditor

Representative of the manager:
G. Papakonstantinou

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

	Notes	2018 BGN'000s	2017 BGN'000s
Operating activities			
Result for the year before tax		(213)	(1 113)
Adjustments		44	848
Decrease in inventories		303	463
Increase in trade and other receivables		(275)	(31)
Decrease in trade and other payables		(56)	(98)
Net cash flows from operating activities		**(197)**	**69**
Investing activities			
Loan granted		-	(98)
Net cash flows from investing activities		**-**	**(98)**
Financing activities			
Interest paid		(26)	(44)
Net cash flows from financing activities		**(26)**	**(44)**
Cash and cash equivalents, beginning of year		264	337
Net decrease in cash and cash equivalents		(223)	(73)
Cash and cash equivalents, end of year	11	**41**	**264**

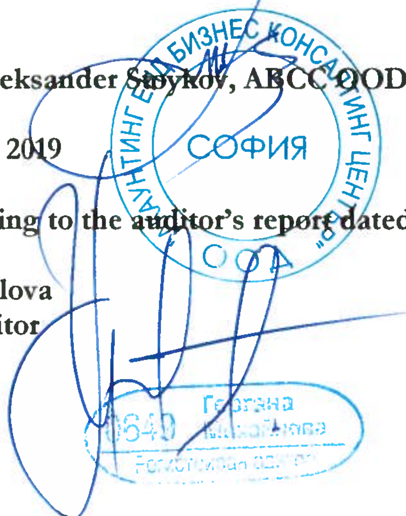
Prepared by: Aleksander Stoykov, ABCC OOD

Date: 24 March 2019

Representative of the manager:
G. Papakonstantinou

Audited according to the auditor's report dated 4 April 2019

Gergana Mihaylova
Registered auditor



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 2018 is 2 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 2018 (including the comparative information as of 31 December 2017) was approved and endorsed by the Managing Director of the Company on 31 March 2019.

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 2017) 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 213, accumulated loss amounting to TBGN 4 800. The current liabilities exceed the current assets by TBGN 655. Net cash flows from operating activities is negative amounting to TBGN 197.

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 2018

The Company has adopted the following new standards, amendments and interpretations 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 2018:

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". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness. The Company applies the new hedge accounting requirements prospectively and all hedges qualify for being regarded as continuing hedging relationships.

The adoption of IFRS 9 has impacted the following areas:

- Classification and measurement of the Company's financial assets

Management holds most financial assets to collect the associated cash flows.

	Measurement category		Effect of application IFRS 9		
	Financial assets according to IAS 39	Financial assets according to IFRS 9	Carrying amount 31 December 2017 IAS 39	Expected credit loss	Carrying amount 1 January 2018 IFRS 9
Current financial assets					
Trade receivables	Loans and receivables	Amortised cost	330	(284)	46
Related parties receivables	Loans and receivables	Amortised cost	215	-	215
Cash and cash equivalents	Loans and receivables	Amortised cost	264	-	264
			809	**(284)**	**525**

- Impairment of financial assets applying the expected credit loss model

The expected credit loss model affects the Company's trade and other receivables and receivables from related parties. For contract assets arising from IFRS 15 and trade and other receivables and receivables from related parties, the Company applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

The loss allowances for trade receivables as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as follows:

	Impairment of trade receivables
	BGN'000
At 31 December 2017 – calculated under IAS 39	1 360
Amounts recognised in retained earnings from the adoption of IFRS 9	284
As at 1 January 2018 – calculated under IFRS 9	**1 644**

IFRS 15 "Revenue from Contracts with Customers" effective from 1 January 2018, adopted by the EU

IFRS 15 "Revenue from Contracts with Customers" and the related Clarifications to IFRS 15 "Revenue from Contracts with Customers" (hereinafter referred to as IFRS 15) replace IAS 18 "Revenue", IAS 11 "Construction Contracts" and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

Some of the Company's contracts comprise a variety of performance obligations. Under IFRS 15, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customising it).

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Company in any year.

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 2018 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 16 "Leases" effective from 1 January 2019, adopted by the EU

This standard replaces the current guidance in IAS 17 "Leases" 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.

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 2018 and have not been applied early by the Company. They are not expected to have a material impact on the Company's financial statements. 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.

A list of the changes in the standards is provided below:

- IFRS 9 "Financial Instruments" (amended) – Prepayment features with negative compensation, effective from 1 January 2019, 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 - effective from 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
- IFRIC 23 "Uncertainty over income tax treatments" effective from 1 January 2019, not yet adopted by the EU
- Annual Improvements to IFRSs 2015-2017 effective from 1 January 2019, 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 2018, the closing exchange rate of the BGN in relation to the US Dollar – 1USD = BGN 1.70815.

