

BURG MACHINERY

FINANCIAL REPORT

for the year by 31.12.2019

Authorized person:

Aharon Peles

Compiled by:

Zhivka Stoyanova

BURG MACHINERY EOOD
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31th 2019

	Appendix	31.12.2019 BGN'000	31.12.2018 BGN'000
ASSETS			
Non current assets			
Property, plant and equipment	1.1.	109	125
Non current assets in total		109	125
Current assets			
Trade and other receivables	1.2.	321	321
Cash and cash equivalents	1.3.	1	3
Current assets in total		322	324
Sum of the assets		431	449
LIABILITIES			
Share capital	1.4.1.	5	5
Reserves	1.4.2.	422	422
Total comprehensive income	1.4.3.	(14)	(7)
Profits/(losses) carried forward year		(7)	6
Comprehensive income for the period		(7)	(13)
Total equity	1.4.	413	420
Non current liabilities		-	-
Current liabilities			
Current financial liabilities	1.5.	1	7
Trade and other liabilities	1.6.	13	18
Liabilities related to the personnel	1.7.	4	4
Current liabilities		18	29
Total equity and liabilities		431	449

Authorized person:
Aharon Peles

Compiled by:
Zhivka Stoyanova



Plovdiv, January 30, 2020

BURG MACHINERY EOOD
STATEMENT OF COMPREHENSIVE INCOME
AT DECEMBER 31th 2019

	<i>Appendix</i>	31.12.2019	31.12.2018
		BGN'000	BGN'000
Sales	2.1.	61	61
Cost of sales	2.4.	(61)	(66)
Gross profit		-	(5)
Other operating income	2.2.		
Administrative expenses	2.5	(7)	(7)
Financial income (expenses) - net	2.3.		(1)
Profit before income tax		(7)	(13)
Taxes	2.6	-	-
Net profit for the period		(7)	(13)
Other comprehensive income for the period		-	-
Total comprehensive income for the period		(7)	(13)

Authorized person:
Aharon Peles

Compiled by:
Zhivka Stoyanova



Plovdiv, January 30, 2020

BURG MACHINERY EOOD
CASH FLOW STATEMENT
AT DECEMBER 31th 2019

	31.12.2019	31.12.2018
	BGN'000	BGN'000
Cash flows from operating activities		
Returns from clients and other debtors	95	115
Payments to suppliers and other creditors	(29)	(45)
Payments to the personnel and for social insurance	(44)	(48)
Paid shared profit		
Paid/received taxes	(24)	(19)
Income tax paid		
Paid/received bank fees and interest	-	(1)
Other operating payments - net		
Net cash flows from operation activities	(2)	2
Cash flows from invetsment activities		
Purchases of long term assets	-	-
Net cash used in the investment activities	-	-
Cash flows from financial activities		
Other financial paymnets		
Received interests		
Net cash flows from financial activities	-	-
Net increase (decrease) in cash	(2)	2
Cash and cash equivalents at the beginning of the period	3	1
Cash and cash equivalents at the end of the period	1	3

Authorized person:
Aharon Peles

Compiled by:
Zhivka Stoyanova



Plovdiv, January 30, 2020

BURG MACHINERY EOOD
CHANGES IN EQUITY
AT DECEMBER 31st 2019

	<i>Share capital</i>	<i>Reserves</i>	<i>Run up profits /losses</i>	<i>Total</i>
	BGN'000	BGN'000	BGN'000	BGN'000
Balance at January 1st 2018	5	422	6	433
Net profit of the period	-		(13)	(13)
Transfer into non-distributed profit				-
Shared profit				-
Balance at December 31st 2018	5	422	(7)	420
Net profit of the period			(7)	(7)
Transfer into non-distributed profit				-
Shared profit				-
Balance at December 31st 2019	5	422	(14)	413

Authorized person:
 Aharon Peles

Compiled by:
 Zhivka Stoyanova



Plovdiv, January 30, 2020

APPENDIX TO THE FINANCIAL STATEMENT OF “BURG MACHINERY” EOOD

I. Establishment and registration.

“BURG MACHINERY” EOOD is a privately-owned limited liability company, entered into the Trade Register kept by the Registry Agency of the Republic of Bulgaria with company seat and registered address: Burgas, southern industrial zone “Pobeda”. Sole proprietor of the capital is a foreign legal entity.

“BURG MACHINERY” EOOD is managed by the Sole Proprietor of the capital - “AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED” - CYPRUS and is represented by Igor Baranskiy – the manager.

I. Base for compiling the financial statements and essential accounting policies applied

1. Base for compiling

1.1. Financial statements

The Company has been compiling its financial statements in compliance with the requirements of the applicable National Accounting Standards for Financial Statements of Small and Medium-Sized Enterprises, accepted by a Decree of the Council of Ministers № 46, dated 21.03.2005, enacted since 01.01.2005 and the amendments and addenda thereto, accepted by Decree № 251 of the Council of Ministers, dated 17.10.2007, enacted since 01.01.2008, but since 2009 the management took a decision that the financial statements of the Company shall be compiled according to the requirements of International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), as they have been approved by the European Union.

