

ANNUAL REPORT ON THE ACTIVITY OF “BURG MACHINERY” EOOD

ORGANIZATION FORM

Company: “BURG MACHINERY” EOOD

Subject of activity of the company: renting of long-term 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 VAMBA HOLDINGS LIMITED – Cyprus, a foreign legal entity.

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

Sole owner of the capital until 15.05.2008 was „KOMUNALTECHMASH-97 - M” AD, after that the company sold its shares to VAMBA HOLDINGS LIMITED – Cyprus, a foreign legal entity.

Management authorities: The Company has been managed by the sole owner of the capital - VAMBA HOLDINGS LIMITED and in particular the sole director of the company Ksenia Georgiou. Manager of “BURG MACHINERY” EOOD is Igor Baranskiy.

Related parties: The company has relations of a related party to VAMBA HOLDINGS LIMITED.

Responsibilities of the management: According to the Bulgarian legislation the management has to prepare a financial report for each financial year, which has to give true and fair idea of the financial status of the Company towards the end of the year.

The management confirms that it has applied adequate accounting policies upon compiling of the annual financial report towards December 31, 2012 and has made reasonable and cautious assessments, assumptions and approximate estimations.

The management confirms also that it has adhered to the accounting standards in force, and the financial report has been prepared on the basis of the operating enterprise.

The management authorities bear responsibility for the accurate keeping of the accounting registers, for the expedient management of the assets and for undertaking of the necessary measures for avoiding and finding out of possible misuses and other irregularities.

CHARACTERISTICS OF THE ACTIVITY

The main activity of "BURG MACHINERY" EOOD during the past 2012 has been renting of real properties.

Achievements

In 2012 "BURG MACHINERY " EOOD continued the fulfillment of its obligations under its contract with "AKTOR JSC" BFC for renting of its real property.

Results of the activity

"BURG MACHINERY" EOOD has realized income to the amount of 39 thousand leva, 100 % of which is from the sale of services under the contract with "AKTOR JSC" BFC.

In the structure of expenses for the activity, the most significant is the share of expenses for amortizations – 64.3 %.

According to the audited annual report as at 31.12.2012 the company accounts a profit amounting to 10 thousand leva.

Structure and dynamics of the assets

ASSETS	As at 31.12.2011		As at 31.12.2010	
	Thousand lv.	%	Thousand lv.	%
I.NON-CURRENT ASSETS	217	16.50	235	17.97
II. CURRENT ASSETS, incl.:	1097	83.50	1073	82.03
Trade and other receivables	935	71.20	905	69.19
ASSETS IN TOTAL	1314	100	1308	100

From the amount of receivables – 929 thousand lv is from transactions with related persons and in particular a taking from AKTOR JSC BFC on occasion of transactions from the current main activity and concluded in compliance with the usual market relations.

Structure and dynamics of the liabilities

LIABILITIES	As at 31.12.2011		As at 31.12.2011	
	Thousand lv.	%	Thousand lv.	%
I.OWN CAPITAL	452	34.40	442	33.79
II.NON- CURRENT LIABILITIES	-	-	-	-
III. CURRENT LIABILITIES	862	65.60	866	66.21
LIABILITIES IN TOTAL	1,314	100.00	1308	100.00

The liability of the balance as at 31.12.2012 is 1314 thousand lv. and it has been structured, as follows:

The company has no financial obligations to any banks and non-financial institutions for borrowed funds that have been used. The liabilities to suppliers and

clients come from the current trade activity and as at 31.12.2012 they amount to 8 thousand lv.