4.4 Revenue

The basic revenue generated by the Company is related to sale of goods and services.

To determine whether to recognise revenue, the Company follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Company enters into transactions involving a range of the Company's products and services.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

4.4.1. Revenue recognized over time

Rendering of services

Services rendered by the Company comprise of the repair services and consists usually of one performance obligation.

Revenue from repair services is recognized when the control over the benefits of the services provided is transferred to the user of the services. Revenue is recognized over time on the basis of performance of individual performance obligations.

When recognizing the revenue from the provided service, the company applies stage of completion method taking into account outputs.

4.4.2. Revenue recognized at a point of time

Sale of goods

Sale of goods comprises the sale of trucks, spare parts. 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.

4.4.3. Interest income

Interest income is reported on an accrual basis using the effective interest method in accordance with the requirements of IFRS 9 "Financial instruments".

4.5 Contract assets and liabilities

The Company recognizes contract assets and/ or liabilities when one of the parties in the contract has fulfilled its obligations depending on the relationship between the business of the company and the payment by the client. The Company presents separately any unconditional right to remuneration as a receivable. The receivable is the unconditional right of the company to receive remuneration.

A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the entity performing by transferring the related good or service to the customer.

The Company recognizes contract assets when performance obligations are satisfied, and payment is not due on behalf of the client. A contract asset is the right of a company to receive remuneration in exchange for the goods or services that the company has transferred to a customer.

Subsequent the Company measures a contract asset in accordance with IFRS 9 Financial Instruments.

4.6 Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

The Company recognizes two types of contract costs related to the execution of contracts for the supply of services/ goods/ with customer: incremental costs of obtaining a contract and costs to fulfil a contract. Where costs are not eligible for deferral under IFRS 15, they are recognized as current expenses at the time they arise, such as they are not expected to be recovered, or the deferral period is up to one year.

The following operating expenses are always recognized as current expenses at the time of their occurrence:

- General and administrative costs (unless those costs that are chargeable to the customer);
- Costs of wasted materials;
- Costs that relate to satisfied performance obligation;
- Costs for which the company cannot distinguish whether the costs relate to unsatisfied performance obligation or to satisfied performance obligation.

4.7 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'.

4.8 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:

	2018	2017
• 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.

4.9 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:

	2018	2017
• 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'.

4.10 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.

4.11 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.

4.12 Financial instruments under IFRS 9, effective since 1 January 2018

4.12.1. Recognition and derecognition

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

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

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

4.12.2. Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted with transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not contain a significant financial component represents the transaction price in accordance with IFRS 15.

Depending on the method of subsequent measurement, financial assets are classified into the following categories:

- Debt instruments at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at fair value through other comprehensive income (FVOCI) with or without reclassification in profit or loss, depending on whether they are debt or equity instruments.

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and finance income, except for impairment of trade receivables which is presented within other expenses in the statement of profit or loss and other comprehensive income.

4.12.3. Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables and receivables from related parties fall into this category of financial instruments.

- **Trade receivables**

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. Typically, they are due to be settled within a short timeframe and are therefore classified as current. Trade receivables are initially recognized at amortized cost unless they contain significant financial components. The Company holds trade receivables for the purpose of collecting the contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

4.12.4. Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss" (ECL) model. This replaces IAS 39's "incurred loss model".

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Company and the cash flows it is actually expected to receive ("cash shortfall"). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables, contract assets and finance lease receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

4.12.5. Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and payables to related parties.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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.

4.13 Financial instruments under IAS 39, effective until 31 December 2017

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 settlement date.

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

4.13.1. 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", "Finance income" or "Other financial items", 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".

4.13.2. Financial liabilities

The Company's financial liabilities include bank loans, trade and other payables and related parties 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 unfavourable 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 long-term 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 owners are recognized when the dividends are approved at the general meeting of the owners.

4.14 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.

4.15 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 4.20.

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.

4.16 Cash and cash equivalents

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

4.17 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.

4.18 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.

4.19 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.

4.20 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 4.21.

4.20.1. 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.

4.21 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.

4.21.1. 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 4.11). 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.

4.21.2. Useful lives of depreciable assets

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

At 31 December 2018 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in notes 6 and 7. Actual results, however, may vary due to technical obsolescence.

