

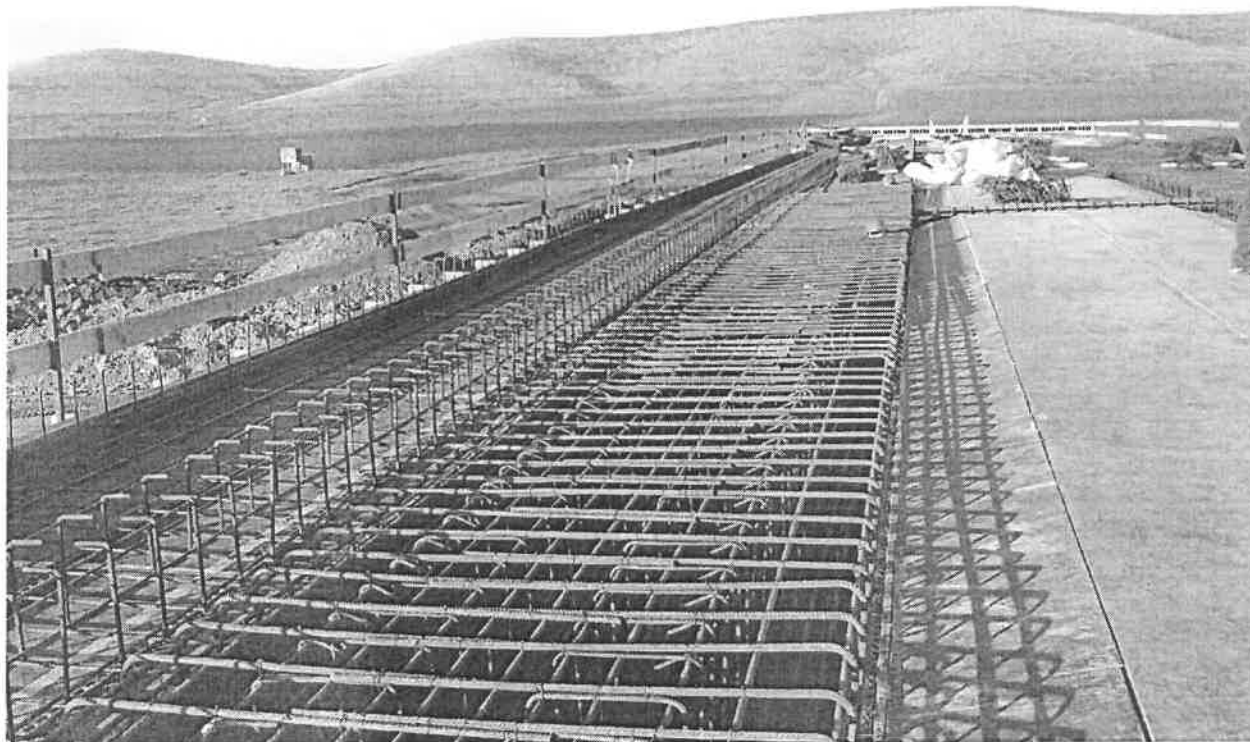
CONSORTIUM AKTOR S.A. – HELECTOR S.A.
INDEPENDENT AUDITOR'S REPORT
ANNUAL REPORT ON OPERATIONS
ANNUAL FINANCIAL STATEMENTS
DECEMBER 31, 2019

CONSORTIUM AKTOR S.A. – HELECTOR S.A.
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DECEMBER 31, 2019

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ANNUAL REPORT ON THE 2019 OPERATIONS OF CONSORTIUM AKTOR S.A. – HELECTOR S.A.

ORGANIZATIONAL SETUP

CONSORTIUM AKTOR S.A. – HELECTOR S.A. is a consortium under OCA (Obligations and Contracts Act), which was established by AKTOR JOINT STOCK TECHNICAL CONSORTIUM – Greece, having a 40% stake, and HELECTOR JOINT STOCK COMPANY FOR ENERGY AND ENVIRONMENTAL APPLICATIONS - Greece, having a 60% stake; the consortium was registered with the BULSTAT register on 19.11.2013

Corporate name: CONSORTIUM AKTOR S.A. – HELECTOR S.A.

Line of business: the Consortium's line of business is design-build of housing waste processing facilities.

Seat: the Consortium's seat and registered office is at city of Plovdiv, Central district, Maritsa Gardens complex ,bldg. 10, office 1, and principal place of business: Sofia Municipality, Yana village.

Ownership: the Consortium was set up as an association of AKTOR JOINT STOCK TECHNICAL CONSORTIUM – Greece and HELECTOR JOINT STOCK COMPANY FOR ENERGY AND ENVIRONMENTAL APPLICATIONS - Greece.

Shareholder equity: CONSORTIUM AKTOR S.A. – HELECTOR S.A. is a non-capital Consortium.

Governance bodies: the Consortium is represented and managed by: **Leonidas Bobolas, Yoannis Bournazos, Haralambous Sofyanos, and Alexandros Exsarhou.**

Management's responsibilities: According to Bulgarian law, management must prepare financial statements for each financial year, to present a truthful and fair impression of the Consortium's financial position as at the year's end, of its financial performance and cash flows.

Management confirms that it has consistently applied adequate accounting policies in the making of the annual financial statements as at December 31, 2019, and has also made reasonable and prudent judgments, assumptions, and estimates.

Management also confirms that it has adhered to the enacted accounting standards, with the financial statements being prepared based on the going concern principle.

Management is responsible for the proper taking of the accounting registries, for the purposeful management of assets and for taking the steps required to avoid and detect any potential abuse and other irregularities.

Human resources

The average payroll staff used to implement the production programme of **CONSORTIUM AKTOR S.A. – HELECTOR S.A.** was 1 person in 2019.

