

Translation from Bulgarian



Annual Operations Report

Independent Auditor's Report

Financial Statement

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EXALCO-BULGARIA AD

December 31, 2018

Contents

	Page
Independent Auditor's Report	
Annual operations report	1
Financial condition report	4
Statement of total income (presented in a single statement)	6
Statement of Changes in Shareholder's Equity	4
Statement of Cash Flows	7
Notes to the Financial Statement	8

OPERATIONS REPORT
FOR THE YEAR ENDED
ON 31.12. 2018 r.

Information on the status of the Company

EXALCO BULGARIA AD is a company, established in 2001. The headquarters and address of the Company are in the city of Sofia, Kremikovtsi region, 348 Botevgradsko Shose blvd.

By the end of 2009 the main activity of the company was trading with aluminum systems. Since 2010 the company operates by leasing its own real estate in the city of Sofia, Kremikovtsi region, 348 Botevgradsko Shose blvd.

Since 2010 auditor of the company is:

NINOV i TURMACHKI - AUDIT and CONSULTING OOD was chosen.

REGISTERED AUDITOR COMPANY № 051

SOFIA 1000, 1 Slaveikov Square, ent. B, tel. +35929807755, ninov@ntodit.com

The company's capital amounts to 2 000 000 /two million/ leva, subscribed and fully paid. It consists of 2 000 000 (two million) ordinary registered dematerialized shares with a nominal value of BGN 1.00 (one lev) per share. Each share gives the right to vote, to dividends and liquidation share. The Statutes of the Company has not provided the issuance of shares with special rights and privileges.

The shares of Exalco-Bulgaria AD are not traded on the open market of the Bulgarian Stock Exchange - Sofia AD. The Company has not been the subject of a tender offer under Art. 149 of POSA. Transformation of the company has not been carried out.

Development of activities

In 2018, the Company has received income 326 thousand Levs(338 thousand Levs in 2017) . In 2018 have sold to own flats. In 2018 a decision was made for the sale of part of the building in Sofia, Botevgradsko shosse Blvd. 348. The building is divided into 11 sites, each of which is drawn sketch. By the end of 2018, 6 sites had been sold. In order to Exalco-Bulgaria AD 5 remain subject. Four of them continue to be rented. One is a GRT infrastructure and is not leased. Due to the sale of part of the property, four of the lease agreements were terminated in December.

During the reporting period paid no dividends, interest or other income related to the issue of securities. The loss of the Company for the fiscal 2018 amounted to 44 (15 thousand Levs profit in 2017) thousand Levs .

With effect from 01.01.2007, the company prepares its annual financial statements based on the applicable International Financial Reporting Standards adopted by the EU.

As of 31.12.2018 the company has 397 566 leva in cash (2017.: 34 768 leva) For 2018.

Future development of the company

In 2018 work will continue on rent.

The explanatory notes to the financial statement of pages 8 to 43 are an inseparable part of it.

Events between 01/01/2019 to reporting date

no

Risk Management Policies

Key activities carried out, the Company is exposed to various financial risks: market risk (including currency risk, from changes in the fair value of financial instruments under the influence of market interest rates and price risk), credit risk, liquidity risk and the risk of change in the future cash flows resulting from changes in the market interest rates. The program of the Company for complete risk management focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the financial results of the Company.

The company does not use derivative financial instruments to hedge certain risk exposures.

Currency risk

Foreign transactions of the company, originally denominated in euros, do not expose the company to currency risk because the euro is fixed to the Bulgarian Lev as a result of the currency board introduced.

Price risk

The Company is exposed to the risk of a fall in the prices of rented property.

Credit risk

The Company has no significant concentration of credit risk.

Liquidity risk

The careful liquidity risk management implies the maintaining of sufficient cash as well as options for additional funding with credits and closing of market positions.

Interest rate risk

The Company is not subject to interest rate risk as it has no credits.

The policies and procedures applied by the management for financial risk management are described in more detail in Note 27 to the financial statement.

