

# **CA BIOSAR ENERGY-AKTOR**

## **FINANCIAL REPORT** **for the year by 31.12.2016**

**Represented by:**

**Dimitrios Koutras**

**Edouardos Sarantopoulos**

**Compiled by:**

**Zhivka Stoyanova**

**Plovdiv, January 20, 2017**

## *Annual Report on the Activity of CA "CONSORTIUM BIOSAR ENERGY-AKTOR"*

The annual report on the activity of CA "CONSORTIUM BIOSAR ENERGY-AKTOR" for 2016 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 2016 and the perspectives for development. The report presents comments and analysis of the financial statements and other significant information about the financial status and the results from the activities of the companies.

### **ORGANIZATION FORM**

#### *Subject of activity*

CA "CONSORTIUM BIOSAR ENERGY-AKTOR" has been established in the form of a civil association, with the purpose of negotiating the conditions for signing of contracts with "AES SOLAR BULGARIA KALIPETROVO" EOOD for Engineering, Procurement and Construction of Photovoltaic Power Plant Kalipetrovo and in case the contracts are signed, to perform the engineering and construction and implement the maintenance of the above project site, as well as the execution of any other future energy projects. In 2011, an Annex to the initial contract for engineering, procurement and construction of photovoltaic power plants was signed, as well as Agreements for maintenance of photovoltaic electrical power plants for the following projects:

project with the name "FOX" with investor "AES Solar Bulgaria Fox" EOOD  
project with the name "VILO" with investor "AES Solar Bulgaria Vilo" EOOD  
project with the name "GERAN" with investor "AES Solar Bulgaria Geran" EOOD  
project with the name "OKEAN" with investor "AES Solar Bulgaria Okean" EOOD  
project with the name "MONTAN" with investor "AES Solar Bulgaria Montan" EOOD  
project with the name "RENAR" with investor "AES Solar Bulgaria Renar" EOOD  
project with the name "SAINT GEORGE" with investor "AES Solar".

As of 31.12.2016, the projects have been completed and the purpose of establishing the association has been achieved. After settling the accounting relations with the contracting parties and between the partners in the Company, the latter will also be dissolved.

#### *Company seat*

The Company has its seat and registered address at: Plovdiv, r.d. "Maritsa Gardens", block 10, office 1

#### *Property*

CA "CONSORTIUM BIOSAR ENERGY-AKTOR" has been established as an association between "AKTOR JOINT-STOCK TECHNICAL COMPANY – Greece", via its branch in the Republic of Bulgaria "AKTOR JOINT-STOCK CONSTRUCTION

COMPANY” BFC, and “BIOSAR ENERGY JOINT-STOCK TECHNICAL, COMMERCIAL, CONSTRUCTION AND INDUSTRIAL COMPANY”, called “BIOSAR ENERGY” SA. By signing the Annex in 2012, new members join the Company, such as “BIOSAR HOLDINGS LIMITED” (BIOSAR), established in compliance with the legislation of the Republic of CYPRUS and “AKTOR BULGARIA” EAD.

In 2016, “AKTOR BULGARIA” EAD, “BIOSAR HOLDINGS LIMITED” (BIOSAR) and “AKTOR JOINT-STOCK TECHNICAL COMPANY – Greece” remained members of the Company.

### ***Capital***

CA “CONSORTIUM BIOSAR ENERGY-AKTOR” is a non-capital association.

### ***Management authorities***

The Company is jointly represented only by two Managers:  
Dimitrios Koutras and Edouardos Sarantopoulos

### ***Related entities***

The Company is a related entity to the following companies: “AKTOR” S.A., “Aktor JSCC” BFC, “BIOSAR HOLDINGS LIMITED” and “AKTOR BULGARIA” EAD.

### ***Human resources***

The Company has no employees.

### ***Responsibilities of the management***

According to the Bulgarian legislation, the management has to draw up a financial report 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, its finance indicators and cash flows.

The management confirms that it has applied consecutively adequate accounting policies when compiling of the annual financial report as of December 31, 2016 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 report 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 for avoiding and finding out possible cases of defalcation and other irregularities.

## ***CHARACTERISTICS OF THE ACTIVITY***

As of 31.12.2016, the projects have been completed and the purpose of establishing the association has been achieved. Dividends have been partially paid during the year. After settling the accounting relations with the contracting parties and between the partners in the Company, the latter will also be dissolved.

### ***Results from the activity***

During the past year, CA "CONSORTIUM BIOSAR ENERGY-AKTOR" has not realized any revenues from its basic activity. The realized revenues are from interests on a loan granted to a related entity - "Aktor JSCC" BFC.

According to the annual report, as of 31.12.2016 the Company states a profit in the amount of 180 thousand BGN.