“BURG MACHINERY” EOOD has been keeping its current accounting in accordance with the requirements of the Bulgarian commercial, accounting and tax legislation and internal rules, considering the specific nature of its activities. The Company has an individual chart of accounts. The latter has been prepared in compliance with the International Standards for Financial Accounting, with the exemplary National Standard Chart of Accounts approved by the National Accounting Council, the characteristic features of the Company and the specifics of the main activity, so as to give more comprehensive information and facilitate accounting of the Company activities.

The financial statements are compiled on the basis of the Historical Cost Accounting Convention, modified in particular cases by the revaluation of certain assets and liabilities at their fair value.

All data in the financial reports are presented in thousands of BGN unless anything else has been specified in the particular place.

The annual financial statement of the Company includes:

- Statement of the financial position;
- Statement of the total comprehensive income;
- Statement of cash flows;
- Statement of the changes in the equity;
- Accounting policy and explanatory notes.

The financial statements of “BURG MACHINERY” EOOD include information on the current and previous periods.

1.2. Comparative data

The accounting policy, presented below, has been consistently is applied to all periods represented in the current financial statement.

1.3. Functional currency and presentation currency

The individual components of the annual financial statement of the Company shall be evaluated in the currency of the main economic environment within which the Company has been performing its activities (functional currency). The functional currency of the Company is the BGN which has had a fixed rate to the euro since 01.01.1999 in compliance with the established currency board in Bulgaria.

The transactions in foreign currency are accounted in BGN according to the central currency rate of the Bulgarian National Bank, valid for the day of the operation. All cash assets and liabilities, denominated in foreign currency, have been recalculated by the final rate of the BNB as of 31.12.2019 - 1 EURO (fixed rate) = 1,95583 BGN.

The exchange rate differences that occurred as a result of the recalculations refer to the statement of total comprehensive income. The non-cash assets and liabilities calculated at historical cost in foreign currency, accounted by fair value, shall be re-calculated in BGN by the central exchange rate of the day on which the relevant values have been calculated. The presentation currency in the financial statements of the Company is also the BGN.

1.4. Errors

Errors as per the International Accounting Standards 8 (IAS 8) can occur with regard to the recognition, assessment, presentation or announcement of components from the financial statements. The potential errors within the current period, ascertained within the same, shall be corrected before the approval for publishing of the financial statements. Nevertheless, sometimes errors can be found in a subsequent period and those errors from previous periods shall be corrected.

The correction of a fundamental error related to previous periods and amendments in the accounting policy are to be accounted by correction of the balance of the undistributed profit at the beginning of the accounting period in the first financial report approved for publishing after finding the errors.

1.5. Operating enterprise

The management of the Company considers that the Company is operating and will remain operating; it has no plans and intentions of suspending its activities.

2. Applied significant accounting policies

2.1. Properties, machinery and equipment

As properties, machinery and equipment shall be reported those assets that meet the criteria of IAS 16 and have a value, upon their acquiring, equal to or higher than 700 BGN. The assets that have a value lower than that shall be reported as current costs for the period of acquiring according to the approved accounting policy. Every property, machine or equipment shall be evaluated at cost of acquisition, fixed according to the requirements of IAS 16.

The Company has accepted to report Properties, machinery and equipment in accordance with IAS 16 at cost of acquisition without all the accrued depreciation charges and diminution loss.

The subsequent costs shall be added to the balance value of the asset or shall be reported as an individual asset only when it is expected that the Company shall get future economic profit related to the use of this asset and when their book value could be reliably stated. The costs for the current servicing of properties, machinery, facilities and equipment shall be reported as current for the period. The balance value of a certain property, machinery, facility and equipment shall be written off:

√ upon selling the asset;

- √ when no other economic profit is expected from the use of the asset or upon disposal of the asset.

The profit or loss occurring as a result of writing off of a property, a machine, a facility or equipment shall be included in the statement of total comprehensive income when the asset is written off.

The depreciation of the long-term assets shall be accrued in the statement of total comprehensive income by the linear method based on the expected useful life period of the individual parts of properties, machines and equipment. Land and assets under construction shall not be depreciated.

The expected useful life period in years of use by groups of assets is as follows:

Groups of fixed assets	2019	2018
Buildings	25	25
Machinery and equipment	3 - 6	3 - 6
Construction machinery and equipment	6 - 10	6 - 10
Vehicles	4 - 10	4 - 10
Fixtures and fittings	6 - 7	6 - 7

Depreciation of assets shall start from the beginning of the month, following the time when they are available in the Company, at the place and in the condition required for their use in the way foreseen by the management. The depreciation of assets shall be terminated on the earlier of these two dates:

- √ the date on which they have been classified as kept for selling according to IFRS 5;
- √ the date of writing off the assets.

Depreciation shall not be terminated in periods of assets non-use or taking them out of active use.

The Company applies the so called “separate depreciation of individual components” which requires separate calculation of the divisible components of a particular item, which components have different useful life and degree of economic profit use. Every single component with a significant value as compared to the total value of the asset, which it refers to, shall be depreciated separately.