4.21.3. 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 0 (2017: BGN 303) is affected by changes in vehicle's market.

4.18.1. Measurement of ECL

Credit losses are the difference between all contractual cash flows due to the Company and all cash flows that the Company expects to receive. Expected credit losses are a probability-weighted estimate of credit losses that require the Company's judgment. Expected credit losses are discounted at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or initially created financial assets with credit impairment).

5 Effect of change in accounting policy

As disclosed in note 3.1, IFRS 9 and IFRS 15 are applied without restatement of comparative information. Reclassifications and adjustments arising from these changes in the Company's accounting policy are not reflected in the statement of financial position as at 31 December 2017 and are recognized in the statement of financial position as at 1 January 2018.

The following table presents the adjustments recognized for each individual item. Items not affected by the changes are not included.

Statement of financial position

	31 December 2017 BGN'000	**IFRS 9 BGN'000**	**1 January 2018 BGN'000 Restated**
Current assets			
Trade receivables	330	(284)	46
Total assets	**330**	**(284)**	**46**
Equity			
Accumulated loss	(4 303)	(284)	(4 587)
Total equity	**(4 303)**	**(284)**	**(4 587)**
Total equity and liabilities	**(4 303)**	**(284)**	**(4 587)**

The total effect as at 1 January 2018 over Company's accumulated loss is presented as follows:

	Accumulated loss BGN'000
Closing balance as at 31 December 2017 – IAS 39	**(4 303)**
Adjustments from the application of IFRS 9:	
Increase in impairment of trade receivables	(284)
	(284)
Opening balance as at 1 January 2018 – IFRS 9	**(4 587)**

6 Property, plant and equipment

	Land	Machines Equipment	Vehicles	Other	Total
	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
At 1 January 2017					
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**
Year ended 31 December 2018					
Opening net book amount	1 147	3	6	1	1 157
Disposals	-	(6)	(11)	(6)	(23)
Depreciation on disposals	-	3	6	5	14
Depreciation charge	-	-	(1)	-	(1)
Closing net book amount	**1 147**	**-**	**-**	**-**	**1 147**
At 31 December 2018					
Cost or valuation	1 147	8	-	1	1 156
Accumulated depreciation	-	(8)	-	(1)	(9)
Net book amount	**1 147**	**-**	**-**	**-**	**1 147**

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.

7 Intangible assets

	Acquired software licenses	Total
	BGN'000s	BGN'000s
At 1 January 2017		
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	-	-

8 Inventories

	2018 BGN'000s	2017 BGN'000s
Goods	-	303
	-	**303**

No reversal of previous write-downs was recognized as a reduction of expense in 2018.

9 Trade receivables

	2018 BGN'000s	2017 BGN'000s
Trade receivables, gross	1 660	1 690
Impairment of trade receivables	(1 646)	(1 360)
Trade receivables, net	**14**	**330**

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 2018 amounts to TBGN 2 (2017: TBGN 708) and is shown in the line 'Other expenses' in the Statement of Comprehensive Income.

Movement in impairment of receivables in 2018 is as follows:

	2018 BGN'000s	2017 BGN'000s
Impairment of receivables at 1 January	1 360	652
Adjustments from the adoption of IFRS 9	284	-
Impairment losses	2	708
Impairment of receivables at 31 December	**1 646**	**1 360**

10 Other receivables

	2018 BGN'000s	2017 BGN'000s
Guarantees and other	11	25
	11	**25**

11 Cash and cash equivalents

	2018 BGN'000s	2017 BGN'000s
Cash in hand	-	1
Cash at bank	41	263
	41	**264**

12 Equity

12.1 Share capital

As of 31.12.2018 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:

	2018 number of shares	2018 %	2017 Number of shares	2017 %
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**

13 Short-term financial liabilities

	2018 BGN'000s	2017 BGN'000s
Short-term bank loans:		
-Alfa Bank AD – principal	1 165	1 159
	1 165	**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, the repayment term of the loan was renegotiated for 28 December 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.

14 Trade payables

	2018 BGN'000s	2017 BGN'000s
Trade payables	3	22
Financial liabilities	**3**	**22**
Trade payables	**3**	**22**

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.