CHARACTERISTICS OF OPERATIONS

The operations of **CONSORTIUM AKTOR S.A. – HELECTOR S.A.** during the expired year 2019 developed along the following lines:

- design-build of a Plant for Mechanical-Biological Treatment (MBT) of waste, with production of RDF – fuel

Achievements

CONSORTIUM AKTOR S.A. – HELECTOR S.A.
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In 2019 **CONSORTIUM AKTOR S.A. – HELECTOR S.A.** successfully continued its activities associated with the technical maintenance of the Plant for Mechanical-Biological Treatment (MBT) of waste, with production of RDF – fuel, with the support of the partners, which are jointly liable for the Consortium's operations and have provided the guarantees required to such effect.

Results from operations

During the expired year **CONSORTIUM AKTOR S.A. – HELECTOR S.A.** generated no revenue. Pursuant to the income statement as at 31.12.2019, the Consortium reported a loss amounting to BGN 329 000.

Structure and dynamics of assets

ASSETS	As at 31.12.2019		As at 31.12.2018	
	BGN'000	%	BGN'000	%
I. NONCURRENT ASSETS	41	3.66	344	23.86
II. CURRENT ASSETS, incl.:	1,079	96.34	1,098	76.14
Trade and other receivables	1,062	98.42	1,095	99.73
TOTAL ASSETS	1,120	100.00	1,442	100.00

Structure and dynamics of liabilities and shareholder equity

ПАСИВИ	As at 31.12.2019		As at 31.12.2018	
	BGN'000	%	BGN'000	%
I. SHAREHOLDER EQUITY	-396	-35.36	-67	
II. NONCURRENT LIABILITIES	-	-	-	-
III. CURRENT LIABILITIES	1,516	135.36	1,509	
TOTAL LIABILITIES	1,120	100.00	1,442	100.00

Results from operations

Indicators					
№	Indicators	2019	2018	Difference	
		Value	Value	Value	%
1	Fixed assets /total/	41	344	(303)	
2	Current assets, incl.	1,079	1,098	(19)	

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4	Inventories	-	-	-	
5	Current receivables	1,062	1,095	(33)	
7	Cash	17	3	14	
8	Total assets	1,120	1,442	(322)	
9	Shareholder equity	(396)	(67)	(329)	
10	Financial result	(329)	(223)	(106)	
11	Noncurrent liabilities	-	-	-	-
12	Current liabilities	1,516	1,509	7	
13	Total liabilities	1,516	1,509	7	
14	Total revenues	127	6	121	
15	Sales revenues	-	-	-	
16	Total expenses	(1,597)	(1,826)	229	

Ratios					
№	Ratios	2019	2018	Difference	
		Value	Value	Value	%
	Profitability:				
1	Of shareholder equity	0.83	0.97	(0.14)	
2	Of assets	(0.29)	0.22	(0.51)	
3	Of liabilities	(0.22)	0.28	(0.50)	
4	Of sales revenues				
	Efficiency:				
5	Of costs	(0.08)	1.04	(1.12)	
6	Of revenues	(12.57)	0.96	(13.53)	
	Liquidity:				
7	Total liquidity	0.71	1.27	(0.56)	
8	Quick liquidity	0.71	1.27	(0.56)	
9	Immediate liquidity	0.71	1.27	(0.56)	
10	Absolute liquidity	0.01	1.14	(1.13)	
	Financial autonomy:				
11	Financial autonomy	(0.26)	0.29	(0.55)	

CONSORTIUM AKTOR S.A. – HELECTOR S.A.
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12	Indebtedness	(3.83)	3.42	(7.25)	
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In the conduct of its business CONSORTIUM AKTOR S.A. – HELECTOR S.A. is exposed to certain risks, which impact its results.

MAJOR RISKS IMPACTING THE BUSINESS OF CONSORTIUM AKTOR S.A. – HELECTOR S.A.

The risk factors may be categorized in very general terms into two major groups:

- **systematic** – associated with the risk generated by the economy’s overall development and resulting from volatility of fundamental macroeconomic indicators; and
- **non-systematic** – associated with the Consortium’s line of business, with potential changes in demand and evolution of competition in the sector.

Systematic risks

Macroeconomic risks

The macroeconomic risk reflects the impact of economic processes in the country on the business and investment process, in particular, on the return on investment. The macroeconomic risk is determined by the probability of Bulgaria’s macroeconomic stability being disturbed. During the current year the globally emerging economic and financial crisis is expected to have an adverse impact on the business and investment climate in the country.

Exchange rate risk

The exchange rate risk is associated with the likelihood of revenues and costs of economic entities in the country being affected by changes in exchange rates of the national currency vis-à-vis the major currencies on the international market. The introduction of a currency board in Bulgaria and of the euro as the uniform unit of payment in the EU minimizes the currency risk for investors, whose investments are EUR-based. The Consortium is not exposed to any significant exchange rate risk because all of its operations and transactions are either in BGN or EUR, insofar as the latte’s exchange rate to BGN is fixed by statute.

Inflation rate risk

The global economic and financial crisis, which emerged in 2008 and continued in 2012 и 2013, brought about considerable reduction of prices, and, respectively, reduction of the inflation rate in the country. The National Statistical Institute has noted that the current levels are the lowest for the past 10 years. Reduction in the price of energy carriers resulted in a considerable reduction in the cost of the underlying construction materials, which are a major raw material in the business of **CONSORTIUM AKTOR S.A. – HELECTOR S.A.** Such price reduction, given the fixed rates of construction works and relatively long contract performance periods, affects materially the profitability of the investments made and increases the rate of projected profit.

Interest rate risk

The interest rate risk is included in the category of macroeconomic risks due to the fact that the main cause for changes in the interest rate is the emergency of instability in the overall financial system, as well as the global economic and financial crisis. The interest rate risk is associated with the probability of the Consortium being unable to unconditionally meet all of its payables as they fall due. Such risks is minimized due to a well-developed policy for cash flow management and maintenance of high degree of corporate solvency and liquidity.

Non-systematic risks

Sectoral risk

CONSORTIUM AKTOR S.A. – HELECTOR S.A. is exposed to the general risks relevant to all business entities active in the construction sector.

The Consortium operates on the Bulgarian market and strives to win large public procurements where the volume is directly dependent on the national budget, on the budgets of municipalities, and international project funding arrangements, the Company being unable to influence such volumes.

For purposes of minimization of sectoral risks, the Consortium's strategy for 2019 includes focus on projects where the funding is already secured, achievement of arrangements with Employers for optimization of project activities, where funding is delayed or deferred over time, and on a search for private investors.

Competitiveness

In recent years the sectoral risk for all companies in the industry is enhanced due to the entry of increasing numbers of overseas companies and the sharpening of competition on the market. **CONSORTIUM AKTOR S.A. – HELECTOR S.A.** manages to power its way through and take up leading positions in the construction sector and the winning of public procurements.

The Consortium's cutting edge over competitor companies are long-standing experience in its area of operation and solid availability of up-to-date technological equipment.

Corporate risk

The corporate risk is associated with the nature of the Consortium's main business, the parameters and arrangements of the production-technology process, the provision of financial results, and other factors. This risk's impact on the Consortium's business depends on management's professional qualities. To minimize the risk reliance is placed on the enhanced efficiency of intra-company planning and forecasting, which will provide opportunities to overcome the potentially adverse effects from any occurred risk event.

RESEARCH AND DEVELOPMENT OPERATIONS

In 2019 the Consortium carried out no research and development operations.

ANNUAL FINANCIAL STATEMENTS

The Consortium takes its current accounting and prepares its financial statements in accordance with the Accounting Act and the *International Accounting Standards*.

The information presented in the financial statements meets the following requirements:

- intelligibility;
- relevance;
- reliability;
- comparability.

Pursuant to the requirements of Bulgarian laws, these financial statements were prepared and are presented in BGN rounded up to 1 000. Since January 1, 1999 the BGN's exchange rate to the euro has been fixed at 1 EUR = 1.95583 BGN. Foreign exchange operations are translated into BGN at the exchange rate applicable on transaction day. Cash positions in foreign exchange are reported in BGN, at the closing exchange rate of Bulgarian National Bank as at the balance sheet's date. Any exchange rate difference resulting from such operations are reported in the Statement of Profit and Loss.

IMPORTANT EVENTS OCCURRING EX-POST THE DATE OF COMPOSITION OF THE ANNUAL FINANCIAL STATEMENTS:

No important events have occurred ex-post the date of composition of the annual financial statements, January 20, 2020, at the Consortium.

DEVELOPMENT PERSPECTIVES

During the current year 2020 the Consortium plans to continue operations associated with technical maintenance of Plant for Mechanical-Biological Treatment (MBT) of waste, with production of RDF – fuel, with the support of the partners, which are jointly liable for the Consortium's operations and have provided the guarantees required to such effect.

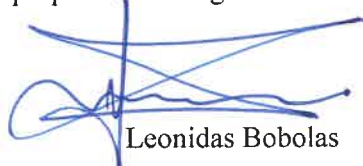
MANAGEMENT'S RESPONSIBILITIES

According to Bulgarian laws, management must prepare financial statements for each financial year, to present a truthful and fair impression of the Consortium's financial position as at the reporting period's end and its financial results. Management has prepared the herein enclosed financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union.

Management confirms that it has consistently applied adequate accounting policies and that in the process of composing the financial statements, as at December 31, 2019, the prudence principle was complied with in the estimation of assets, liabilities, revenues, and expenses.

Management also confirms that it has adhered to the IFSRS in effect, with the financial statements having been prepared based on the going concern principle.

Management is responsible for the proper taking of the accounting registries and for the purposeful management of assets.



Leonidas Bobolas

General Manager

March 1, 2020



Yoannis Bournazos

General Manager

March 1, 2020

CONSORTIUM AKTOR S.A. – HELECTOR S.A.
DECEMBER 31, 2019

CONSORTIUM AKTOR S.A. – HELECTOR S.A.
BALANCE SHEET
December 31, 2019

(all amounts in BGN'000)	<i>Note</i>	The year ended on 31.12.2019 BGN'000	The year ended on 31.12.2018 BGN'000
ASSETS			
Noncurrent assets			
Property, Plant, and Equipment	5	41	344
Intangible assets	6		
Total noncurrent assets		41	344
Current assets			
Inventories			
Trade and other receivables	7	1,062	1,095
Cash and cash equivalents	9	17	3
Total current assets		1,079	1,098
Total assets		1,120	1,442
LIABILITIES			
Shareholder equity		2151	2151
Share capital			
Retained earnings		(2,218)	(1,995)
Earnings for the year		(329)	(223)
Total shareholder equity		(396)	(67)
Noncurrent liabilities			
Current liabilities			
Current trade and other payables	10	1,516	1,496
Corporate tax payables			
Staff-related payables	11		13
Current liabilities		1,516	1,509
Total liabilities and shareholder equity		1,120	1,442

The financial statements were approved on January 20, 2020 and were signed by:

Representatives:

Leonidas Bobolas

Yoannis Bournazos

Author:


Elena Petkova

CONSORTIUM AKTOR S.A. – HELECTOR S.A.
STATEMENT OF COMPREHENSIVE INCOME
December 31, 2019

(all amounts in BGN'000)	Note	The year ended on 31.12.2019 BGN'000	The year ended on 31.12.2018 BGN'000
Revenues	12	-	
Cost of sales	15	(42)	(99)
Gross earnings /sales income		(42)	(99)
Other operating revenues	13	127	6
Administrative expenses	16	(50)	(93)
Other operating expenses	13	(330)	
Operating earnings		(295)	(186)
Financial expenses	14	(34)	(37)
Financial revenues	14		
Pre-tax earnings		(329)	(223)
Earnings / loss for the period		(329)	(223)
Other comprehensive income for the period			
Total annual comprehensive income		(329)	(223)

The financial statements were approved on January 20, 2020 and were signed by:

Representative:


Leonidas Bobolas

Yoannis Bournazos



Author:

Elena Petkova

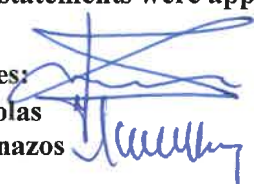


CONSORTIUM AKTOR S.A. – HELECTOR S.A.
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STATEMENT OF CASH FLOWS DECEMBER 31, 2019	* The year ended on 31.12.2019	The year ended on 31.12.2018
(all amounts in BGN'000)	BGN'000	BGN'000
Cash flows from operating activities		
Proceeds from customers	127	
Payments to suppliers	(80)	(863)
Payment of wages and social security contributions	(33)	(214)
Exchange rate fluctuations		(1)
Paid/refunded taxes	3	1
Paid corporate tax		
Paid bank fees and interest	(1)	(2)
Other payments, net	1	497
Net cash flows from operating activities	17	(582)
Cash flows from investing activities		
Purchase of fixed assets		
Net cash flows from investing activities		
Cash flows from financing activities		
Obtained/disbursed under loans	(3)	(213)
Paid out Obtained/disbursed under loans		782
Interest paid		
Net cash used in financing activities	(3)	569
Net increase (reduction) of cash and cash equivalents	14	(13)
Cash and cash equivalents at year's start	3	16
Cash and cash equivalents at year's end	17	3

The financial statements were approved on January 20, 2020 and were signed by:

Representatives:
Leonidas Bobolas
Yoannis Bournazos



Author:
Elena Petkova



1.Establishment and registration

CONSORTIUM AKTOR S.A. – HELECTOR S.A. is a consortium under OCA, which was established by AKTOR JOINT STOCK TECHNICAL CONSORTIUM – Greece, having a 40% stake, and HELECTOR JOINT STOCK COMPANY FOR ENERGY AND ENVIRONMENTAL APPLICATIONS - Greece, having a 60% stake; the consortium was registered with the BULSTAT register on 19.11.2013. The Consortium's seat and registered office is at city of Plovdiv, Central district, Maritsa Gardens complex ,bldg. 10, office 1

CONSORTIUM AKTOR S.A. – HELECTOR S.A. was established as a civil Consortium for the purpose of participation in a tender and performance of the contract for design-build and CAW's (construction-assembly works) CO-PД-55-824/21.12.2013 for "Stage II implementation of the project Integrated System of Facilities for Treatment of the Housing Waste of Sofia Municipality – Design & Build of Plant for Mechanical-Biological Treatment (MBT) of Waste, with Production of RDF fuel", as relating to implementation of Project No DIR-592113-1-9, as funded by Operational Program Environment 2007-2013 under grant financial aid agreement No DIR-592113-C001 Stage II implementation of the project Integrated System of Facilities for Treatment of the Housing Waste of Sofia Municipality – Design & Build of Plant for Mechanical-Biological Treatment (MBT) of Waste, with Production of RDF fuel", as relating to implementation of Project No DIR-592113-1-9, as funded by Operational Program Environment 2007-2013.

The line of business of CONSORTIUM AKTOR S.A. – HELECTOR S.A. is design-build of housing waste processing facilities.

2. Accounting policy

Following below is a description of the accounting policy, applied during preparation of the financial statements. The policy has been consistently applied throughout all presented years, unless expressly stated otherwise.

Bulgarian law does not prohibit cancellation (after due process) of the annual meeting's (sole equity owner's) decision to adopt the annual financial statements and, if needed, for composition and issuance of new, adjusted annual financial statements for the same reporting year.

2.1 Basis for preparing the financial statements

Preparation of the financial statements pursuant to IFRS necessitates use of estimates and assumptions. It also necessitates that the Consortium management makes judgments and presumptions when applying the accounting policy. Those financial statements elements, whose presentation involves a higher degree of partial judgment and complexity, as well as those elements where assumptions and estimates have significant impact on the financial statements overall, are separately disclosed in Note 4.

After completion of the waste plant in September 2015, the Consortium management undertook a commitment to steer and carry out the plant's operation, using its own staff, within the 1-year trial run period (until September 2016). Following that period, the Consortium continues operations relating to the technical maintenance of the Mechanical-Biological Treatment (MBT) plant of waste, with RDF fuel production. There are no circumstances and facts, which could cast into doubt compliance with the going concern principle.

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY AS AT DECEMBER 31, 2019

	<i>Fixed capital stock</i>	<i>Reserve from remeasure ment</i>	<i>General reserves</i>	<i>Other reserves</i>	<i>Accrued earnings/losses</i>	<i>Total shareholder equity</i>
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as at January 1, 2018	2,151	-		-	(1,995)	156
Contributed capital						-
Total comprehensive income for the period					(223)	(223)
Balance as at December 31, 2018	2,151			-	(2,218)	(67)
Total comprehensive income for the period					(329)	(329)
Balance as at December 31, 2019	2,151	-	-	-	(2,547)	(396)

The financial statements were approved on January 20, 2020 and were signed by:

Representatives:

Leonidas Bobolas

Yoannis Bournazos

Author:

Elena Petkova

(i) Conformity with IFRS

These financial statements were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted in the European Union (EU).

(ii) Historical cost principle

These financial statements were prepared in accordance with the historical cost principle.

(iii) New and amended standards adopted by the Consortium

The following standards and amendments have been adopted for the first time by the Consortium for the financial year beginning on or following January 1, 2017:

Annual improvements of IFRS, 2010-2012 cycle

Defined contribution plans: employee contributions – amendment of IAS 19.

Adoption of the 2010-2012 cycle improvements requires further disclosures in the notes and has no effect on the current or preceding period and is not expected to affect future periods.

The Consortium appraised the adoption of the following two amendments, whose approved date of application in the EU is February 1, 2016:

- Annual improvements of IFRS, 2012-2014 cycle
- Disclosures: amendment of IAS 1.

These amendments only clarify existing requirements without affecting the Consortium's accounting policy and disclosures.

IFRS 9, Financial Instruments, looks at the categorization, appraisal, and derecognition of financial assets and financial liabilities, introducing new rules for accounting of hedging. In July 2014 the International Accounting Standards Board (IASB) made further changes to the categorization and appraisal rules and introduced a new impairment model. These latest amendments complete the new standard on financial instruments.

IFRS 15, Revenues from Contracts with Customers. IASB issued a new standard on revenue recognition. It will replace IAS 18, Revenues, and IAS 11, Construction Contracts. According to the new standard, revenue is recognized when control over goods and services passes over to the customer. Correspondingly, the term of "control" supersedes the existing term of "risks and benefits".

The standard enables a modified, retrospective approach in its application. Pursuant to that approach, companies will recognize previous adjustments in the retained earnings as of the date of first application (January 1, 2018), i.e. without remeasurement of the comparative period. Companies will have to apply the new rules only to contracts not finalized as at the date of first application.

Comparative data

The accounting policy set out herein below has been applied consistently in all periods presented

in these financial statements.

2.2 Foreign exchange transactions

(a) Functional currency and presentation currency

The Consortium uses the Bulgarian lev (BGN) as reporting currency. The financial statements are presented in BGN'000.

Individual elements of the Consortium's financial statements are appraised in the currency of the underlying economic environment where the entity carries out its business („functional currency”). The Consortium's functional and presentation currency is the Bulgarian lev.

(b) Transactions and balances

Foreign exchange transactions are presented in the functional currency, applying the official rate as at the day of transaction or appraisal when the positions are remeasured. Gains and losses from exchange rate fluctuations, as arising in result of foreign exchange payments under transactions, or translation as per closing rate of the assets and liabilities denominated in foreign exchange are recognized as earnings or losses for the period.

Monetary assets and liabilities in foreign exchange are reported as per the closing rate of BNB as at balance sheet date.

Important exchange rates:

	As at December 31,	
	2019	2018
1 EUR	1.95583	1.95583

2.3 Property, Plant, and Equipment (PPE)

All plant and equipment are presented at historical cost, as reduced with the accrued depreciation and potential impairment. Historical cost comprises all expenses directly associated with acquisition and commissioning of assets.

Subsequent expenses are added to the asset's carrying amount or are reported as standalone asset only when the Consortium is expected to obtain future economic benefits associated with use of such asset, and where their reported value may be reliably determined. All other maintenance and repair expenses are reported in the statement of comprehensive income in the period when they are incurred.

Depreciation of assets commences on the day of their readiness for use. Land is not depreciated. The

expenses for acquisition of fixed assets are not depreciated since the assets are not yet ready for use.

Depreciation of other Property, Plant, and Equipment is accrued using the straight line method for the purpose of distributing the difference between the carrying amount and the residual value on the useful life of the assets, as follows:

Useful life, in years and by groups of assets:	2019	2018
Buildings	25	25
Plant and facilities	3 - 6	3 - 6
Construction machinery and equipment	6 - 10	6 - 10
Vehicles	4 - 10	4 - 10
Fixtures and fittings	6 - 7	6 - 7

The residual value and useful life of assets are reviewed and, if necessary, the relevant adjustments are made at each date of preparation of financial statements.

The asset's carrying amount is reduced to its recoverable value in the cases where the asset's carrying amount exceeds its expected recoverable value.

Gains and losses from derecognition of PPE are determined by comparing proceeds to the carrying amount and reporting them in the statement of comprehensive income as „other expenses” or „other revenues” for the period.

2.4 Intangible assets

Software

Software is reported at acquisition cost at acquisition, which comprises the expenses for purchase and putting into operation. The software acquisition expenses thus reported are depreciated in a straight line, based on their useful life.

2.5 Impairment of non-financial assets

Assets, whose useful life is not finite, are not depreciated but are instead checked for impairment on annual basis. Depreciated assets are checked for impairment where there are events or change in circumstances indicating that the carrying amount of the assets is not recoverable. The amount wherewith the carrying amount exceeds the recoverable one is recognized as impairment loss.

Recoverable value is the higher of the fair value, as reduced with the sale-related expenses, and the value in use. To determine the value in use, assets are grouped into the smallest distinguishable cash generating units. Non-financial assets other than goodwill, which are subject to impairment, are checked for any indications of a need to impair at each reporting date.

2.6 Financial assets

The Consortium categorizes its financial assets in the following categories: financial assets reported at fair value as earnings and loss; loans and receivables; financial assets held to maturity and financial assets available for sale. The categorization is made according to the purpose for which the financial assets were acquired. Management determines the categorization of its financial assets at the time of purchase and checks their categorization at each reporting date.

(a) Financial assets reported at fair value as earnings and loss

Financial assets reported at fair value as earnings and loss are the financial assets held for trading. A financial asset is categorized in this category if it has been acquired for the purpose of being sold in the short term.

Assets in this category are categorized as current. For the purposes of these financial statements current assets have a maturity of up to 12 months. The Consortium holds no such financial assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments and not quoted on an active market. These are included in the current assets, except for those maturing in more than 12 months ex-post the date of the statement of financial position and are thus categorized as noncurrent ones. Loans and receivables are included in the category of trade and other receivables and cash and cash equivalents in the statement of financial position.

(c) Financial assets held to maturity

Financial assets held to maturity are fixed-maturity investments, which the Consortium management intends and is able to hold to maturity. Such financial assets are categorized as noncurrent, except for those, whose maturity is up to 12 months ex-post the date of the statement of financial position. The Consortium holds no such financial assets.

d) Financial assets available for sale

Financial assets available for sale are non-derivative assets, which are either intended for this category, or are not categorized in any other category. They are included in the noncurrent assets, unless management intends to sell the investments within 12 months ex-post the date of the statement of financial position. The Consortium holds no such financial assets.

2.7 Trade receivables

Trade receivables are initially recognized at fair value, and at depreciable value thereafter (as determined using the effective interest rate method), as reduced with any potential impairment provision. Impairment is applied in case there is fair evidence that the Consortium will be unable to collect all due amounts according to the original terms relevant to the receivable.

Any material financial impediments of the indebted person, any likelihood of bankruptcy, or financial restructuring, or inability to pay the debt are taken as an indicator that the trade receivable has been impaired. The amount of impairment equals the difference between the receivable's carrying amount and the present value of the expected future cash flows, as discounted with the original effective interest rate.

The cost of impairment is reported as operating expense in the statement of comprehensive income. Any follow-up recovery in the value of receivables impaired during previous periods is reported directly into the statement of comprehensive income.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at hand, cash in bank accounts, other highly liquid short-term investments maturing in up to 3 months, as well as bank overdrafts. In the balance sheet the overdrafts are included as a current liability in the category of current loans.

2.9 Contingent liabilities

Contingent liabilities arise from bank guarantees issued by the Consortium to banks, to the benefit of third parties.

2.10 Loans

Loans are initially recognized at fair value, as reduced with any transaction-related expenses. Loans are thereafter reported at depreciable value; each difference between payments due (net of the transaction-related expenses) and the loan's depreciable value is recognized as earnings or loss during the loan period, using the effective interest rate method. The Consortium holds no assets meeting the capitalization requirements.

Loans are categorized as current payables, unless the Consortium has the unconditional right to defer settlement of that payable for at least 12 months ex-post the date of the statement of financial position.

2.11 Current and deferred taxes

Tax expenses for the period consist of current and deferred tax. Tax is recognized as earnings or loss, except for the cases where it refers to items reflected in other comprehensive income or directly in equity. In such event, tax is recognized also in other comprehensive income or directly in equity.

Current income tax is calculated based on the tax laws enacted as at the statements' date.

Deferred tax is accrued at the balance sheet method for all temporary differences between tax value of assets and liabilities and their carrying amount in the financial statements. In the calculation of deferred tax the tax rates (legal) effective as at the time of making the statement of financial position are used, as relevant to the periods of the expected retroactive emergence of the tax temporary differences.

Deferred tax assets and liabilities are set-off where there are legal grounds to set-off the current tax assets against the current tax liabilities, and where the tax temporary differences refer to the same tax administration.

Deferred tax assets are recognized to the extent of probability of future taxable profit so as to enable use of tax temporary differences.

2.12 Provisions

Provisions are accrued when a current legal, constructive, or statutory obligation emerges for the Consortium as a result of past events, if cash outflows are expected to be needed to settle such obligation, and when the amount of the very obligation can be accurately determined. No provisions for future operating losses are recognized.

Where there are several such obligations, the probability of cash outflows for their settlement is appraised by taking into account the entire class of obligations. Provision is recognized even in the cases where the probability of cash outflows to settle an obligation is small.

Provisions are determined as per the current value of the anticipated expenses for settlement of the obligation, using such a pre-tax rate, which reflects the appraisal of the current market condition of the cost of money over time and the obligation-specific risks.

2.13 Retirement compensation

The Consortium administers no voluntary retirement funds. Payment of pensions is an obligation of the National Social Security Institute. The Consortium pays tax on the income of individuals, and social security/health insurance contributions, as well as contributions to Universal Pension Fund pursuant to the legislation enacted in the country. The retirement security expenses are recognized in the statement of comprehensive income for the period to which they refer.

Pursuant to the Labour Code requirements, upon termination of the employment relation where the worker or employee has acquired the right to pension due to contribution history, the Consortium is obliged to pay compensation to them, which ranges from two to six gross monthly salaries as at the time of employment relation termination. As at December 31, 2019 the Consortium has not used the services of an independent expert appraiser. Management's judgment is that the amount of such provision is not material to the Consortium's financial statements.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services acquired from suppliers in the normal course of business. Trade payables are categorized as current payables if the payment is due within a year (or if the normal cycle of business is longer), and if this is not the case, they are presented as noncurrent payables.

Trade payables are initially recognized at fair value and then – at depreciable value, using the effective interest rate method.

2.15 Recognition of revenues

Revenues include the fair value of the payment or remuneration received or due to be received from the sale of goods or services, in the normal course of the Consortium's business. Revenues are stated net of value added tax, returned goods, and discounts granted.

The Consortium recognizes revenues where the amount of revenue may be reliably determined, where the entity is likely to obtain future economic benefits, and where the revenue meets specific criteria for each Consortium operation, as identified below. The amount of revenue is not deemed to be reliably determined until all sale-related contingent circumstances are resolved. The Consortium bases its judgments on historical results, factoring in the type of customer, the type of transaction, and the specifics of each contract.

Revenues from construction works under construction contracts are recognized as per the procedure of IAS 11 or where these may be reliably estimated and to the extent to which they are likely to result in generation of revenues.

Revenues under construction contracts comprise the original amount agreed in the contract, as well as all subsequently agreed payments relating to any changes in the construction works.

Recognition of revenues is based on certificates of completion approved by the employer. The relevant expenses under construction contracts are recognized to the extent of recognized revenues as a part of the total contract amount and the expected percentage of gross earnings.

Interest revenues

Interest revenues are recognized in proportion to time (using the effective interest rate method, which is the interest with which expected future cash flows are discounted for the period when the financial instrument is expected to be used, down to its net carrying amount).

2.16 Related parties

For the purposes of these financial statements, all companies in the group of Aktor and Helector, as well as senior officers and their close relatives, including companies controlled by all of the preceding parties, are treated as related parties. Within the normal course of business a number of transactions with related parties take place. Detailed information about operations with related parties and year-end balances is presented in Note 20.

2.17 Construction Contracts

Recognition of revenues under construction contracts is detailed in Sec. 2.17.

Expenses under such contracts include:

- expenses directly relating to the particular contract;
- expenses relating to the contract amount overall and capable of being allocated to the contract;
- other expenses, which may be assessed to the customer pursuant to the contract terms.

Expenses, which cannot be referred to a contracted operation or cannot be allocated to a particular contract, include:

- general administrative expenses;
- sale-related expenses;
- R&D expenses not envisaged for reimbursement under the contract;
- depreciation of plant and equipment not used in the particular contract.

With fixed-price contracts (as is the case with the Consortium's contract), the result from the construction contract may be determined reliably if all of the terms listed below are met:

- a) overall contract revenues can be determined reliably;
- b) the entity is likely to derive contract-related economic benefits;
- c) both the expenses to perform the contract, as well as the stage of completion may be determined reliably at the reporting period's end; and
- d) the contract-related expenses can be clearly determined and reliably estimated, so that the actual expenses incurred under the contract may be compared to prior estimates.

3. Management of financial risk

3.1 Factors of financial risk

The Consortium's business is exposed to a number of financial risks: market risk (comprising foreign exchange risk and price risk), risk of change in cash flows as a result of change in market interest rate, credit risk, and liquidity risk. The Consortium's plan for comprehensive risk management aims to reduce potential adverse effects on the Consortium's financial indicators.

(a) Market risk

(i) Foreign exchange risk

The Consortium operates in Republic of Bulgaria and is not exposed to any material foreign exchange risk, as most of the foreign exchange transactions are denominated in euro. Presently, the EUR/BGN exchange rate is fixed.

The Consortium management does not expect the fixed EUR/BGN exchange rate to change over the coming 12 months and has therefore not analysed the foreign exchange rate-related effects on the financial result.

(ii) Interest rate risk

Interest rate risk arises for the Consortium from its noncurrent and current loans. The floating interest rate loans expose the Consortium to interest rate risk from changes in the future cash flows. In 2019 the Consortium's floating interest rate loans were denominated in euro. The Consortium analyses its interest rate risk exposure on a dynamic basis.

b) Credit risk

Credit risk is managed on group level. Credit risk arises from cash and cash equivalents, deposits in bank and other financial institutions, as well as from credit exposures of customers, including unpaid receivables and agreed economic operations.

The table below presents the Consortium's exposures to major banks as at balance sheet date:

Bank	As at December 31,	
	2019	2018
Eurobank Bulgaria AD	17	3
	17	3

Trade receivables are, as follows:

	31.12.2019	31.12.2018
From counterparties in the country	14	14
From counterparties abroad	-	-
	14	14

(c) Liquidity risk

Prudent management of liquidity risk presumes maintenance of sufficient cash, as well as availability of borrowed funds. Due to the dynamic nature of the main types of business, the Consortium's financial department aims to achieve flexibility of funding by maintaining sufficient stand-by credit facilities.

Management monitors projections about the Consortium's liquid reserves (including cash and cash equivalents, based on the expected cash flows).

The table below analyses the Consortium's financial liabilities in the relevant maturity groups, based on the residual period from the balance sheet date to the contract's maturity. The amounts disclosed in the table are the contractual, undiscounted cash flows. Balance sheet payables within 12 months equal the carry-forward values since the effect of discounting is negligible.

As at December 31, 2019	Up to 1 year	1 to 5 years
Payables to related parties	1505	-
Trade and other payables	11	-
	1516	-
As at December 31, 2018	Up to 1 year	1 to 5 years
Payables to related parties	1472	-
Trade and other payables	24	-
	1 496	-

The contractual, undiscounted cash flows relevant to the loans from related parties, the bank overdraft, and the payables to related parties are denominated in euro. At the time of preparation of these financial statements the EUR/BGN exchange rate is fixed.

3.2 Estimation of the fair value of financial instruments

The Consortium holds no financial instruments reported at fair value and therefore does not apply the amendment of IFRS 7, which relates to estimation of the financial instruments' fair value.

4. Significant accounting estimates and assumptions

Significant accounting estimates and assumptions are based on experience gained and other factors, including expected future event given the present circumstances. The reliability of the estimates and assumptions is reviewed on a regular basis.

The Consortium makes estimates and assumptions for purposes of accounting and disclosure and these may differ from the actual results. The material accounting estimates with inherent risk of follow-up considerable adjustment of carrying amounts of assets and liabilities are detailed below:

Corporate tax

Determining the total tax provision requires a judgment containing significant partiality. There are number of operations and calculations for which the conclusively determined tax is a matter of appraisal by management. The Consortium recognizes liabilities for the expected tax liabilities in the event of future tax audits based on management's judgment as to whether any extra tax will be payable. When the conclusively due taxes resulting from such events differ from the originally reported liabilities, such differences will be reported as current corporate tax liabilities and will have an effect on deferred taxes during the period when the clarification was made.

Expected useful life of fixed assets

Management used considerable accounting estimates and assumptions to determine the useful life of property, plant, and equipment based on examination and judgment made by the technical staff responsible for appraising the useful life of tangible and intangible assets.

Impairment of financial assets (receivables)

The Consortium follows the requirements of IAS 39 „Financial instruments: Recognition and Measurement” to determine when a financial asset is subject to impairment. This requires significant judgment. In this context, the Consortium estimates, inter alia, the duration and scope where the receivable's fair value is lower than its prime cost; operating and financial cash flow.

The amount of impairment and the relevant receivables are presented in Note 8. Revision of the impairment of receivables during the following financial year may result in material adjustment in the carrying amount of the receivables.

5. Property, Plant, and Equipment

(All amounts in BGN'000, unless otherwise stated)

	Land and buildings	Facilities	Machinery and equipment	Vehicles	Other assets	Capita-lized expenses	Total
<i>Reported value</i>							
Balance as at 01.01.2018	0	355	11	0	123		489
Acquired during the period							-
Transferred from one group to another							-
Written off during the period							-

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Remeasurement performed							-
Balance as at 31.12.2018	0	355	11	0	123		489
Acquired during the period							-
Transferred from one group to another							-
Written off during the period		(329)					(329)
Remeasurement performed							-
Balance as at 31.12.2019	-	26	11	-	123	-	160

Depreciation

Balance as at 01.01.2018	-	(33)	(10)	-	(94)		(137)
Depreciation for the period		-	(1)		(7)		(8)
Depreciation of written-off assets							
Reduction of depreciation on account of remeasurement reserve							
Balance as at 31.12.2018	0	(33)	(11)	-	(101)	-	(145)
Depreciation for the period					(5)		(5)
Depreciation of written-off assets		31					31
Balance as at 31.12.2019	-	(2)	(11)	-	(106)	-	(119)

Carrying amount

Carrying amount as at 31.12.2018	-	322	-	-	22	-	344
Carrying amount as at 31.12.2019	-	24	-	-	17	-	41

6. Intangible assets

(All amounts in BGN'000, unless otherwise stated)

	R&D products	Software	Other assets	Total
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Reported value

Balance as at 01.01.2018	0	10		10
Acquired during the period				-
Transferred from one group to another				-
Written off during the period				-

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Remeasurement performed				-
Balance as at 31.12.2018	0	10		10
Acquired during the period				-
Transferred from one group to another				-
Written off during the period				-
Remeasurement performed				-
Balance as at 31.12.2019	0	10	0	10

Depreciation

Balance as at 01.01.2018		(10)		(10)
Depreciation for the period				
Depreciation of written-off assets				
Reduction of depreciation on account of remeasurement reserve				
Balance as at 31.12.2018	0	(10)		(10)
Depreciation for the period				
Depreciation of written-off assets				
Balance as at 31.12.2019	0	(10)	0	(10)

Carrying amount

Carrying amount as at 31.12.2018	-	-	-	-
Carrying amount as at 31.12.2019	-	-	-	-

7. Trade and other receivables

(All amounts in BGN'000, unless otherwise stated)

Type	31.12.2019	31.12.2018
Receivables from affiliates , incl. /net/	441	441
Receivables from sales		
Receivables on loans provided		
Other receivables	441	441
Receivables from sales in /net/	14	14
Receivables, gross	14	14
Impairment of trade receivables		
Receivables under advances provided /net/	379	407
Receivables under advances provided	379	407
Impairment of receivables under advances provided		
Other receivables, incl. /net/	228	233
Receivables on loans provided to third parties		

Reporting entities		
Prepaid expenses		
Guarantees provided and deposits	227	228
Taxes pending refund (VAT)	1	1
Other receivables		4
Total	1,062	1,095

8. Financial instruments, by categories

(All amounts in BGN'000, unless otherwise stated)

Loans and receivables	31.12.2019	31.12.2018
Trade and other receivables	14	14
Cash and cash equivalents	17	3
Total	31	17

Financial liabilities reported at depreciable value

Type	31.12.2019	31.12.2018
Trade payables to third parties	4	12
Current payables to related parties	1,505	1,472
Total	1,509	1,484

9. Cash and cash equivalents

(All amounts in BGN'000, unless otherwise stated)

Type	31.12.2019	31.12.2018
Cash at hand, incl.	-	-
In BGN	-	
In foreign exchange		
Cash in current accounts, incl.	17	3
In BGN	6	3
In foreign exchange	11	
Short-term deposits		
Total	17	3

10. Current trade and other payables

(All amounts in BGN'000, unless otherwise stated)

Type	31.12.2019	31.12.2018
Payables to affiliates, incl.	1,505	1,472
Payables under supplies	865	866
Payables under advances received		
Payables under loan received	640	606
Other payables		
Payables on supplies	4	12
Payables on advances received		
Other current payables, incl.	7	12
Payables under guarantees and deposits		
Prepaid revenues		
Individual income tax		3
Other taxes		1
Other current payables	7	8
Total	1,516	1,496

11. Payables to staff

(All amounts in BGN'000, unless otherwise stated)

Type	31.12.2019	31.12.2018
Payables to staff	0	9
incl. payables under unused leave		
Payables to social security institutions	0	4
incl. payables under unused leave		
Total	0	13

12. Revenues from sales

(All amounts in BGN'000, unless otherwise stated)

Type of revenue	2019	2018
Sale of goods, incl.	-	-
Others		
Sale of services, incl.	-	-

Sale of construction services	-	-
Total	-	-

13. Other operating revenues

(All amounts in BGN'000, unless otherwise stated)

Type of revenue	2019	2018
Windfall revenues		
Revenues from sale of materials	127	-
Reinvoicing of expenses and others		6
Total		6

14. Financial revenues/expenses

(All amounts in BGN'000, unless otherwise stated)

Financial revenues		
	2019	2018
Financial revenues		
Interest revenues		
Exchange rate revenues		
Interest revenues from loans extended		
Total		
Financial expenses		
Financial expenses		
Interest expenses	(33)	(33)
Exchange rate expenses		(1)
Bank commission expenses	(1)	(3)
Total	(34)	(37)

15. Cost of sales

(All amounts in BGN'000, unless otherwise stated)

Type of expense	2019	2018
Expenses for materials	2	(185)
Expenses for external services		88
Expenses for depreciation	5	8

Expenses for salaries	34	171
Expenses for social security		12
Expenses for taxes, fees, and others similar		1
Other expenses	1	4
Total	42	99

16. Administrative expenses

(All amounts in BGN'000, unless otherwise stated)

Type of expense	2019	2018
Expenses for materials		
Expenses for external services	31	52
Other expenses	19	41
Total	50	93

17. Transactions with related parties

(All amounts in BGN'000, unless otherwise stated)

17.1 Purchases from related parties

Related party - supplier		2019
Aktor ASD FMB	purchase of services	3
HELECTOR S.A.	interest	33
Total		36

17.2 Receivables from related parties

Related party - supplier	31.12.2019	31.12.2018
Aktor ATE	441	441
	441	939

17.3 Payables to related parties

Related party - scustomer	31.12.2019	31.12.2018
Aktor ATE	764	764
Aktor ASD FMB	1	1

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Herhoff, GERMANY		-
HELECTOR S.A.	740	707
	1,505	1,472

18. Post-balance sheet events

As at the time of composition of these statements no material events have occurred, which would require adjustment to the financial statements and the notes thereto.