### *Structure and dynamics of assets*

ASSETS	As of 31.12.2016		As of 31.12.2015	
	Thousand BGN	%	Thousand BGN	%
I. NON-CURRENT ASSETS	-	-		
II. CURRENT ASSETS incl.	5 995	100.00	5 839	100.00
Commercial and other receivables	5 959	99.40	5 755	98.56
<b>TOTAL ASSETS</b>	<b>5 995</b>	<b>100.00</b>	<b>5839</b>	<b>100.00</b>

The liability of the balance as of 31.12.2016 is 5995 thousand BGN and it is structured as follows:

### *Structure and dynamics of liabilities*

LIABILITIES	As of 31.12.2016		As of 31.12.2015	
	Thousand BGN	%	Thousand BGN	%
I. EQUITY	2 867	47.82	2 687	46.34
II. NON-CURRENT LIABILITIES	-	-		
III. CURRENT LIABILITIES	3 128	52.18	3 152	54.35
<b>TOTAL LIABILITIES</b>	<b>5 995</b>	<b>100.00</b>	<b>5 799</b>	<b>100.00</b>

The liabilities of the Company comprise mainly obligations on unpaid dividends to the Consortium partners.

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

The financial and economic ratios achieved by the company in 2016 are as follows:

Ratios					
№	Ratios	2016	2015	Difference	
		Value	Value	Value	%
1	Long-term assets /total/	-	-	-	
2	Short-term assets, incl.	5 995	5 839	156	3%
4	Material reserves	-	-	-	
5	Short-term receivables	5 959	5 767	192	3%
7	Funds	36	72	(36)	-50%
8	Total sum of the assets	5 995	5 839	156	3%
9	Equity	2 867	2 687	180	7%
10	Financial result	180	135	45	33%
11	Long-term liabilities	-	-	-	-
12	Short-term liabilities	3 128	3 152	(24)	-1%
13	Total sum of the liabilities	3 128	3 152	(24)	-1%
14	Revenues in total	205	258	(53)	-21%
15	Revenues from sales	-	466	(466)	-100%
16	Costs in total	5	108	(103)	-95%

Coefficients					
Nº	Coefficients	2016	2015	Difference	
		Value	Value	Value	%
<b>Profitability:</b>					
1	Of equity	0.06	0.05	0.01	25%
2	Of assets	0.03	0.02	0.01	30%
3	Of liabilities	0.06	0.04	0.01	34%
4	Of revenues from sales	-	0.29	-	0%
<b>Effectiveness:</b>					
5	Of expenses	41.00	2.39	38.61	1616%
6	Of revenues	0.02	0.42	(0.39)	-94%
<b>Liquidity:</b>					
7	Total liquidity	1.92	1.85	0.06	3%
8	Fast liquidity	1.92	1.90	0.01	1%
9	Immediate liquidity	1.92	1.85	0.06	3%
10	Absolute liquidity	0.01	0.02	(0.01)	-50%
<b>Financial independence:</b>					
11	Financial independence	0.92	0.85	0.06	8%
12	Indebtedness	1.09	1.17	(0.08)	-7%

## ***AIMS AND POLICIES OF THE MANAGEMENT REGARDING RISK MANAGEMENT***

The Company is exposed to various kinds of risks with regard to its financial instruments. The most significant ones among them are: market risk, credit risk and liquidity risk.

A priority of the management is to provide for the short- and medium-term cash flows by minimizing its exposure to financial markets.

Because of the use of financial instruments, the Company is exposed to market risk and more specifically, to the risk of changes in the exchange rate and interest rate and the risk of changing certain prices, due to the operation of the Company.

### ***Currency risk***

Most of the Company's transactions are carried out in Bulgarian levs - BGN.

Foreign transactions of the Company in euros and they do not expose the Company to currency risk. As of December 31, 2016 the exchange rate of euro was fixed at 1.95538 levs / euro.

### ***Interest risk***

As of December 31, 2016 the Company is not exposed to interest risk, as it has taken no loans.

### ***Credit risk analysis***

Credit risk is the risk that a contracting party might fail to pay its obligation to the Company. The exposure of the Company to credit risk is limited to the balance amount of the financial assets recognized at the end of the reporting period.

Regarding commercial and other receivables, the Company is not exposed to a significant credit risk. The current commercial and other receivables comprise receivables from a loan granted to a related entity "Aktor JSCC" BFC - a branch of one of the partners in the Company.

The credit risk regarding cash and cash equivalents is considered negligible, since the contracting parties are reputable banks with a high external credit rating assessment.