15 Other liabilities

	2018 BGN'000s	2017 BGN'000s
VAT	-	29
Liabilities for unused paid leave	-	3
Income tax of individuals	-	1
Liabilities related to social security	-	2
Other taxes	1	-
	1	**35**

16 Incomes from sales

Incomes include:

	2018 BGN'000s	2017 BGN'000s
Sales of vehicles	123	518
Sales of spare parts	117	398
Provided services	-	24
Other income	-	13
	240	**953**

17 Costs for materials

Costs include:

	2018 BGN'000s	2017 BGN'000s
Costs for fuel and oils	(2)	(10)
Costs for spare parts	-	(7)
Costs for office materials	-	(10)
	(2)	**(27)**

18 Costs for services

Costs include:	2018 BGN'000s	2017 BGN'000s
Consultation services	(17)	-
Rents	(13)	(52)
Costs for transport	(7)	(2)
Consumables	(6)	(13)
Insurances	(1)	(8)
Telephones, couriers	-	(7)
Advertisement	-	(4)
Costs for routine repairmen	-	(3)
Legal services	-	(1)
Other	(11)	(24)
	(55)	**(114)**

19 Employee benefit expenses

Costs include:

	2018 BGN'000s	2017 BGN'000s
Wages and salaries	(43)	(149)
Social security	(5)	(24)
Unused paid leave	-	2
	(48)	**(171)**

20 Other costs

Costs include:

	2018 BGN'000s	2017 BGN'000s
Scrapping of inventory	(6)	(27)
Impairment of trade receivables	(2)	(708)
Impairment of inventory	-	(51)
Costs for business trips	-	(2)
Entertainment expenses	-	(1)
Other	(1)	(7)
	(9)	**(796)**

21 Financial costs

	2018 BGN'000s	2017 BGN'000s
Costs for bank/trade loans interests	(32)	(58)
Costs for bank fees	(2)	(3)
	(34)	**(61)**

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 2 371 BGN thousand (2017: 2 164 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

	2018 BGN'000s	2017 BGN'000s
Purchases of goods and services	**(12)**	**(73)**
- purchases of goods from Ergotrak Greece	(12)	(73)
Sale of goods and services	**198**	**117**
- sale of goods to Ergotrak Greece	198	117
Loan granted	**-**	**98**
- loan granted to Ergotrak Greece	-	98

23.2 Transactions with group entities

	2018 BGN'000s	2017 BGN'000s
Purchases of goods and services	**(4)**	**(16)**
- purchases of services from Mirkat Ltd.	(4)	(16)
Sale of goods and services	**1**	**-**
- Sale of materials to Mirkat Ltd.	1	-

23.3 Balances at the end of the year

	2018 BGN'000s	2017 BGN'000s
Receivables	**534**	**215**
Receivables of owners	**534**	**215**
- ERGOTRAK Greece	534	215
Payables	**86**	**89**
Payables from owners	**86**	**70**
- ERGOTRAK Greece	86	70
Payables from the group entities	**-**	**19**
Panergon A.E - purchases of goods	-	3
Mirkat Ltd. – services	-	16

23.4 Transactions with key management personnel

For the current 2018 and the previous 2017 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.

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 '000 BGN	Effect over profit before taxes '000 BGN
2018 г.		
In euro, based on EURIBOR	0.01%	-
In euro based on EURIBOR	(0.01%)	-

	Increase/ Decrease in basis points '000 BGN	Effect over profit before taxes '000 BGN
2017 г.		
In euro, based on EURIBOR	0.001%	-
In euro based on EURIBOR	(0.001%)	-

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.

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:

31.12.2018 г.	Current payment '000 BGN	Short-term to 1 year '000 BGN	Total '000 BGN
Financial liabilities			
Banks' loans	-	1 165	1 165
Trade liabilities	3	-	3
Related parties liabilities	-	86	86
Total financial liabilities	**3**	**1 251**	**1 254**

31.12.2017 г.			
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

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	
	2018 '000 BGN	2017 '000 BGN	2018 '000 BGN	2017 '000 BGN
Assets				
Financial assets				
Trade assets	14	330	14	330
Related parties receivables	412	215	412	215
Cash and cash equivalents	41	264	41	264
Total financial assets	**467**	**809**	**467**	**809**

	Balance value		Fair value	
	2018	2017	2018	2017
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
Liabilities				
Financial liabilities				
Banks' loans	1 165	1 159	1 165	1 159
Trade liabilities	3	22	3	22
Related parties liabilities	86	89	86	89
Total financial liabilities	**1 254**	**1 270**	**1 254**	**1 270**

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 27 March 2019, signed with "Alpha Bank" AD, the repayment term of the loan received from the bank was renegotiated for 30 April 2019.

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

Prepared by: Aleksander Stoykov, ABCC OOD

Date: 31 March 2019

Representative of the manager:
G. Papakonstantinou