Diminution of fixed tangible assets

As of every reporting date, “BURG MACHINERY” EOOD judges whether there are any indications of diminution of a certain asset. When there is a sign of diminution, the Company makes an approximate formal evaluation of the reimbursable value. When the balance value of a certain asset exceeds its reimbursable value, the asset shall be considered diminished and its value shall be decreased to its reimbursable value. The reimbursable value is higher than the fair value, decreased by the costs for selling and the value of the asset in use or of the project site generating cash proceeds and shall be specified for an individual asset unless the asset generates cash proceeds which are to a great extent dependable on those from other assets or groups of assets.

The management didn't take any actions for bringing the balance value to their fair value as of the date of the financial statement, by a single revaluation. The decision of the management is based on the judgment that the revaluation costs do not justify the benefit of presenting the assets by fair value.

2.2. Non-current intangible assets

Intangible assets are reported as assets that meet the definition of intangible assets and comply with the criteria for reporting intangible assets formulated in IAS 38.

Initially, the intangible assets are reported by cost of acquisition.

The cost of acquisition of a separately acquired intangible asset shall be determined according to IAS 38 and it includes:

- √ the purchase price, the import duties and non-reimbursable taxes on the purchase, the trade discounts and rebates shall be deducted;
- √ any related costs for the preparation of the asset for its expected use.

2.2. Receivables

As receivables that occurred initially in the Company, shall be classified ones having occurred from the direct provision of goods, services, money or money equivalents of debtors.

Initially these receivables shall be evaluation by the cost of acquisition.

After the initial recognition, the receivables from clients and suppliers that are without a fixed maturity date shall be reported by prime cost.

The receivables from clients and suppliers that are with a fixed maturity date shall be reported by their depreciation value.

As of the date of the financial statement, a revision shall be made for evaluating the diminution due to uncollectibility. The calculation of diminution is done based on an individual approach for each receivable by the management.

It is assumed that there are indications of diminution of doubtful and uncollectible receivables when the collectability of the whole amount or part of it is highly uncertain. Uncollectible receivables are written off when the legal grounds for doing so are established, or when a commercial receivable is deemed entirely uncollectible.

As short-term receivables shall be classified the following ones:

- √ receivables without a fixed maturity date
- √ receivables with a fixed maturity date and some remaining time till the maturity date within one year as of the date of the financial statement

As fixed receivables are classified the receivables that have a fixed maturity date and a remaining period till the maturity date more than one year as of the date of compiling the annual financial statement.

2.3. Taxes for reimbursement

Current tax receivables are the receivables of the Company with regard to the application of the tax legislation. They have been presented by values in accordance with the rules of the relevant tax law for estimating the value of each type of tax.

2.4. Cash

The cash comprises funds in hand and in banks, in BGN and in foreign currency, respectively.

2.5. Equity

Equity of the Company consists of:

2.5.1. Capital stock including:

Registered capital – presented by nominal value according to a court order for registration in the amount of 5 000 /five thousand/ BGN formed from money contributions distributed in 500 shares with nominal value 10 /ten/ BGN of each of them. Sole Proprietor of the capital is “AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED” - CYPRUS, a foreign legal entity. The registered capital has been entirely deposited as of the date of the financial statements.

2.5.2. Reserves, which include:

General reserves – formed by the distribution of revenues according to the requirements of the Commercial Law of the Republic of Bulgaria and the Articles of association of the Company.

Reserves from subsequent evaluations of fixed assets – the revaluation reserves are one of the most specific forms of equity of the Company, since those reserves are inseparably linked with the revaluated assets. They are formed (created) upon an ascending evaluation of assets and are used (reduced) during a subsequent descending assessment of the same assets as well as during the write-off of such assets from the balance of the Company (if there are ones left unused).

Additional reserves – formed by the decision of the General Meeting of the Company.

2.5.3. Total comprehensive income:

Accumulated profit from previous periods which was undistributed as of the date of the Financial Statement.

Accumulated loss from previous periods which was uncovered as of the date of the Financial Statement.

Profit/loss from the period

2.6. Commercial and other liabilities and credits

They include all liabilities, which create contractual obligations for the company as follows:

- to hand in liquid resources or other financial assets to another company;
- to exchange financial instruments with another company under potentially unfavorable conditions.

Initial recognition of the liability shall be performed by face value (including the accrued operation costs). Therefore the liability shall be reported by depreciation value.

Liabilities to other financial suppliers – liabilities to shareholders, financial and leasing companies, other financial loans as well as revenues for future periods.

Financial liabilities to related companies – financial liabilities with a term under and above 12 months as from the date of the balance, as well as revenues for future periods.

Other liabilities

As credits and liabilities shall be classified the liabilities that occurred from the direct provision of goods, services, cash or cash equivalents by creditors.

Initially these liabilities and credits shall be evaluated by prime cost including the fair value of the received and the costs on the transaction.

After the initial recognition, the credits and liabilities without a fixed maturity date shall be reported by prime cost.

The credits and liabilities with a fixed maturity date shall be reported by their diminution value.

As long-term liabilities shall be classified those liabilities which have a fixed maturity date and a remaining term till the maturity date more than one year as of the date of maturity.

As short-term liabilities shall be classified liabilities, which are:

- √ without a fixed maturity date
- √ with a fixed maturity date and a remaining period till the maturity until one year as of the date of the financial statement

2.7. Tax obligations

Current tax obligations are the liabilities of the company with regard to the application of the tax legislation. They have been presented by values in accordance with the rules of the relevant tax law for estimating the value of each type of tax. For the overdue tax obligations, there shall be delay interests charged as of the date of the Financial Statement.