### ***Liquidity risk analysis***

Liquidity risk is the risk that the Company might not be able to repay its obligations. The Company monitors its incoming and outgoing cash flows, arising in the course of its operations. Liquidity needs are monitored for various time periods – on a daily and weekly basis, and based on the 30-day forecasts. Liquidity needs in the long term - for periods of 180 and 360 days are fixed on a monthly basis.

The Company keeps cash to meet its liquidity needs for up to 30 days.

Upon measuring and managing liquidity risk, the Company considers the expected cash flows from financial instruments, particularly the available cash and commercial receivables. Available cash resources and commercial receivables do not significantly exceed the current needs of cash outflow.

## ***RESEARCH AND DEVELOPMENT ACTIVITY***

In 2016, the Company has not done any actions related to the research and development activity.

## ***ANNUAL FINANCIAL REPORT***

The Company has been keeping its accounting and compiling its financial reports in compliance with the requirements of the Accountancy Act and the International Accounting Standards.

According to the requirements of the Bulgarian legislation, the current financial reports have been compiled and presented in BGN, rounded to the thousands. The operations in foreign currency are accounted in BGN according to the exchange rate, applicable on the day of making the transaction. The cash positions in foreign currency are accounted in BGN according to the final rate of the BNB on the date when the balance is calculated.

## ***PERSPECTIVES FOR DEVELOPMENT***

The efforts of the Company next year will be aimed at settling the accounting relations with the contracting parties and between the partners in the Company and then they will proceed to dissolving the latter.

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

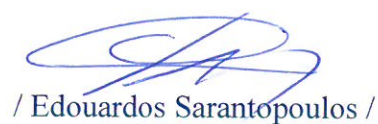
Between the date of the Annual Financial Report and the date of its approval for publishing, no corrective or non-corrective events occurred, imposing special announcements to be made.

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.



Managers:

  
/ Dimitrios Koutras /

  
/ Edouardos Sarantopoulos /

## CA BIOSAR ENERGY-AKTOR

## BALANCE SHEET

AT DECEMBER 31th 2016

Asset	Appendix	31.12.2016 BGN'000	31.12.2015 BGN'000
<b>Non current assets</b>			
<b>Non current assets in total</b>		-	-
<b>Current assets</b>			
Trade and other receivables	1.1.	5 959	5 755
Tax receivables	1.2.		12
Cash and cash equivalents	1.3.	36	72
<b>Current assets in total</b>		<b>5 995 #</b>	<b>5 839</b>
<b>Total assets</b>		<b>5 995</b>	<b>5 839</b>
<b>LIABILITIES</b>			
<b>Share capital</b>			
		-	-
<b>Reserves</b>			
	1.4.1.	-	-
<b>Total comprehensive income</b>		<b>2 867</b>	<b>2 687</b>
Profits/(losses) carried forward year		2 687	2 552
Comprehensive income for the period	1.4.2.	180	135
<b>Total equity</b>	<b>1.4.</b>	<b>2 867</b>	<b>2 687</b>
<b>Non current liabilities</b>			
		-	-
<b>Current liabilities</b>			
Trade and other liabilities	1.5.	3 108	3 148
Tax liabilities	1.6.	20	4
Liabilities related to the personnel		-	-
<b>Current liabilities</b>		<b>3 128</b>	<b>3 152</b>
<b>Total equity and liabilities</b>		<b>5 995</b>	<b>5 839</b>

Compiled by:

Zhivka Stoyanova

Represented by:

Dimitrios Koutras

Edouardos Sarantopoulos



Plovdiv, January 20, 2017



**CA BIOSAR ENERGY-AKTOR**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**AT DECEMBER 31th 2016**

		31.12.2016	31.12.2015
	<i>Appendix</i>	BGN'000	BGN'000
Sales	2.1		
Cost of sales	2.2		(102)
<b>Gross profit</b>		<b>-</b>	<b>(102)</b>
Administrative expenses	2.3.	(4)	(6)
Financial income ( expenses) - net	2.5.	204	258
<b>Profit before income tax</b>		<b>200</b>	<b>150</b>
<i>Income tax</i>	2.4	<i>(20)</i>	<i>(15)</i>
<b>Net profit for the period</b>		<b>180</b>	<b>135</b>
<b>Other overall income for the period</b>		<b>-</b>	<b>-</b>
<b>Total overall income for the period</b>		<b>180</b>	<b>135</b>

