

AKTOR BULGARIA EAD

FINANCIAL REPORT
for the year by 31.12.2016

with independent audit report

Represented by:

Dimitrios Koutras

Compiled by:

Zhivka Stoyanova

Certified by:

Stefan Koradov

Plovdiv, 20 January,2017

Annual Report on the Activity of **“AKTOR BULGARIA” EAD**

The annual report on the activity of “AKTOR BULGARIA” EAD 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.

The annual report on the activity of “AKTOR BULGARIA” EAD for 2016 has been discussed and accepted by the Board of Directors at their meeting and recorded in a minutes of the latter.

ORGANIZATION FORM

“AKTOR BULGARIA” EAD is a legal entity established as a Sole Proprietor Joint-Stock Company by decision № 258/11.01.2007 under Company File № 63/2007, as docketed in the Regional Court of Plovdiv.

Company: “AKTOR BULGARIA” EAD

Subject of activity of the Company is: Surveys, observations and implementation of any kind of technical activities of public and private project sites, representation of foreign companies, research in the energy sector, use of multifunctional logistics and electronic systems.

Seat: The Company has a seat and registered address at: Plovdiv, r.d. “Maritsa Gardens”, block 10, office 1, telephone: 032/396 760, fax: 032/396 762, e-mail: aktor@aktor.bg.

Property: The Company is 100% property of a foreign legal entity.

Capital: “AKTOR BULGARIA” EAD has a capital of 50 000 /fifty thousand/ BGN formed by cash contributions, distributed into 50 000 nominal, available shares with the right of vote, with nominal value of each of them - 1 /one/ BGN. The shares of the Company have been registered and the capital has been entirely paid-in.

Sole Proprietor of the capital is “AKTOR” SA, Athens, 18, Philelilon Street, entered into the Register of Trade Companies of the Athens Prefecture under number 8153/01AT/v/86/355/05 and legally represented by Dimitrios Athanasios Koutras – President and CEO.

Management authorities: “AKTOR BULGARIA” EAD has a single-stage system of management – a Board of Directors with a mandate of 5 years, consisting of the following members:

» SIMOS PAVLOS PANAGIOTIDIS, a citizen of the Republic of Greece, born on 19.06.1973 in Tashkent, Republic of Uzbekistan – Vice President of the Board of Directors;

» NIKOLAOS DIMITRIOS CHATZITHEODOSIOU, a citizen of the Republic of Greece, born on 02.10.1954 in Kavala, region of Kavala and

» DIMITRIOS ATHANASIOS KOUTRAS, a citizen of the Republic of Greece, born on 23.03.1944 in Perivoli Dom, region of Phthiotis – President of the Board of Directors and CEO.

Related entities: The Company has relations of a related entity to the following enterprises: “AKTOR” SA, “AKTOR JSCC” BFC, CA “CONSORTIUM AKTOR”, CA “CONSORTIUM BIOSAR ENERGY-AKTOR” and “KASTOR” JSC – Greece.

Human resources: In 2016, after termination of the contract for commercial representation of “KASTOR” JSC, the employees of the Company were made redundant.

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, its finance indicators and cash flows.

The management confirms that it has applied consecutively adequate accounting policies when compiling the annual financial statement 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 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 for avoiding and revealing possible cases of defalcation and other irregularities.

Operating enterprise: During the reporting period of 2016, the Company states a loss in the amount of 26 thousand BGN. The current liabilities exceed the current assets by 318 thousand BGN.

These circumstances show the existence of significant uncertainty which may cast substantial doubt about the ability of the Company to continue as an operating enterprise without the support of owners and other funding sources.

Relevant to that, the management has taken the following measures:

- The Company has deferred its current liabilities to related parties, which will significantly improve the financial state of the Company in terms of the ratio between current assets and liabilities.

- The Company carries out a policy of optimizing costs, inventories and other components of the working capital.

The management considers that, based on the forecasts made for the future development of the Company and the measures undertaken, as well as the ongoing financial support of the owners, it will be able to continue its activity and to repay its liabilities.

CHARACTERISTICS OF THE ACTIVITY

The activity of “AKTOR BULGARIA” EAD during the past 2015 developed in the following directions:

- representation of CA “CONSORTIUM AKTOR”;
- participation in CA “Consortium Biosar Energy Aktor”

The Company did not realize any revenues in 2016.