The financial-economic parameters achieved by the company for 2012 in comparison with 2011 are as follows ca:

Parameters					
№	Parameters	2012	2011	Difference	
		Value	Value	Value	%
1	Long-term assets /total/	217	235	(18)	-8%
2	Short-term assets, incl.	1,097	1,073	24	2%
4	Material reserves	-	-	-	
5	Short-term receivables	1,095	1,066	29	3%
7	Funds	2	7	(5)	-71%
8	Total amount of the assets	1,314	1,308	6	0%
9	Own capital	452	442	10	2%
10	Financial result	10	7	3	43%
11	Long-term liabilities	-	-	-	-
12	Short-term liabilities	862	866	(4)	0%
13	Total amount of the liabilities	862	866	(4)	0%
14	Income in total	39	41	(2)	-5%
15	Income from sales	39	39	-	0%
16	Expenses in total	28	33	(5)	-15%
Coefficients					
№	Coefficients	2012	2011	Difference	
		Value	Value	Value	%
	Profitability:				
1	Of the own capital	0.02	0.02	0.01	40%
2	Of the assets	0.01	0.01	0.00	42%
3	Of the liabilities	0.01	0.01	0.00	44%
4	Of the income from sales	0.26	0.18	0.08	43%
	Effectiveness:				
5	Of the expenses	1.39	1.24	0.15	12%
6	Of the incomes	0.72	0.80	(0.09)	-11%
	Liquidity:				
7	Total liquidity	1.27	1.24	0.03	3%
8	Fast liquidity	1.27	1.27	0.01	0%
9	Immediate liquidity	1.27	1.24	0.03	3%
10	Absolute liquidity	0.00	0.01	(0.01)	-71%
	Financial independence:				
11	Financial independence	0.52	0.51	0.01	3%
12	Indebtedness	1.91	1.96	(0.05)	-3%

BASIC RISKS INFLUENCING THE ACTIVITY OF "BURG MACHINERY" EOOD

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

The risky factors can be classified in general in two basic groups:

- systematic – related to the risk generated from the development of the economics as a whole and turn to be a result of the fluctuations of basic macroeconomic parameters and
- non-systematic – related to the subject of activity of the company, to possible changes in the demand and 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 economic and investment process and more precisely on the return of the investments. The macroeconomic risk is determined by the probability of breaking the macroeconomic stability in Bulgaria. During the current year the world-wide economic and financial crisis has imposed an unfavorable effect on the economic and investment climate in the country .

Currency risk

The currency risk is related to the possibility that the income and expenses 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 imposing of currency board in Bulgaria as well as of the euro as unified means for payment in the EU has minimized the currency risk for investors, who have based their investments on the euro. The company is not imposed to significant currency risk because all its operations and transactions are in BGN or euro, as far as the latter has a fixed rate compared to the lev according to the law.

Interest risk

Since the company does not own a significant volume of interest –bearing assets the income and the operative cash flows have not been significantly affected by the changes on the market interest levels.

Non-systematic risks

Company risk

The company risk is related to the character of the main activity of the company, to the parameters and organization of the production-technological process, to the provision of financial results and to other factors. The impact of this risk on the activity of the company depends on the professional qualities of the management. For its minimization it has been relied on the increased effectiveness from intra-company planning and foreseeing , which will provide possibilities for overcoming of possible negative consequences from an occurred risky event.

RESEARCH AND DEVELOPMENT ACTIVITY

In 2012 the company has not carried out any actions related to the research and development activity.

IMPORTANT EVENTS, HAVING OCCURRED AFTER THE DATE, TOWARDS WHICH THE ANNUAL FINANCIAL REPORT HAS BEEN COMPILED

Between the date of the annual financial report and the date of its approval for publishing no correcting and non-correcting events have occurred, out of which any special announcements could arise.

The company estimates that the entire information that could be important to the share-holders and investors upon taking a well- grounded investment decision has been publically announced by the company.

The annual report on the activity of "BURG MACHINERY" EOOD for 2012 has been prepared in compliance with the requirements of art.33 of the Accounting Act, art.189 and art.247 of the Commerce Act, on the basis of analysis of the development, market presence, the public, macro- and micro-economic environment, the financial-economic status of the Company for the year 2012. The annual report on the activity of "BURG MACHINERY" EOOD for 2012 has been accepted by the Sole director of VAMBA HOLDINGS LIMITED.

Manager:

/Igor Baranski/