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Plovdiv, January 20, 2017

**CA BIOSAR ENERGY-AKTOR**  
**CASH FLOW STATEMENT**  
**AT DECEMBER 31th 2016**

	31.12.2016	31.12.2015
	BGN'000	BGN'000
<b>Cash flows from operating activities</b>		
Returns from clients and other debtors		77
Payments to suppliers and other creditors	(4)	(30)
Payments to the personnel and for social insurance	-	-
Currency rate differences		
Paid taxes ( excluding income tax)	13	6
Paid dividends		
Income tax paid	(4)	(106)
Paid/received bank fees and interest	(1)	(1)
Other operating payments - net	-	-
<b>Net cash flows from operation activities</b>	<b>4</b>	<b>(54)</b>
<b>Cash flows from financial activities</b>		
Received loans		
Payments on received loans		(133)
Paid amounts upon given loans		
Received interests		74
Paid interests		-
Paid dividends	(40)	
<b>Net cash flows from financial activities</b>	<b>(40)</b>	<b>(59)</b>
<b>Net increase (decrease) in cash</b>	<b>(36)</b>	<b>(113)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>72</b>	<b>185</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>36</b>	<b>72</b>

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Edouardos Sarantopoulos



**CA BIOSAR ENERGY-AKTOR**  
**CHANGES IN EQUITY**  
**AT DECEMBER 31th 2016**

	<i>Share capital</i>	<i>Reserves</i>	<i>Run up profits /losses</i>	<i>Total</i>
	<u>BGN'000</u>	<u>BGN'000</u>	<u>BGN'000</u>	<u>BGN'000</u>
<b>Balance at January 1st 2015</b>	-		2 552	2 552
Net profit of the period	-		135	135
Changes in the accounting policy, mistakes, etc.				-
Transfer into non-distributed profit				-
<b>Balance at December 31st 2015</b>	-	-	2 687	2 687
Net profit of the period			180	180
Ditribution of profits as dividends				-
Changes in the accounting policy, mistakes, etc.				-
<b>Balance at December 31st 2016</b>	-	-	2 867	2 867

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Edouardos Sarantopoulos



Plovdiv, 20 January, 2017

## **CA “CONSORTIUM BIOSAR ENERGY-AKTOR”**

### **APPENDIX TO THE FINANCIAL REPORT OF CA “CONSORTIUM BIOSAR ENERGY - AKTOR”**

#### **I. Establishing and registration**

CA “CONSORTIUM BIOSAR ENERGY-AKTOR” is a civil association established by “AKTOR JOINT-STOCK TECHNICAL COMPANY – Greece”, through its branch in the Republic of Bulgaria “AKTOR JOINT-STOCK CONSTRUCTION COMPANY” BFC, and “BIOSAR ENERGY JOINT-STOCK TECHNICAL, COMMERCIAL, CONSTRUCTION AND INDUSTRIAL COMPANY” with the distinctive name “BIOSAR ENERGY” JSC. By signing the Annex in 2011, the Company was joined by new members: “BIOSAR HOLDINGS LIMITED “(BIOSAR), established under the legislation of the Republic of CYPRUS and “AKTOR BULGARIA” EAD. In 2016, “AKTOR BULGARIA” EAD, “BIOSAR HOLDINGS LIMITED” (BIOSAR) and “AKTOR JOINT-STOCK TECHNICAL COMPANY – Greece” remained members of the Company.

The Company has a seat and registered address in Plovdiv, r.d. “Maritsa Gardens”, block 10, office 1, and is represented by the managers Dimitrios Koutras and Edouardos Sarantopoulos.

CA “CONSORTIUM BIOSAR ENERGY - AKTOR” has been established in the form of a civil association with the purpose of negotiating the conditions for signing the contracts with “AES SOLAR BULGARIA KALIPETROVO” EOOD for Engineering, Procurement and Construction of Solar Photovoltaic Power Plant Kalipetrovo and in case the above contracts are signed - carry out the design, procurement and construction and undertake the maintenance of the above project site, as well as the execution of any future energy projects. In 2011, an Annex was signed to the initial contract for engineering, procurement and construction of photovoltaic electric power plants and Agreements for maintenance of photovoltaic electric power plants for the following projects:

- project with the name “FOX” with investor “AES Solar Bulgaria Fox” EOOD
- project with the name “VILO” with investor “AES Solar Bulgaria Vilo” EOOD
- project with the name “GERAN” with investor “AES Solar Bulgaria Geran” EOOD
- project with the name “OKEAN” with investor “AES Solar Bulgaria Okean” EOOD
- project with the name “MONTAN” with investor “AES Solar Bulgaria Montan” EOOD
- project with the name “RENAR” with investor “AES Solar Bulgaria Renar” EOOD
- project with the name “SAINT GEORGE” with investor “AES Solar”.

As of 31.12.2016, the projects have been completed, the purpose of establishing the association has been achieved and after settling the accounting relations with the contracting parties and between the partners in the Company, the latter will also be dissolved.