2.8. Total comprehensive income for the period

All revenue and cost articles, recognized for the period, shall be included into the profit or loss unless a standard or a clarification of the IFRS requires otherwise.

2.9. Costs

The Company reports currently the costs for the activity by type of expense and after that refers to them by their functional designation with the purpose of estimating the amount of costs by lines and activities. The recognition of costs as costs for the current period shall be done upon accrual of their relevant revenues.

The costs shall be reported by the principle of continuous posting. They are estimated by the fair value of the paid or what is to be paid.

2.10. Revenues

From 01.01.2018, the new accounting standard IFRS 15 Revenues from Contracts with Customers became effective and it repealed IAS 11 Construction Contracts and IAS 18 Revenues.

IFRS 15 applies to all contracts with customers except for:

- lease contracts;
- insurance contracts;
- financial instruments;
- certain contractual rights and obligations (within the scope of long-term investment standards and consolidated financial statements);
- non-cash exchanges between companies in the same business sector in order to facilitate sales to customers or potential customers.

IFRS 15 Revenues from Contracts with Customers is based on a main principle that requires an entity to recognize revenues in the most accurate manner that represents the transfer of customer's goods or services and with a value that reflects the benefit expected from the entity in exchange for those goods or services. IFRS 15 presents a revenue recognition model that includes five steps:

1. identify the contract(s) with the client;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price and
5. recognize revenue when (or as) a performance obligation is satisfied.

Applying IFRS 15, the entity recognizes some revenue when or until it fulfills the obligation to transfer the contractual goods or services to the customer. Unlike the revenue recognition rules in IAS 11 and IAS 18, where the risk and benefits transfer criterion is regulated, the concept of control underlies IFRS 15.

In the new revenue reporting framework, goods or services are considered transferred when control over them is transferred.

The customer obtains control over an asset (good or service) when

- the customer can manage its use and
- can receive all the substantial benefits from it.

Control includes the impossibility for other entities to determine the use of the asset and to derive the benefits from it. The benefits that an entity may derive from an asset are equal to the potential cash flows that may be derived directly or indirectly from the different use of the asset.

A key part of the five-step model is the concept that for some performance obligations control is transferred over time, while for others - at a certain point in time. When negotiating the terms of the contract, the entity determines whether each performance obligation will be fulfilled (i.e. whether control will be transferred) over time or at a specific point in time. Control is considered to have been transferred over a prolonged period if one of the following conditions is met:

- the client controls the asset from the moment when it is created or improved as a result of the entity's rights under the contract;
- the client obtains and derives the benefits of the entity's activities. The client receives the benefits from the activities of the entity if another person does not have to repeat a significant part of the work done so far to fulfill the remaining contract obligations.
- the entity's activity creates or increases an asset that has no alternative use for the entity, and the entity is entitled to receive payment for the work performed till then.

According to the degree of fulfilling the obligation to perform (the transfer of control over the goods/services), the entity recognizes the revenues:

- over time or

- at a certain point in time.

The entity first determines whether the revenue shall be recognized over time. Otherwise, the revenue shall be recognized at a certain point in time.

Other revenues and proceeds

This section includes all revenues not-generated by the usual activity of the Company, proceeds from other services, proceeds from renting, returns from re-renting, extra proceeds, other unusual revenues. The proceeds are estimated by the amount of the received and due revenues, nets from declines, discounts and donations.

2.11. Financial revenues / costs

Financial revenues

The financial revenues include revenues from exchanging currency, both realized and accrued, revenues from interests from bank and mail deposit accounts, interests on receivables from clients, interests on overdue receivables and for delay of payment, financial discounts and rebates after issuing invoices for payment in cash to suppliers, etc.

The revenues from interests shall be recognized upon the accrual of interests (by using the method of the effective interest rate, i.e. the interest rate which precisely discounts the expected future cash flows within the period of the expected life of the financial instrument or, when it is appropriate for a shorter period, to the balance value of the financial asset or the financial liability).

Financial costs

These include losses from exchanging currency, commissions, bank costs, interest costs, financial discounts after issuing invoices for immediate payment in cash by the client, etc.

2.12. Taxation and deferred taxes

The tax expenses recognized in the profit or loss include the amount of deferred and current taxes which are not recognized in the other comprehensive income or directly in the equity.

The current tax for the current and previous periods is recognized as liability to the extent that it has not been paid. If the already paid sum for current and previous period exceeds the sum due for those periods, the surplus is recognized as an asset.

The current tax liabilities (assets) for the current and previous periods are estimated by the sum which is expected to be paid to (reimbursed by) the tax authorities upon applying tax rates (and tax laws), enacted or expected to be enacted as of the date of the balance.

The deferred taxes are calculated using the passive method for all temporary differences between the balance amount of assets and liabilities and their tax base. Deferred tax is not imposed during the initial recognition of an asset or liability unless the relevant transaction affects the tax or accounting profit.

Deferred tax assets and liabilities are not discounted. In their calculation, tax rates are used that are expected to be applicable for the period in which they are realized, provided that they have entered into force or are certain to become effective till the end of the reporting period.

Deferred tax liabilities are recognized in full.

Deferred tax assets are recognized only if it is probable for them to be acquired through future taxable income. Regarding the management's judgment of the probability of future taxable income to arise, through which deferred tax assets can be acquired,

Deferred tax assets and liabilities are offset (compensate) only when the Company has the right and intention to offset the current tax assets or liabilities from the same tax institution.

Changes in deferred tax assets or liabilities are recognized as a component of the tax income or expense in the profit or loss unless they are related to items recognized in the other comprehensive

income or directly in equity when the related deferred tax is recognized in the other comprehensive income or equity.

2.13. Related entities and transactions among them

The Company observes the requirements of IAS 24 for specifying and announcing the related entities. A transaction between related entities is a transfer of resources, services or obligations between related entities regardless of the fact whether a certain price is applied.

Sales to related entities		(Thousand BGN)
Related entity – client	Type of transaction	2019
"Aktor JSCC" BFC	Sale	61
Total		61
Receivables from related entities		(Thousand BGN)
Related entity – client	31.12.2019	31.12.2018
"Aktor JSCC" BFC	317	318
	317	318

2.14. Events after the date of the balance

Events after the date of the balance are those events, both favorable and unfavorable, which occur between the date of the balance and the date on which the financial statements are approved for publishing.

There are two types of events:

- √ those that prove conditions which existed as of the date of the balance (correcting events after the date of the balance); and
- √ those that show conditions which occurred after the date of balance (non-correcting events after the date of the balance).

The Company corrects the sums recognized in the financial statements in order to report the correcting events after the date of the balance and updates the announcements.

The Company does not correct the sums recognized in the financial statements in order to report the non-correcting events after the date of the balance. When the non-correcting events after the date of the balance are so significant that not announcing them could affect the ability of the users of financial statements to make economic decisions, the Company shall announce the following information for each significant category of the non-correcting event after the date of the balance:

- √ the nature of the event; and
- √ the evaluation of its financial effect or an announcement that such an evaluation could not be made.

Between the date of the Annual Financial Report and the date of its approval for publishing, no corrective or non-corrective events occurred, imposing special announcements to be made.

III. Additional information to the articles of the Financial Statement

1. Report on the financial status

1.1. Properties, machinery and equipment

As of 31st December 2019 and 2018, properties, machinery and equipment include:

Properties, machinery, facilities and equipment							(Thousand BGN)
	Land and buildings	Facilities	Machinery and equipment	Vehicles	Other assets	Capitalized costs	Total

Book value

Balance as of 01.01.2018	465		17				482
Acquired during the period					16		16
Written-off for the period							-
Performed revaluation							-
Balance as of 31.12.2018	465	0	17	0	16	0	498
Acquired during the period							
Written-off for the period							-
Performed revaluation							-
Balance as of 31.12.2019	465	-	17	-	16	-	498

Depreciation

Balance as of 01.01.2018	(338)		(17)	-		-	(355)
Depreciation for the period	(18)		-				(18)
Depreciation of write-offs							-
Balance as of 31.12.2018	(356)	-	(17)	-	-	-	(373)
Depreciation for the period	(13)	-			(3)		(16)
Depreciation of write-offs							-
Balance as of 31.12.2019	(369)	-	(17)	-	(3)	-	(389)
<i>Balance value</i>							
Balance value as of 31.12.2018	109	-	-	-	16	-	125
Balance value as of 31.12.2019	96	-	-	-	13	-	109

1.2. Current commercial and other receivables

Current receivables		(Thousand BGN)	
Type	31.12.2019	31.12.2018	
Receivables from related companies incl. /net/	317	318	
Receivables from sales	317	318	
Receivables from granted loans			
Other receivables			
Receivables from sales incl. /net/	-	-	
Gross receivables			
Diminution of commercial receivables			
Receivables from granted advance payments incl. /net/	-	-	
Receivables from granted advance payments	-	-	
Diminution of advance payment receivables			
Other receivables incl. /net/	4	3	
Receivables from granted loans by third persons			
Petty cash advances	-	-	
Prepaid costs	-	-	
Provided guarantees and deposits	4	3	
Other receivables	-	-	
Total	321	321	

1.3. Cash

Cash		(Thousand BGN)	
Type	31.12.2019	31.12.2018	
Cash in hand, incl.	-	-	
In BGN	-	-	
In a foreign currency			
Cash in current accounts, incl.	1	3	
In BGN	1	3	
In a foreign currency			
Short-term deposits			
Total	1	3	

1.4. Equity

1.4.1. Share capital

Shareholder	Share capital			(Thousand BGN)		
	31.12.2019			31.12.2018		
	Value	Paid-in	Share %	Value	Paid-in	Share %
"AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED" - CYPRUS	5	5	100%	5	5	100%
Total:	5	5	100%	5	5	100%

1.4.2. Reserves

	Reserves				(Thousand BGN)
	Reserves from subsequent evaluations of assets	Common reserves	Other reserves	Total reserves	
Reserves as of 31.12.2018	13	6	403	422	

1.4.3. Total comprehensive income

Financial result	Financial result		(Thousand BGN)
			Value
Profit as of 31.12.2017			54
Changes in the accounting policy, errors, etc.			
Increases from:			
Profit for the year 2018			
Changes in the accounting policy, errors, etc.			
Decreases from:			
Distribution of profit for dividend			-
Cover of loss			-
Changes in the accounting policy, errors, etc.			
Profit by 31.12.2018			54
Increases from:			
Profit for the year 2019			
Written-off revaluation reserve			
Decreases from:			
Distribution of profit in the reserves			-
Cover of loss			-
Changes in the accounting policy, errors, etc.			
Profit by 31.12.2019			54
Loss for 31.12.2017			(48)
Increases from:			(13)
Loss for the year 2018			(13)
Changes in the accounting policy, errors, etc.			
Decreases from:			
Cover of losses with reserves and profits			-

Written-off revaluation reserve	-
Changes in the accounting policy, errors, etc.	-
Loss as of 31.12.2018	(61)
Increases from:	(7)
Loss for the year 2019	(7)
Changes in the accounting policy, errors, etc.	-
Decreases from:	-
Cover of losses with reserves and profits	
Written-off revaluation reserve	
Changes in the accounting policy, errors, etc.	
Loss as of 31.12.2019	(68)
Financial result as of 31.12.2017	6
Financial result as of 31.12.2018	(7)
Financial result as of 31.12.2019	(14)

1.5. Current commercial and other liabilities

Current liabilities		(Thousand BGN)	
Type	31.12.2019	31.12.2018	
Liabilities to related companies, incl.	-	-	
Liabilities for deliveries			
Liabilities for received advance payments	-	-	
Liabilities for received loans	-	-	
Other liabilities			
Liabilities for deliveries	1	7	
Liabilities for received advance payments			
Other short-term liabilities, incl.			
Liabilities for guarantees and deposits	-	-	
Liabilities for insurances	-	-	
Other short-term liabilities			
Total:	1	7	

1.6. Tax liabilities

Tax liabilities		(Thousand BGN)	
Type	31.12.2019	31.12.2018	
Value added tax	3	2	
Profit tax			
Tax on the income of physical persons	-	-	
Other taxes	10	16	
Total	13	18	

1.7. Staff liabilities

Staff liabilities		(Thousand BGN)	
Type	31.12.2019	31.12.2018	
Staff liabilities	3	3	
incl. liabilities for unused leaves	3	3	
Liabilities to insurance companies	1	1	
incl. liabilities for unused leaves	1	-	
Total	4	4	

2. Statement of total comprehensive income

2.1. Revenues from sales

Revenues from sales		(Thousand BGN)	
Type of revenue	2019	2018	
Sales of goods, incl.		-	
Other			
Sales of services, incl.	61	61	
Sales of construction services			
Total	61	61	

2.2. Financial revenues / costs

Financial revenues / costs		(Thousand BGN)	
Type of cost	2019	2018	
Financial revenues	-	-	
Revenues from interests			
Revenues from currency transactions	-	-	
Revenues from interests on provided loans			
Financial costs	-	(1)	
Costs for interests			
Costs for currency transactions	-	-	
Costs for bank fees	-	(1)	
Total	-	(1)	

2.4. Cost of sales

Prime cost of sales		(Thousand BGN)	
Type of cost	2019	2018	
Costs for materials			
Costs for external services		3	
Costs for depreciations	16	18	
Costs for salaries	37	37	
Costs for social insurances	8	8	
Costs for taxes, fees and so on			
Other costs			
Total	61	66	

2.5. Administrative costs for the activity

Administrative costs		(Thousand BGN)
Type of cost	2019	2018
Costs for materials		
Costs for external services		
Costs for taxes, fees, etc.	7	7
Total	7	7

3. Statement on cash flow

A policy has been accepted for accounting and reporting cash flows by the direct method. Cash flows are classified as cash flows from:

- Operative activity
- Investment activity
- Financial activity

4. Statement on the changes in equity

An accounting policy has been accepted for compiling the Statement by including:

- Net profit and loss for the period;
- The balance of the non-distributed profit as well as the flows for the period;
- All articles on revenues or costs, profit or loss, which are due to the active IAS, are recognized directly in the equity;
- Cumulative effect of the changes in the accounting policy and fundamental errors according to IAS 8.

5. Risks related to the financial instruments

The most significant financial risks are described below.

5.1. Market risk analysis

As a result of the use of financial instruments, the Company is exposed to market risk and in particular, to the risk of exchange rate changes, interest rate risk and risk of modifying specific prices due to the operating and investment activities of the Company.

5.1.1. Currency risk

Most of the Company transactions have been done in BGN.

Foreign transactions are done primarily in euros and they do not expose the Company to any currency risk. As of 31st December 2019, the exchange rate of the Euro is fixed at 1.95538 BGN/EUR.

5.1.2. Interest risk

The Company has no commitments on bank loans.

5.2. Credit risk analysis

The Company trades only with well-established solvent contracting parties. Those, who would like to trade on deferred payment, are liable to checking procedures for their solvency. The balances on the trade claims are monitored currently as a result of which the exposition of the Company to a credit risk is not significant.

The credit risk, which occurs from the other financial assets of the Company, for instance cash and other financial assets, presents the credit exposure of the Company, resulting from the possibility that any of its contracting parties would fail to fulfil their obligations. The maximum credit exposure of the Company, with regard to the recognized financial assets, amounts to the relevant value in the balance as of December 31st, 2018.

5.3. Liquidity risk analysis

Liquidity risk is the risk that the Company might fail to fulfil its obligations. The Company faces its needs of liquid assets by carefully monitoring its payments on the repayment schedules for long-term financial liabilities as well as the incoming and outgoing cash flows arising in the course of its operation. Liquidity needs are monitored for various time periods - daily and weekly, as well as based on 30-day forecasts. Liquidity needs over a long period of time - 180 and 360 days, are determined on a monthly basis.

6. Events after the date of compiling the Annual Financial Report

Between the date of the Annual Financial Report and the date of its approval for publishing, no corrective or non-corrective events occurred, imposing special announcements to be made.

Plovdiv, January 30th, 2020

Compiled by:

/Zhivka Stoyanova/



Approved by:

/Aharon Peles - Proxy/

**ANNUAL STATEMENT ON THE ACTIVITY OF
“BURG MACHINERY” EOOD**

ORGANIZATION FORM

Company: “BURG MACHINERY “EOOD

Subject of activity of the Company: renting of fixed tangible assets.

Company seat: The Company has a seat and registered address at: Bourgas, “Pobeda” Southern industrial area, the building of “Komunaltechmash”, Telephone: 056/ 90 46 01, Fax: 056/90 46 79.

Property: The company is 100% property of “AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED” - CYPRUS, a foreign legal entity.

Capital: “BURG MACHINERY” EOOD has a capital of 5 000 /five thousand/ BGN, formed of cash contributions, distributed into 500 shares, with nominal value of 10 /ten/ BGN for each of them.

Sole owner of the capital until 15.05.2008 was “KOMUNALTECHMASH-97 - M” JSC; after that the Company sold its shares to “VAMBA HOLDINGS” LIMITED – CYPRUS, a foreign legal entity. Subsequently, the capital ownership of the company capital was passed to “AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED” - CYPRUS, a foreign legal entity.

Management authorities: The Company has been managed by the sole proprietor of the capital - “AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED” - CYPRUS. Manager of “BURG MACHINERY” EOOD is Igor Baranskiy.

Human resources: The average number of staff listed for 2019 was 4 employees.

Related entities: The Company has relations of a related entity to “AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED” - CYPRUS and “AKTOR JSCC” BFC.

Responsibilities of the management: According to the Bulgarian legislation, the management has to draw up a financial statement for each financial year, which shall give a true and fair picture of the financial status of the Company at the end of the year.

The management confirms that it has applied consecutively adequate accounting policies when compiling the annual financial statement as of December 31, 2019 and it has made reasonable and cautious assessments, assumptions and approximate estimations.

The management also confirms that it has adhered to the accounting standards in force, and the financial statement has been compiled by the principle of an operating enterprise.

The managing authorities bear responsibility for the correct keeping of the accounting registers, for the expedient management of the assets and for undertaking of the necessary measures to avoid and reveal possible cases of defalcation and other irregularities.

CHARACTERISTICS OF THE ACTIVITY

The main activity of “BURG MACHINERY” EOOD during the past 2019 was renting of real properties.

Achievements

In 2019, “BURG MACHINERY” EOOD continued the fulfillment of its obligations under its contract with “AKTOR JSCC” BFC for renting of its real property.

Results of the activity

“BURG MACHINERY” EOOD has realized revenues in the amount of 61 thousand BGN, 100 % of which are from the sale of services under the contract with “AKTOR JSCC” BFC.

In the structure of costs for the activity, the most significant is the share of costs for salaries.

Type of cost	Relative share for 2018	Relative share for 2017
Costs for materials	-	-
Costs for external services		
Costs for depreciations	16	23.54
Costs for salaries	37	54.41
Costs for social insurances	8	11.76
Costs for taxes, fees, etc.	7	10.29
Other costs		-
Total prime costs for sales, costs for sales and administrative costs	68	100.00

According to the annual statement, as of 31.12.2019 the Company states a loss in the amount of 7 thousand BGN.

Structure and dynamics of assets

ASSETS	As of 31.12.2019		As of 31.12.2018	
	Thousand BGN	%	Thousand BGN	%
I. NON-CURRENT ASSETS	109	25.29	125	27.84
II. CURRENT ASSETS incl.	322	74.71	324	72.16
Commercial and other receivables	321	74.48	321	71.49
TOTAL ASSETS	431	100.00	449	100.00

Out of the total amount of receivables 98,75 % or 317 thousand BGN are receivables from a related entity - "AKTOR JSCC" BFC on occasion of transactions from the current main activity which were carried out in compliance with the common market relations.

Structure and dynamics of liabilities

The liability of the balance as of 31.12.2019 is 431 thousand BGN and it is structured as follows:

LIABILITIES	As of 31.12.2018		As of 31.12.2017	
	Thousand BGN	%	Thousand BGN	%
I. EQUITY	413	95.82	420	93.54
II. NON-CURRENT LIABILITIES	-	-	-	-
III. CURRENT LIABILITIES	18	4.18	29	6.46
TOTAL LIABILITIES	431	100.00	449	100.00

In the current liabilities, the biggest share is that of obligations for taxes – 13 thousand BGN or 72,22 % of the current liabilities.

The Company has no financial obligations to any banks and non-financial institutions for used loans.

The liabilities to suppliers and clients result from the current commercial activity and as of 31.12.2019 they amount to 1 thousand BGN and the liabilities to the staff amount to 4 thousand BGN.

The financial and economic ratios achieved by the company in 2019, as compared to 2018 are as follows:

Ratios					
№	Ratios	2019	2018	Difference	
		Value	Value	Value	%
1	Fixed assets /total/	109	125	(16)	-13%
2	Current assets, incl.	322	324	(2)	-1%
4	Inventories	-	-	-	-
5	Short-term receivables	321	321	-	0%
7	Funds	1	3	(2)	-67%
8	Total sum of the assets	431	449	(18)	-4%
9	Equity	413	420	(7)	-2%
10	Financial result	(7)	(13)	6	-46%
11	Fixed liabilities	-	-	-	-
12	Current liabilities	18	29	(11)	-38%
13	Total sum of the liabilities	18	29	(11)	-38%
14	Revenues in total	61	61	-	0%
15	Revenues from sales	61	61	-	0%
16	Costs in total	68	74	(6)	-8%

Coefficients					
№	Coefficients	2019	2018	Difference	
		Value	Value	Value	%
Profitability:					
1	Of equity	(0.02)	(0.03)	0.01	-45%
2	Of assets	(0.02)	(0.03)	0.01	-44%
3	Of liabilities	(0.39)	(0.45)	0.06	-13%
4	Of revenues from sales	(0.11)	(0.21)	0.10	-46%
Effectiveness:					
5	Of expenses	0.90	0.82	0.07	9%
6	Of revenues	1.11	1.21	(0.10)	-8%
Liquidity:					
7	Total liquidity	17.89	11.17	6.72	60%
8	Fast liquidity	17.89	11.10	6.79	61%
9	Immediate liquidity	17.89	11.17	6.72	60%
10	Absolute liquidity	0.06	0.10	(0.05)	-46%
Financial independence:					
11	Financial independence	22.94	14.48	8.46	58%
12	Indebtedness	0.04	0.07	(0.03)	-37%

MAJOR RISKS INFLUENCING THE ACTIVITY OF "BURG MACHINERY" EOOD

While carrying out its activity, "BURG MACHINERY" EOOD is exposed to certain risks, which affect its results.

Generally, risk factors can be classified into two basic groups:

- ✓ systematic – related to the risk generated by the development of economy as a whole and they are a result of the fluctuations of basic macroeconomic indicators and
- ✓ non-systematic – related to the subject of activity of the company, with possible changes in the demand, as well as to the development of competition in the sector.

Systematic risks

Macroeconomic risks

The macroeconomic risk reflects the impact of the economic processes in the country on the business and investment processes and more precisely on the return of investments. The macroeconomic risk is determined by the likelihood for the macroeconomic stability in Bulgaria to be disrupted. Political instability in the country also has a significant influence.

Currency risk

The currency risk is related to the possibility that the revenues and costs of the economic operators in the country could be affected by the changes in the exchange rate of the national currency compared to the main currencies on the international market. The introduction of currency board into Bulgaria, as well as of the Euro as unified means of payment in the EU, shall minimize the currency risk for investors having based their investments on the euro. The company is not exposed to a significant currency risk because all its operations and transactions are in BGN or Euro, as far as the latter has a fixed exchange rate to the BGN according to the law.

Interest risk

Since the Company does not own a significant volume of interest-bearing assets, the revenues and the operative cash flows have not been affected significantly by the changes in the market interest levels.

Non-systematic risks**Company risk**

The company risk is connected to the nature of the main activity of the Company, with the parameters and organization of the manufacturing and technology process, to the security of financial results and other factors. The impact of this risk on the activity of the Company depends on the professional qualities of the management. For its minimizing, it has been relied on the increased effectiveness of intra-company planning and forecasting, which will make it possible to overcome any possible negative consequences of an occurred risk event.

RESEARCH AND DEVELOPMENT ACTIVITY

In 2019, the Company has not done any actions related to the research and development activity.

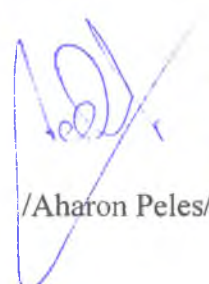
IMPORTANT EVENTS THAT OCCURRED AFTER THE DATE OF DRAWING UP THE ANNUAL FINANCIAL STATEMENT

Between the date of the Annual Financial Statement and the date of its approval for publishing, no corrective or non-corrective events occurred, imposing special announcements to be made.

The Company considers that there is no other information that is not publicly disclosed by the Company and which could be important for the shareholders and investors when making any well-grounded investment decision.

The annual statement on the activity of "BURG MACHINERY" EOOD for 2019 has been prepared according to the requirements of Art.39 of the Accounting Act, Art.187d and Art.247 of the Commerce Act, on the basis of analysis of the development, market presence, the public, macro- and micro-economic environment, financial and economic status of the Company for 2019 and the perspectives for development.

Proxy:


/Aharon Peles/