The Company costs can be shown as follows:

Type	As of 31.12.2016	As of 31.12.2015
Costs by economic type	10	27
Other costs	3	2
Financial costs	13	15
Total costs:	26	44

In the structure of costs for the activity, financial costs have the most significant portion; they represent costs for interests on a loan granted by “Aktor Joint-Stock Construction Company” BFC – 50 % of the total costs.

Structure and dynamics of assets

ASSETS	As of 31.12.2016		As of 31.12.2015	
	Thousand BGN	%	Thousand BGN	%
I. NON-CURRENT ASSETS	35	7.76	35	7.14
II. CURRENT ASSETS, incl.:	416	92.24	455	92.86
Commercial and other receivables	413	91.57	453	92.45
TOTAL ASSETS	451	100.00	490	100.00

Commercial and other receivables represent 91.57% of the company's assets and the receivables from "KASTOR" JSC have the largest portion in them (79.66%) - 329 thousand BGN for the commercial representation contract.

The transactions with related parties have been made according to the normal market relations.

Structure and dynamics of liabilities

The liability of the balance as of 31.12.2016 is 451 thousand BGN and it is structured as follows:

LIABILITIES	As of 31.12.2016		As of 31.12.2015	
	Thousand BGN	%	Thousand BGN	%
I. EQUITY	-283	-62.75	-257	-52.45
II. NON- CURRENT LIABILITIES	-	-	-	-
III. CURRENT LIABILITIES	734	162.75	747	152.45
TOTAL LIABILITIES	451	100.00	490	100.00

Liabilities to related entities are in the amount of 730 thousand BGN which represent 99,45% of the current liabilities of the Company and they have been formed from liabilities to - the Sole Proprietor "AKTOR" SA - Greece - 362 thousand BGN and "AKTOR JSCC" BFC – 368 thousand BGN in relation to a granted loan.

The other current liabilities amount to 4 thousand BGN.

The financial and economic ratios achieved by the Company in 2016, as compared to 2015, are as follows:

Ratios					
№	Ratios	2016	2015	Difference	
		Value	Value	Value	%
1	Fixed assets /total/	35	35	-	0%
2	Current assets, incl.	416	455	(39)	-9%
4	Inventories	-	-	-	
5	Short-term receivables	413	453	(40)	-9%
7	Funds	3	2	1	50%
8	Total sum of the assets	451	490	(39)	-8%
9	Equity	(283)	(257)	(26)	10%
10	Financial result	(26)	2	(28)	-1400%
11	Fixed liabilities	-	-	-	-
12	Current liabilities	734	747	(13)	-2%
13	Total sum of the liabilities	734	747	(13)	-2%
14	Revenues in total		46	(46)	-100%
15	Revenues from sales		46	(46)	-100%
16	Costs in total	26	44	(18)	-41%

Coefficients					
№	Coefficients	2016	2015	Difference	
		Value	Value	Value	%
	Profitability:				
1	Of equity	0.09	(0.01)	0.10	-1281%
2	Of assets	(0.06)	0.00	(0.06)	-1512%
3	Of liabilities	(0.04)	0.00	(0.04)	-1423%
4	Of revenues from sales		0.04	(0.04)	-100%
	Effectiveness:				
5	Of expenses	-	1.05	(1.05)	-100%
6	Of revenues		0.96	(0.96)	-100%
	Liquidity:				
7	Total liquidity	0.57	0.61	(0.04)	-7%
8	Fast liquidity	0.57	0.56	0.01	2%
9	Immediate liquidity	0.57	0.61	(0.04)	-7%
10	Absolute liquidity	0.00	0.00	0.00	53%
	Financial independence:				
11	Financial independence	(0.39)	(0.34)	(0.04)	12%
12	Indebtedness	(2.59)	(2.91)	0.31	-11%

MAJOR RISKS INFLUENCING THE ACTIVITY OF “AKTOR BULGARIA” EAD

While carrying out its activity, “AKTOR BULGARIA” EAD 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 the investments. The macroeconomic risk is determined by the likelihood for the macroeconomic stability in Bulgaria to be disrupted.

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.

Non-systematic risks

Business risk

The business risk is connected to the nature of the Company activity and it reflects the generally typical for the business area fluctuations and uncertainty at providing services and receiving revenues.

Financial risk

The financial risk complements the business risk because the Company uses borrowed funds. The financial risk creates additional uncertainty regarding the feasibility of a positive financial result, as far as the payments on loans, which the Company uses, represent a fixed liability.

RESEARCH AND DEVELOPMENT ACTIVITY

In 2016, 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 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.



Executive Director:


/Dimitrios Koutras/

КО ОДИТ ООД

Одиторско предприятие

Стефан Коратов, д.е.с., регистриран одитор

Член на Института на дипломираните експерт-счетоводители в България

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aktor Bulgaria EAD

Plovdiv

Opinion

We have audited the financial statements of Aktor Bulgaria EAD, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the management report, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Burgas 8000, 63 Tzar Simeon I Str

Tel./fax:+35956 84 39 63

URL: www.audit.bg

E-mail: stefan.koradov@gmail.com

Mobile: +359888 21 30 30

КО ОДИТ ООД

Одиторско предприятие

Стефан Корадов, д.е.с., регистриран одитор

Член на Института на дипломираните експерт-счетоводители в България

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA), issued on 29 November 2016/approved by its Management Board on 29 November 2016. These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information included in the management report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Burgas 8000, 63 Tzar Simeon I Str

Tel./fax: +35956 84 39 63

URL: www.audit.bg

E-mail: stefan.koradov@gmail.com

Mobile: +359888 21 30 30

КО ОДИТ ООД

Одиторско предприятие

Стефан Коратов, д.е.с., регистриран одитор

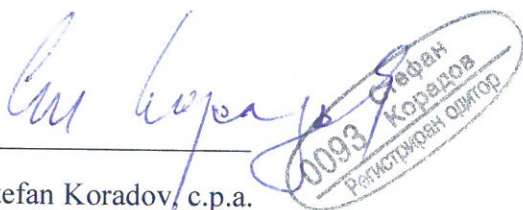
Член на Института на дипломираните експерт-счетоводители в България

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



Stefan Koradov, с.п.а.

Registered auditor

22.02.2017

Plovdiv

AKTOR BULGARIA
BALANCE SHEET
AT DECEMBER 31th 2016

Asset	Appendix	31.12.2016 BGN'000	31.12.2015 BGN'000
Non current assets			
Property, plant and equipment	1.1.		
Long terms investments	1.2.	35	35
Non current assets in total		35	35
Current assets			
Inventory	1.3.		
Trade and other receivables	1.4.	413	453
Tax receivables	1.5.	-	-
Cash and cash equivalents	1.6.	3	2
Current assets in total		416	455
Sum of the assets		451	490
LIABILITIES			
Share capital	1.7.1.	50	50
Reserves	1.7.2.	-	-
Total comprehensive income	1.7.3.	(333)	(307)
Profits/(losses) carried forward		(307)	(309)
Comprehensive income for the period		(26)	2
Total equity		(283)	(257)
Non current liabilities		-	-
Current liabilities			
Trade and other liabilities	1.8.	733	746
Tax liabilities	1.9.	1	
Liabilities related to the personnel	1.10.		1
Current liabilities		734	747
Total equity and liabilities		451	490

Represented by:
Dimitrios Koutras

Compiled by:
Zhivka Stoyanova

Auditor
Stefan Koradov, registered auditor

Plovdiv, January 20, 2017



AKTOR BULGARIA
STATEMENT OF COMPREHENSIVE INCOME
AT DECEMBER 31th 2016

		31.12.2016	31.12.2015
	<i>Appendix</i>	BGN'000	BGN'000
Sales	2.1		46
Cost of sales	2.4		(27)
Gross profit		-	19
Other operating income	2.2		-
Administrative expenses	2.5	(10)	-
Other operating expenses	2.6	(3)	(2)
Financial income (expenses) - net	2.3	(13)	(15)
Profit (loss) before taxes		(26)	2
Taxes			
Net profit (loss) for the period		(26)	2
Other comprehensive income for the period		-	-
Total comprehensive income for the period		(26)	2

Represented by:
Dimitrios Koutras



Compiled by:
Zhivka Stoyanova

Auditor
Stefan Koradov, registered auditor



Plovdiv, January 20, 2017

AKTOR BULGARIA
CASH FLOW STATEMENT
AT DECEMBER 31th 2016

	31.12.2016	31.12.2015
	BGN'000	BGN'000
Cash flows from operating activities		
Returns from clients and other debtors		
Payments to suppliers and other creditors	(5)	(18)
Payments to the personnel and for social insurance	(5)	(18)
Currency rate differences	-	-
Paid taxes/received (excluding income tax)	1	2
Income tax paid		
Paid/received bank fees and interest	-	-
Other operating payments - net	-	-
Net cash flows from operation activities	(9)	(34)
Cash flows from invetsment activities		
Purchases of long term assets	-	-
Net cash used in the investment activities	-	-
Cash flows from financial activities		
Loans granted		
Paid amounts upon given loans		
Loans received		31
Payments on received loans	(30)	
Dividends received	40	
Net cash flows from financial activities	10	31
Net increase (decrease) in cash	1	(3)
Cash and cash equivalents at the beginning of the period	2	5
Cash and cash equivalents at the end of the period	3	2

Represented by:
Dimitrios Koutras

Compiled by:
Zhivka Stoyanova

Auditor
Stefan Koradov, registered auditor

Plovdiv, January 20, 2017



АКТОР БЪЛГАРИЯ
AT DECEMBER 31th 2016
CHANGES IN EQUITY

	<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>
Balance at January 1st 2015	50		(309)	(259)
Net profit of the period	-		2	2
Transfer into non-distributed profit				-
Balance at December 31st 2015	50	-	(307)	(257)
Net profit of the period			(26)	(26)
Transfer into non-distributed profit				-
Realized reserve from reassessment				-
Balance at December 31st 2016	50	-	(333)	(283)

Represented by:
Dimitrios Koutras



Compiled by:
Zhivka Stoyanova

Auditor
Stefan Koradov, registered auditor



Plovdiv, January 20, 2017

APPENDIX
to the Annual Financial Report
for 2016

1. Establishment and registration

“AKTOR BULGARIA” EAD is a Sole Proprietor JSC, entered into the Trade Register under UIC 160078346 with equity in the amount of 50 000 BGN. Sole Proprietor of the capital of the Company is “AKTOR” SA - Athens, with seat in Kifissia – Athens, district of Attica, 25, Ermou Str., entered into the Register of Trade Companies of the Athens Prefecture under number 8153/01AT/v/86/355/05 and legally represented by Dimitrios Athanasios Koutras – President and CEO. The Company has its registered address at: Plovdiv, r.d. “Maritsa Gardens”, block 10, office 1.

“AKTOR BULGARIA” EAD has a single-stage system of management – Board of Directors with a mandate of 5 years and consisting of the following members:

1. Dimitrios Athanasios Koutras – President of the Board of Directors and CEO of the company
2. Simos Pavlos Panagiotidis – Vice President of the Board of Directors
3. Nikolaos Dimitrios Chatzitheodosiou

Subject of activity of the Company is: Surveys, observations and implementation of any kind of technical activities of public and private project sites, representation of foreign companies, research in the energy sector, use of multifunctional logistics and electronic systems.

2. Base for compiling

2.1. Financial statements

The Company has been compiling its financial statements in compliance with the requirements of the International Accounting Standards (IAS) / the International Financial Reporting Standards (IFRS).

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 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.

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.

2.2. Comparative data

The accounting policy, set forth below, has been applied consecutively for all periods shown in the current Financial Statement.

2.3. Functional currency and presentation currency

The functional currency of the Company is the BGN which has a fixed rate to the euro (1 € = 1,95583 BGN) 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.

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 in foreign currency, shall be re-calculated in BGN by the central exchange rate of the day on which the relevant values have been calculated.

2.4. 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.

2.5. Management of financial risks

Credit risk

The credit risk that arises from the other financial assets of the Company, such as, for example, funds and other financial assets, represents the credit exposition of the Company, ensuing from the possibility that its contracting parties do not fulfill their liabilities. The maximum credit exposition of the Company regarding the recognized financial assets amounts to their respective value in the balance as of December 31st 2016.

Currency risk

The Company is exposed to currency risks related to transactions from sales or purchases in foreign currency.

2.6. Operating enterprise

The Company states a loss for the period in the amount of 26 thousand BGN. The current liabilities exceed the current assets by 318 thousand BGN.

These circumstances show the existence of significant uncertainty which may cast substantial doubt about the ability of the Company to continue as an operating enterprise without the support of owners and other funding sources. Relevant to that, the management has taken the following measures:

- The Company has deferred its current liabilities to related parties, which will significantly improve the financial state of the Company in terms of the ratio between current assets and liabilities.
- The Company carries out a policy of optimizing expenses, inventories and other components of the working capital.

The management considers that, based on the forecasts made for the future development of the Company and the measures undertaken, as well as the ongoing financial support of the owners, it will be able to continue its activity and to repay its liabilities.

3. Applied significant accounting policies

3.1. Fixed assets

As fixed assets 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 expenses for the period of acquisition.

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 fixed assets at cost of acquisition without all the accrued depreciation charges and diminution loss.

The subsequent expenses 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 expenses for the current servicing of properties, machinery, facilities and equipment shall be reported as current for the period.

The balance value of a fixed asset 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 fixed asset shall be included in the statement of total comprehensive income when the asset is written off.

The depreciation of fixed assets shall be accrued in the statement of total comprehensive income by the linear method based on the expected useful life period of these assets.

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.

Diminution of fixed assets

As of every reporting date, "AKTOR BULGARIA" EAD 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 expenses 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.

3.2. Long-term investments

All investments shall be initially recognized at the cost of acquisition, which includes the fair value of the provided remuneration and the expenses of acquisition, related to the investment.

The capital investments in other companies shall be assessed at the cost of acquisition, taking into account any possible permanent loss of the value.

"AKTOR BULGARIA" EAD owns 35% of the capital of CA "CONSORTIUM AKTOR" in the amount of 35 000 BGN, where it is a shareholder together with "AKTOR" SA.

CA "CONSORTIUM AKTOR" has been established with the main purpose of "Overhaul, reconstruction and rehabilitation of an existing building "City House of Culture" – Plovdiv. "AKTOR BULGARIA" EAD is a partner in "CONSORTIUM BIOSAR ENERGY-AKTOR" for survey, engineering and construction of photovoltaic power plants and their maintenance.

3.3. Inventories

As inventories we report assets that are used in the production process or the provision of services (materials, stocks).

The expenses, incurred in connection with the delivery of inventories to their current location and condition, are reported by invoice value.

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 expenses of buying, processing, as well as other expenses incurred in connection with their delivery to the current location and in the current state.

The expenses for buying the inventories include the purchase price, import duties and other non-reimbursable taxes, transport expenses, 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.

3.4. 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.

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 by the Effective Interest Rate Method.

As of the date of the financial statement, a revision shall be made for evaluating the diminution due to uncollectibility.

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.

- 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:

- √ 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.

3.5. Cash and cash equivalents

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

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

3.6. Equity

Equity of the Company consists of:

3.6.1. Share capital, which includes:

Registered capital – presented by nominal value according to a court order for registration in the amount of 50 000 BGN, distributed into 50 000 nominal, available shares with the right of vote, with nominal value of each of them - 1 /one/ BGN.

3.6.2. Reserves, which include:

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

Additional reserves – formed pursuant to a decision of the General Meeting of the Company

3.6.3. Total comprehensive income, which includes:

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

3.7. 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.

Initial recognition of the liability shall be performed by historic cost (including the accrued operation expenses).

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

Financial liabilities to related companies are financial liabilities with a term under and above 12 months as of the date of the balance, as well as income for future periods where contracting parties are related entities.

Other liabilities

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

Initially these liabilities and credits shall be evaluated by fair value.

After the initial recognition, the credits and liabilities shall be evaluated by their depreciation value by the Effective Interest Rate Method.

As fixed 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 current 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

3.8. Loans

The loans shall be recognized initially by fair value reduced by the expenses 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 expenses of making the transactions) and the value of the loan shall be recognized in the statement for the income during the period of the loan by using the method of the effective interest.

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

3.9. 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

3.10. 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.

3.11. 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.

3.12. Expenses

The Company reports currently the expenses 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 expenses by lines and activities. The recognition of expenses as expenses for the current period shall be done upon accrual of their relevant income.

The expenses 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.

3.13. Income

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

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

- √ Income from sales of goods, production and other assets - the recognition of income shall be done by transferring to the buyer the substantial risks and benefits from owning the goods.
- √ Provision of services – when the result of a transaction involving the rendering of services can be estimated reliably, the revenue associated with the transaction shall be recognized depending on the stage of completion of the transaction as of the balance sheet date.

The stage of completion shall be determined based on the expenses accumulated as of the date of preparing the report to the total estimated expenses under the contract.

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

Income from dividends - upon specifying the rights for their receiving

The income 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.

Other income and proceeds

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

3.14. Financial income / expenses

Financial income

The financial income include income from exchanging currency, both realized and accrued, income 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 income 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 expenses

Financial expenses include also all diminutions of financial assets:

- Interest and other financial expenses, resulting from transactions with subsidiary, related companies and minority shareholding, as well as losses from currency exchange, commissions.
- Bank expenses, expenses for interest on bank loans and overdrafts, on mortgage loans, on other liabilities, interests and expenses on bond loans, financial discounts after issuing invoices for immediate payment in cash from the client, etc.
- Diminutions of capital investments, etc.

3.15. Taxation and deferred taxes

According to the Bulgarian tax legislation for 2016, the Company owes a corporation tax (profit tax) in the amount of 10% on the taxable profit, and for 2015 it was at the same level.

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.

Deferred taxes shall be recognized as temporary differences between the tax base of the assets and liabilities and their net book value as of the date of the financial statement.

The current taxes are recognized as revenue or expense and shall be included in the profit or the loss for the period, to the extent to which the tax results from an operation or an event which has been recognized within the same or different period directly in the equity.

3.16. 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.

Purchases from related entities		
Related entity – supplier	Type of transaction	2016
"Aktor JSCC" BFC	Services	2
"Aktor JSCC" BFC	Interests	13
Total		15
Receivables from related entities		
Related entity – client	31.12.2016	31.12.2015
"Biosar Energy - Aktor"	12	52
"Kastor" - Greece	329	329
	341	381
Liabilities to related entities		
Related entity – supplier	31.12.2016	31.12.2015
"Aktor" SA	362	362
"Aktor JSCC" BFC	368	383
	730	745

3.17. Leasing

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

Recognition and reporting 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.

3.18. 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.

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, plant and equipment

As of 31st December 2016 and 2015, properties, machinery and equipment include:

Properties, plant and equipment (Thousand BGN)							
	Land and buildings	Facilities	Machinery and equipment	Vehicles	Other assets	Capitalized expenses	Total
<i>Book value</i>							
Balance as of 01.01.2015	0			0	18	-	18
Acquired during the period							-
Transferred from group into group							-
Written-off for the period							-
Performed revaluation							-
Balance as of 31.12.2015	0	0	0	0	18	0	18
Acquired during the period							-
Transferred from group into group							-
Written-off for the period							-
Performed revaluation							-
Balance as of 31.12.2016	-	-	-	-	18	-	18

Depreciation

Balance as of 01.01.2015	-			-	(18)	-	(18)
Depreciation for the period					-		-
Depreciation of write-offs							-
Reduction of depreciation at the expense of revaluation reserves							-
Balance as of 31.12.2015	0	-	-	-	(18)	-	(18)
Depreciation for the period		-					-
Depreciation of write-offs							-
Balance as of 31.12.2016	-	-	-	-	(18)	-	(18)

Balance value							
Balance value as of 31.12.2015	-	-	-	-	-	-	-
Balance value as of 31.12.2016	-	-	-	-	-	-	-

1.2. Long-term investments

Investments in other companies (Thousand BGN)				
Shareholding	31.12.2016		31.12.2015	
	size	value	size	value
CA "CONSORTIUM AKTOR"	35%	35	35%	35
Total	35%	35	35%	35

1.4. Current commercial and other receivables

Current receivables (Thousand BGN)		
Type	31.12.2016	31.12.2015
Receivables from related companies incl. /net/	341	381
Receivables from sales	329	329
Receivables from granted loans		
Other receivables	12	52
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/	72	72
Receivables from granted loans by third persons		
Petty cash advances		
Prepaid expenses	-	-
Provided guarantees and deposits		
Other receivables	72	72
Total	453	453

1.6. Cash and cash equivalents

Cash and cash equivalents (Thousand BGN)		
Type	31.12.2016	31.12.2015
Cash in hand, incl.	1	1
In BGN	1	1
In a foreign currency		
Cash in current accounts, incl.	2	1
In BGN	2	1
In a foreign currency		
Short-term deposits		
Total	3	2

1.7. Equity

1.7.1. Share capital

Shareholder	Share /recorded/ capital JSC (Thousand BGN)							
	31.12.2016				31.12.2015			
	Number of shares	Value	Paid-in	Share %	Number of shares	Value	Paid-in	Share %
"AKTOR" SA	50 000	50 000	50 000	100%	50 000	50 000	50 000	100%
Total:	50 000	50 000	50 000	100%	50 000	50 000	50 000	100%

1.7.2. Reserves

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

1.7.3. Total comprehensive income

Financial result	(Thousand BGN)
Financial result	Value
Profit as of 31.12.2014	67
Changes in the accounting policy, errors, etc.	
Increases from:	2
Profit for the year 2015	2
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 31.12.2015	69
Increases from:	
Profit for the year 2016	-
Written-off revaluation reserve	
Decreases from:	-
Distribution of profit in the reserves	
Cover of loss	
Changes in the accounting policy, errors, etc.	
Profit by 31.12.2016	69
Loss for 31.12.2014	(376)
Increases from:	-
Loss for the year 2015	-
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 31.12.2015	(376)
Increases from:	-
Loss for the year 2016	(26)

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 31.12.2016	(402)
Financial result as of 31.12.2014	(309)
Financial result as of 31.12.2015	(307)
Financial result as of 31.12.2016	(333)

1.8. Current commercial and other liabilities

Current liabilities		(Thousand BGN)	
Type	31.12.2016	31.12.2015	
Liabilities to related companies, incl.	730	745	
Liabilities for deliveries	21	18	
Liabilities for received advance payments	-	-	
Liabilities for received loans	347	365	
Other liabilities	362	362	
Liabilities for deliveries	0	1	
Liabilities for received advance payments			
Other short-term liabilities, incl.	-	-	
Liabilities for guarantees and deposits			
Liabilities for insurances	-	-	
Other short-term liabilities	3		
Total:	733	746	

1.9. Tax liabilities

Tax liabilities		(Thousand BGN)	
Type	31.12.2016	31.12.2015	
Profit tax			
Tax on the income of physical persons	-		
Value added tax	1	-	
Total	1	-	

1.10. Staff liabilities

Staff liabilities		(Thousand BGN)	
Type	31.12.2016	31.12.2015	
Staff liabilities	-	1	
incl. liabilities for unused leaves	-	-	
Liabilities to insurance companies			
incl. liabilities for unused leaves	-	-	
Total	-	1	

2. Statement of total comprehensive income

2.1. Income from sales

In 2016 the Company has no realized income from sales.

Income from sales		
(Thousand BGN)		
Type of revenue	2016	2015
Sales of goods, incl.	-	-
Other		
Sales of services, incl.	-	46
Sales of construction services	-	-
Total	-	46

2.2. Financial income (expenses)

Financial income / expenses		
(Thousand BGN)		
Type of cost	2016	2015
Financial income	-	-
Income from partnerships		
Income from currency transactions		
Income from interests on provided loans		
Financial expenses	(13)	(15)
Expenses for interests	(13)	(15)
Expenses for currency transactions		
Expenses for bank fees		
Total	(13)	(15)

2.3. Cost of sales

Cost of sales		
(Thousand BGN)		
Type of cost	2016	2015
Expenses for materials	-	(1)
Expenses for external services	-	(8)
Expenses for depreciations	-	
Expenses for salaries	-	(15)
Expenses for social insurances	-	(3)
Expenses for taxes, fees and so on	-	
Other expenses	-	
Total	-	(27)

2.4. Administrative expenses

Administrative expenses		
(Thousand BGN)		
Type of cost	2016	2015
Expenses for materials	(1)	-
Expenses for external services	(5)	-

Expenses for salaries	(3)	-
Expenses for taxes, fees, etc.	(1)	-
Total	(10)	-

2.5. Other expenses

Other expenses		(Thousand BGN)	
Type of cost	2016	2015	
Other expenses	3	2	
Prime expenses of the sold materials	-	-	
Total	3	2	

2.6. Expenses for taxes

According to the effective legislation, corporate tax in the amount of 10 % is imposed on the income after deducting the losses from the previous years.

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

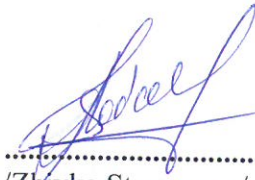
4. Statement on the changes in equity

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 income or expenses, 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 20th, 2017



Compiled by: 
/Zhivka Stoyanova/

Approved by: 
/Dimitrios Koutras/