## **CA “CONSORTIUM BIOSAR ENERGY-AKTOR”**

### **APPENDIX TO THE FINANCIAL REPORT OF CA “CONSORTIUM BIOSAR ENERGY - AKTOR”**

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- project with the name “MONTAN” with investor “AES Solar Bulgaria Montan” EOOD
- project with the name “RENAR” with investor “AES Solar Bulgaria Renar” EOOD
- project with the name “SAINT GEORGE” with investor “AES Solar”.

As of 31.12.2016, the projects have been completed, the purpose of establishing the association has been achieved and after settling the accounting relations with the contracting parties and between the partners in the Company, the latter will also be dissolved.

## **CA “CONSORTIUM BIOSAR ENERGY-AKTOR”**

### **II. Base for compiling**

#### **1. Financial statements**

The Company has been compiling its financial statements in compliance with the International Financial Reporting Standards (IFRS), as they have been approved by the European Union.

The Company 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 the data in the financial statements are presented in thousands of BGN and when rounding, differences may occur in the sum which should not be greater than one.

The annual financial statement of the Company includes:

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

The financial statements of the Company include information on the current and previous periods.

#### **2. 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 31.12.2016, which as of 31.12.2016 is 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.

## **CA "CONSORTIUM BIOSAR ENERGY-AKTOR"**

### **3. Errors**

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

The Company corrects retroactively the significant errors from previous periods in the first financial statement, approved for publishing, after they have been found through:

- √ recalculation of the comparative amounts for the presented previous period within which the error occurred;
- √ in case the error occurred before the earliest presented previous period, recalculation of the initial balance of assets, liabilities and the capital for that period.

An error from a previous period shall be corrected through retroactive recalculation, unless it is practically inapplicable to determine some of the specific effects for the period or the cumulative effect of this error.

### **4. Applied significant accounting policies**

The most significant accounting policies, applied when preparing this financial statement, are presented below.

#### **4.1. 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.

## CA "CONSORTIUM BIOSAR ENERGY-AKTOR"

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	2016	2015
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.

### Depreciation of tangible fixed assets

As of every reporting date, CA "CONSORTIUM BIOSAR ENERGY - AKTOR" judges whether there are any indications that a certain asset can be depreciated. When there is a sign for depreciation, 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 depreciated 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 considers that the balance value of the assets as of this date does not exceed their reimbursable value and that this value is found.

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.



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### 4.2. 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.

The cost of acquisition of an intangible asset, acquired in exchange for a non-cash asset, shall be calculated by fair value, except if:

- √ the exchange activity is not commercial in nature;
- √ the fair value neither of the received asset nor of the given one can be reliably calculated.

The acquired asset shall be calculated in this way even if the Company cannot immediately write it off. If the acquired asset is not calculated by fair value, its cost of acquisition shall be calculated by the balance value.

The cost of acquisition of an internally created intangible asset according to IAS 38 is its prime cost including the amount of costs made from the date on which the intangible asset has met for the first time the criteria for recognition.

The intangible assets shall be reported after the acquisition at prime cost reduced by the accrued depreciation charges and diminution loss.

The Company judges whether the useful life of an intangible asset is limited or unlimited.

The intangible asset is considered to have an unlimited useful life when, based on the analyses of the relevant factors, there is no predictable limitation for the period within which the asset is expected to generate net cash flows for the Company.

The intangible assets with a limited useful life are depreciated and the intangible assets with an unlimited useful life are not depreciated.

The intangible assets subject to depreciation are depreciated by the linear method for the period of the estimated useful life.

Depreciation begins when the asset is available to use, i.e. when it is at the place and in the condition required for its ability to operate in the way expected by the management. Depreciation shall be written off on the earliest of the following dates:

- √ The date on which the asset is classified as kept for selling (or the Company put it aside for disposal) according to ISFR 5;
- √ the date of writing off the asset.

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The average useful life in years for the main groups of depreciable intangible assets is as follows:

Groups of intangible fixed assets	2016	2015
Rights on industrial property	2	2
Rights on intellectual property	2	2
Technological rights	2	2
Software	2	2
Other intangible assets	10	10

### Diminution of intangible fixed assets

Assets that have indefinite useful life shall not be depreciated but checked for diminution on an annual basis. Assets that are depreciated shall be checked for the presence of diminution, when there are events or a change in the circumstances implying that the balance value of the assets is not reimbursable. A loss from diminution is the amount by which the balance value exceeds the reimbursable one. The reimbursable value is higher than the net sale value and the value in use. In order to calculate the value in use, the assets are grouped into the smallest possible identifiable units generating cash flows. Depreciable non-financial assets, except for positive reputation, shall be checked for possible reimbursement of diminution loss as of every reporting date.

### 4.3. Inventory

As inventory we report assets that are:

- √ kept for selling in the normal course of business activities (goods, production);
- √ in a process of production for subsequent sale (unfinished production);
- √ inventories used in the production process or the provision of services (materials, raw materials).

The costs, incurred in connection with the delivery of inventories to their current location and condition, are reported as follows:

<u>Materials</u>	- historical cost determined by the method of "weighted average";
<u>Finished goods and unfinished production -</u>	- the value of the used direct materials, labor and variable and fixed total manufacturing costs, distributed according to the normal manufacturing capacity, without including the costs on loans

The inventories are evaluated by the lower of the prime cost or the net realizable value. The prime cost of the inventories is the sum of all costs of buying, processing, as well as other costs incurred in connection with their delivery to the current location and in the current state. The costs for buying the inventories include the purchase price, import duties and other non-reimbursable taxes, transport costs, etc., which can be directly referred to the acquisition of the goods, materials and services. The commercial discounts, rebates and other similar components shall be deducted upon determining the purchase value.

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Prime cost upon providing services. As far as inventories are used when providing services, they are included in the prime cost of the services. The prime cost consists mainly of the costs for labor and the other costs for the supervision staff involved in the service provision, including the employees executing supervising activities and the relevant part from the total costs for them. Labor and other costs, related to the sales and the whole administrative staff, are not included but they are recognized as costs within the period when they occurred.

The prime cost of inventories may not be reimbursable in case they are damaged or are completely or partially obsolete, or if there is a reduction in their purchase prices. Also, the prime cost of the inventories might not be reimbursable if the approximately estimated costs for completion or the approximately estimated costs that shall be incurred for the sale execution have increased. The inventories are reduced to the net realizable value based on individual positions. In certain circumstances, it might be suitable to group similar or related positions.

The approximate evaluation of the net realizable value is based on the most reliable existing data at the time of making this evaluation, depending on the volume of the inventories which is expected to be realized. These evaluations consider the fluctuations of prices and prime costs, which are directly related to events that happened after the end of the period, as far as those events confirm the conditions existing at its end.

To every next period, a new evaluation of the net realizable value shall be made. When the conditions which caused reduction of the inventories under their prime cost are not available any longer or when there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances, the sum of the depreciation shall be reimbursed in a way that the new balance amount is lower than the prime cost and the revaluated net realizable value.

When selling inventories, the balance sum of these inventories shall be recognized as cost during the period in which the relevant revenue has been recognized. The amount of any diminution of inventories to their net realizable value, as well as all inventory losses, shall be recognized as costs for the period of diminution or occurrence of losses. The sum of the possible reverse reimbursement of the value of inventories depreciation that occurred as a result of the increase in the net realizable value shall be recognized as reduction of the sum of the acknowledged costs for inventories during the period when the reimbursement has occurred.

Some inventories can be transferred to the accounts of other assets such as inventories that are being used as a component of the created by the company its own buildings, equipment and facilities. The inventories transferred to another asset shall be recognized as cost throughout the useful life of the asset.

### **4.4. 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.

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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 uncollectibles. Evaluation of the diminution shall be done on the basis of an individual approach for each uncollectible according to the management's decision.

- The taxes for reimbursement shall be presented by the original amount of the receivable.
- The other receivables shall be presented by prime cost

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

- √ without a fixed maturity date
- √ 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 long-term receivables shall be classified the ones with a fixed maturity date and some remaining time till the maturity date more than one year as of the date of compiling the annual financial statement.

### 4.5. Cash

The cash and cash equivalents include funds in cash and in the banks, respectively in BGN and in foreign currency.

The cash equivalents are short-term, easily reversible highly liquid investments which include an insignificant risk of change in their value.

They are to be presented by their face value.

### 4.6. Equity

Equity of the Company consists of:

- Share capital paid in:

The Consortium is a civil association, which is the reason for the absence of share capital paid in.

- Reserves which include:

*Statutory reserves* - formed by the distribution of profit according to the requirements of the Commercial Law of the Republic of Bulgaria and the organization chart of the Company

*Additional reserves* – formed by the decision of the General meeting of the Company

- Comprehensive income, including:

Undistributed as of the date of the financial statement accrued profit from previous periods.

Uncovered as of the date of the financial statement accrued loss from previous periods.

Profit/loss from the period

### 4.7. 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.

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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

### **4.8. Loans**

The loans shall be recognized initially by fair value reduced by the costs made on the execution of the transaction. Subsequently, the loans shall be reported by the depreciable value; any difference between the payments due (netted by the costs of making the transactions) and the value of the loan shall be recognized in the statement for the revenues during the period of the loan by using the method of the effective interest.

The costs on loans shall be recognized as cost upon their occurrence in compliance with the recommended accounting treatment according to IAS 23.

### **4.9. Tax obligations**

The costs for taxes, recognized in the profit or loss, include the amount of deferred and current taxes, which are not recognized in other total comprehensive income or directly in the equity.

The current tax for the current or previous periods is recognized as a liability to the extent that it has not been paid. If the already paid amount for the current or previous period exceeds the amount due for these periods, the surplus shall be recognized as an asset.

The current tax liabilities (assets) for the current or previous periods shall be calculated according to the amount that is expected to be paid (reimbursed) by the tax authorities upon application of tax rates (and tax laws), enacted or expected to be enacted as of the date of the balance.

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Deferred taxes are calculated by the passive method for all temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax is not provided upon 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 of their realization, provided that they are enacted or they are sure to be enacted at the end of the reporting period.

Deferred tax liabilities are recognized in full.

Deferred tax assets are recognized only if they are likely to be utilized by future taxable income. Management's assessment of the probability of future taxable profit whereby the deferred tax assets shall be utilized.

The deferred tax assets and liabilities are compensated only when the Company has the right and intention to compensate current tax assets and liabilities from the same tax authority.

The change in deferred tax assets or liabilities is recognized as a component of tax profit or loss in the gains or losses, unless they relate to items recognized in the other total comprehensive income or directly in the equity, in which case the relevant deferred tax is recognized in the other total comprehensive income or in the equity.

### **4.10. Obligations to the staff and insurance organizations**

This group includes obligations of the Company with regard to past labor done by the hired staff and the relevant insurance installments that are required by the legislation. According to the requirements of IAS 19, the accrued short-term incomes of the staff arising from unused paid leaves are also included, as well as the insurance installments on these incomes, accrued on the basis of the active insurance rates.

### **4.11. Profit or loss 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.

### **4.12. 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.

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### 4.13. Revenues

The Company reports currently the revenues from the usual activity by types of works.

The recognition of revenues shall be done by observing the accepted accounting policy for the following types of revenues:

- √ Revenues from sales of goods, production and other assets - the recognition of revenues shall be done by transferring the property and handing over the relevant assets to the buyers.
- √ Upon execution of short-term services - upon completing the relevant service and accepting the work from the client.
- √ Upon long-term services – based on the stage of a completed contract.

The stage of a completed contract shall be determined based on the costs accumulated as of the date of preparing the report to the generally estimated costs under the contract.

The revenues from rent shall be recognized based on the term of the contract.

Revenues from dividends - upon specifying the rights for their receiving

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

#### Sales of goods

The revenues from sales of goods are recognized when the substantial risks and profits from the property on the production and goods are transferred to the buyer, which usually happens at the moment of their shipping.

#### Provision of services

The revenues from the provision of services are recognized based on the stage of completeness of the transaction. The stage of completeness of the transaction is determined based on a bilaterally signed protocol for executed work. When the result of the transaction (contract) cannot be duly assessed, the revenue is recognized only as far as the recognized costs are reimbursable.

#### 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.

### 4.14. 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

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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.

### 4.15. Related persons and transactions among them

The Company observes the requirements of IAS 24 for specifying and announcing the related persons.

A transaction between related persons is a transfer of resources, services or obligations between related persons regardless of the fact whether a certain price is applied.

Sales to related parties		BGN'000
Related person - client	Type of transaction	2016
"Aktor JSCC" BFC	interests	205
<b>Total</b>		<b>205</b>
Purchases from related parties		BGN'000
Related person – supplier	Type of transaction	2016
"Aktor JSCC" BFC	services	3
<b>Total</b>		<b>3</b>

Receivables from related parties		BGN'000	
Related person - client	31.12.2016	31.12.2015	
"Aktor JSCC" BFC	5 959	5 755	
	<b>5 959</b>	<b>5 755</b>	
Liabilities to related parties		BGN'000	
Related person - supplier	31.12.2016	31.12.2015	
"Aktor JSCC" BFC	3	1	
"Aktor" SA, Greece	2 744	2 744	
"Biosar Energy", Greece	31	31	
"Aktor Bulgaria" EAD	12	52	
"Biosar Holding Limited", Cyprus	318	317	
	<b>3 108</b>	<b>3 145</b>	

### 4.16. Leasing

According to IAS 17, a lease contract shall be classified as an operative leasing if it does not transfer in general all risks and profits from the property on the asset.

Recognition and accounting of an operative lease contract on which the company is a lease recipient.

The lease payments on an operative leasing shall be recognized as cost in the income statement by the linear method for the entire term of the lease contract unless another system base is representative for the period during which the company uses the profit on the leased asset.



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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);
- √ 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 update 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;
- √ the evaluation of its financial effect or an announcement that such an evaluation could not be made.

After drawing up the annual financial statement, no important events have occurred that require announcing.

### III. Additional information to the articles of the financial statement

#### 1. Report on the financial status

##### 1.1. Current commercial and other receivables

Current receivables		BGN'000	
Type	31.12.2016	31.12.2015	
<b>Receivables from related companies incl. /net/</b>	5,959	5,755	
Receivables from sales			
Receivables from granted loans	5,290	5,290	
Other receivables	669	465	
<b>Receivables from sales in /net/</b>	-		
Gross receivables			
Diminution of commercial receivables			
<b>Receivables on granted advance payments /net/</b>			
Receivables from given advance payments			
Diminution of receivables from advance payments			
<b>Other receivables incl. /net /</b>	-	-	
<b>Total</b>	<b>5,959</b>	<b>5,755</b>	

##### 1.2. Taxes for reimbursement

Taxes for reimbursement		BGN'000	
Type	31.12.2016	31.12.2015	
Income tax			-
Value added tax			12
<b>Total</b>			<b>12</b>

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### 1.3. Cash and cash equivalent

Cash and cash equivalent		BGN'000	
Type	31.12.2016	31.12.2015	
<b>Cash in hand, incl.</b>	<b>1</b>	<b>1</b>	
In BGN	1	1	
In a foreign currency			
<b>Cash current accounts, incl.</b>	<b>35</b>	<b>71</b>	
In BGN	34	69	
In a foreign currency	1	2	
<b>Short-term deposits</b>			
<b>Total</b>	<b>36</b>	<b>72</b>	

### 1.4. Equity capital

#### 1.4.1. Reserves

The company hasn't formed reserves during the current period, nor during the previous period.

#### 1.4.2. Total comprehensive income

Financial result		BGN'000	
Financial result	Value		
<b>Profit as of 31.12.2014</b>	<b>2 552</b>		
Changes in the accounting policy, errors, etc.			
<b>Increases from:</b>	<b>135</b>		
Profit for the year 2015	135		
Changes in the accounting policy, errors, etc.	-		
<b>Decreases from:</b>	<b>-</b>		
Distribution of profit for dividend			
Cover of loss			
Changes in the accounting policy, errors, etc.			
<b>Profit by 31.12.2015</b>	<b>2 687</b>		
<b>Increases from:</b>	<b>180</b>		
Profit for the year 2016	180		
Written-off revaluation reserve			
Changes in the accounting policy, errors, etc.	-		
<b>Decreases from:</b>	<b>-</b>		
Distribution of profit for dividend			
Cover of loss			
Changes in the accounting policy, errors, etc.			
<b>Profit by 31.12.2016</b>	<b>2 867</b>		
<b>Loss for 31.12.2014</b>			
<b>Increases from:</b>	<b>-</b>		

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Loss for the year 2015	
Changes in the accounting policy, errors, etc.	
<b>Decreases from:</b>	-
Cover of losses with reserves and profits	
Written-off revaluation reserve	-
Changes in the accounting policy, errors, etc.	-
<b>Loss as of 31.12.2015</b>	-
<b>Increases from:</b>	-
Loss for the year 2016	
Changes in the accounting policy, errors, etc.	-
<b>Decreases from:</b>	-
Cover of losses with reserves and profits	
Written-off revaluation reserve	
Changes in the accounting policy, errors, etc.	
<b>Loss as of 31.12.2016</b>	-
<b>Financial result as of 31.12.2014</b>	2 552
<b>Financial result as of 31.12.2015</b>	2 687
<b>Financial result as of 31.12.2016</b>	2 867

### 1.5. Current trade and other liabilities

Current liabilities		BGN'000
Type	31.12.2016	31.12.2015
<b>Liabilities to related companies, incl.</b>	3 108	3 145
Liabilities for deliveries	34	32
Liabilities for received advance payments		
Liabilities for received loans		
Liabilities related to dividends	3 074	3 113
<b>Liabilities for deliveries</b>		3
<b>Liabilities for received advance payments</b>		
<b>Other short-term liabilities, incl.</b>	-	-
<b>Total</b>	3 108	3 148

### 1.6. Tax liabilities

Tax liabilities		BGN'000
Type	31.12.2016	31.12.2015
Profit tax	20	4
Tax on the income of physical persons		
Other taxes		-
<b>Total</b>	20	4

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### 4. Report of 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 movements 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.

Plovdiv, January 20<sup>th</sup>, 2017

Compiled by: .....  
/Zhivka Stoyanova/



Approved by:

.....  
/Dimitrios Koutras/

.....  
/Edouardos Sarantopoulos/