Chief Accountant:

/Petar Petkov/

Executive Director:

/ Aristovoulos Tzelepis./

04.02.2019

Financial condition report in December 31, 2018

	Explanation	2018 '000 leva	2017 '000 leva
Assets			
Non-current assets			
Property, machines, facilities and equipment	4.8	368	429
Intangible assets	7	0	0
Investment Property	8	6 055	9 562
Deferred tax assets	9	0	0
Non-current assets		6 423	9 991
Current assets			
Trade receivables	10	3	8
Receivables from related parties	24.2	630	45
Tax receivables	11	0	0
Other receivables	12	5	6
Cash and cash equivalents	13	398	35
Current assets		1 036	94
		7 459	10 085

Compiled by: _____
/Petar Petkov/
Date: 04.02.2019

Executive Director: _____
/ Aristovoulos Tzelepis./

Approved according to auditor report:

Financial condition report in December 31, 2018 (continued)

	Explanation	2018 '000 ΔB	2017 '000 ΔB
Equity			
Share capital	15.1	2 000	2 000
		-1 529	-1 485
Retained profit / (accumulated loss)			
Total equity		471	515
Liabilities			
Non-current liabilities			
Deferred tax liabilities	9	116	198
Non-current liabilities		116	198
Current liabilities			
Trade payables	16	12	9
	24.1	6 237	9 332
Accounts payable to related parties			
Tax liabilities	17	622	20
Obligations to employees and insurers	18	1	1
Other liabilities	19	0	10
Current liabilities		6 872	9 372
		6 988	9 570
Total liabilities		7 459	10 085

Compiled by: _____
 /Petar Petkov/

Date: 04.02.2019

Executive Director: _____
 / Aristovoulos Tzelepis /

Approved according to auditor report:

Statement of total income for 2018 (presented in a single report)

	Explanation	2018 ‘000 ΛΒ.	2017 ‘000 ΛΒ.
Income	20	3 940	548
Gross profit		3 940	548
Expenses on sales	21.1	-4 063	-513
Profit from operations		-123	35
Financial expenses		-3	-2
Financial income		0	0
Profit for the year before tax on continuing activities		-126	33
Tax expense	22	82	-18
Profit for the year from continuing operations		-44	15
Profit for the year from discontinued operations	14	0	0
Profit / (Loss) for the year		-44	15
Total comprehensive income for the period		-44	15
Income / (Loss) per share:	23	ΛΒ.	ΛΒ.
Profit from continuing operations	-	0.011	0.004
Loss from discontinued operations		-	-
Total		- 0.011	0.004

Compiled by: _____
 /Petar Petkov/

Executive Director: _____
 / Aristovoulos Tzelepis /

Date: 04.02.2019

Approved according to auditor report:

Statement of changes in equity for 2018

All amounts are in '000 leva	Share capital	Revaluation reserve	Profit loss / (accumulated loss)	Total equity
Balance as of January 1, 2018	2 000	-	-1 485	515
Reduction of capital	0		0	0
Profit for the year		-	-44	-44
Total comprehensive income for the year	-	-	-44	-44
Balance as of December 31, 2018	2 000	-	-1 529	471

All amounts are in '000 leva	Share capital	Revaluation reserve	Profit loss / (accumulated loss)	Total equity
Balance as of January 1, 2017	2 000	-	(1 500)	500
Reduction of capital	-		-	-
Loss for the year		-	15	15
Total comprehensive income for the year	-	-	15	15
Balance as of December 31, 2017	2 000	-	(1 485)	515

Compiled by: _____
/Petar Petkov/

Date: 04.02.2019

Executive Director: _____
/ Aristovoulos Tzelepis /

Approved according to auditor report:

Statement of Cash Flows for 2018

Explanation	2018 '000 ΔB	2017 '000 ΔB
Operating activities		
Cash receipts from customers	4 142	635
Payments to suppliers	-3 776	-662
Net cash flow from operating activities	<u>366</u>	<u>-27</u>
Financial Activities		
Other payments for financing activities	-3	-1
Net cash flow from financial activities	<u>-3</u>	<u>-1</u>
Net change in cash and cash equivalents from continuing operations		
	363	-28
Net cash flows from discontinued operations	16 0	0
Net change in cash and cash equivalents		
	363	-28
Cash and cash equivalents at the beginning of the year	35	64
Loss from foreign currency revaluation of cash	0	0
Cash and cash equivalents at the end of the year	13 398	35

Compiled by: _____
 /Petar Petkov/

Executive Director: _____
 / Aristovoulos Tzelepis /

Date: 04.02.2019

Approved according to auditor report:
