

Translation from Bulgarian

REPORTED PERIOD

2018

CONSOLIDATED ANNUAL FINANCIAL STATEMENT

CONSOLIDATED ANNUAL REPORT ON BUSINESS ACTIVITIES

AUDITOR'S REPORT



TABLE OF CONTENTS

| | |
|-----------------------------------------------------------------|----------|
| STATEMENT OF FINANCIAL POSITION <i>as of 31.12.2018</i> | Page 3 |
| STATEMENT OF COMPREHENSIVE INCOME <i>AS OF 31.12.2018</i> | Page 5 |
| STATEMENT OF CHANGES IN EQUITY <i>AS OF 31.12.2018</i> | Page 6 |
| STATEMENT OF CASH FLOWS <i>AS OF 31.12.2018</i> | Page 7 |
| EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS | Page 8 |
| ANNUAL REPORT ON BUSINESS ACTIVITIES..... | Page 63 |
| DECLARATION ON CORPORATE GOVERNANCE | Page 110 |
| AUDIT REPORT | Page 126 |



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ALLTERCO JSCo
UIC 201047670

Unless otherwise stated, all amounts are in BGN thousand

| ASSETS | Notes | December 31, 2018 | December 31, 2017 |
|---------------------------------------------------------------------------------------------------------------------------------------|-------|----------------------|----------------------|
| Non-current assets | | | |
| Property, plant and equipment | 3.01 | 4 634 | 4 476 |
| Intangible assets | 3.02 | 3 597 | 3 516 |
| Goodwill | 3.03 | 15 581 | 15 581 |
| Deferred tax assets | 3.04 | 21 | 21 |
| Total non-current assets | | 23 833 | 23 594 |
| Current assets | | | |
| Inventory | 3.05 | 964 | 860 |
| Trade receivables | 3.06 | 7 652 | 11 619 |
| Other receivables | 3.07 | 430 | 414 |
| Cash and cash equivalents | 3.08 | 543 | 3 060 |
| Prepaid expenses | 3.09 | 17 | 97 |
| Total current assets | | 9 606 | 16 050 |
| <i>Non-current assets classified as held for sale and assets included in disposal groups, classified as held for sale</i> | 2.9 | 8 858 | - |
| TOTAL ASSETS | | 42 297 | 39 644 |

Date: April 30, 2019

Preparer of the financial statements: (Sgd. illegible)

/ Albena Benkova Beneva/

Executive Director: (Sgd. illegible)

/ Dimitar Stoyanov Dimitrov/

Round stamp of Allterco JSCo, Sofia

Auditor (Sgd. illegible)

Primorska Audit Company OOD

Oval seal of Audit company Primorska Audit Company OOD, Varna, Reg. No. 086

These consolidated financial statements have been approved by the Board of Directors of Allterco JSCo.

The consolidated statement of financial position should be read in conjunction with the explanatory notes set out on pages 8 to 62, which form an integral part of the financial statements attached.

Unless otherwise stated, all amounts are in BGN thousand

| LIABILITIES | Notes | December 31, 2018 | December 31, 2017 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------------|----------------------|
| <i>Non-current liabilities</i> | | | |
| Bank loans | 3.10 | 2 926 | 3 188 |
| Finance lease | 3.11 | 117 | 179 |
| Other payables | 3.15 | - | 229 |
| Total non-current liabilities | | 3 043 | 3 596 |
| <i>Current liabilities</i> | | | |
| Current share of bank loans | 3.10 | 1 206 | 761 |
| Current share of finance lease | 3.11 | 61 | 64 |
| Trade payables | 3.12 | 2 131 | 7 515 |
| Payables to personnel | 3.13 | 134 | 191 |
| Social-security liabilities | | 60 | 119 |
| Tax liabilities | 3.14 | 348 | 419 |
| Other payables | 3.15 | 778 | 726 |
| Prepaid income | | 3 | 6 |
| Total current liabilities | | 4 721 | 9 801 |
| <i>Liabilities related to non-current assets classified as held for sale and assets included in disposal groups, classified as held for sale</i> | | 5 609 | - |
| Total liabilities | | 13 373 | 13 397 |
| EQUITY | | | |
| Registered capital | 3.16 | 15 000 | 15 000 |
| Retained earnings | 3.17 | 12 227 | 9 576 |
| Reserves | | 184 | 184 |
| Share premium reserve | | 1 343 | 1 343 |
| Foreign exchange rate differences from translation of financial statements of foreign operations | | 121 | 50 |
| Equity attributable to the owners of the parent-company's equity | | 28 875 | 26 153 |
| Minority interest | | 49 | 94 |
| Total equity | | 28 924 | 26 247 |
| TOTAL EQUITY AND LIABILITIES | | 42 297 | 39 644 |

Date: April 30, 2019

Preparer of the financial statements: (Sgd. illegible)
/ Albena Benkova Beneva/

Executive Director: (Sgd. illegible)
/ Dimitar Stoyanov Dimitrov/

Round stamp of Allterco JSCo, Sofia

Auditor (Sgd. illegible)

Primorska Audit Company OOD

Oval seal of Audit company Primorska Audit Company OOD, Varna, Reg. No. 086

These consolidated financial statements have been approved by the Board of Directors of Allterco JSCo.

The consolidated statement of financial position should be read in conjunction with the explanatory notes set out on pages 8 to 62, which form an integral part of the financial statements attached.



CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME
FOR THE PERIOD FROM January 01, 2018- December 31, 2018

ALLTERCO JSCo
UIC 201047670

Unless otherwise stated, all amounts are in BGN thousand

| | Notes | 2018 | 2017 |
|----------------------------------------------------------------------------------------|-------|---------------|---------------|
| Sales revenue | 4.01 | 44 880 | 39 186 |
| Cost of sales | 4.01 | (32 130) | (27 711) |
| Gross profit | | 12 750 | 11 475 |
| Other operating income | 4.02 | 391 | 629 |
| Sales expenses | | (322) | (593) |
| Administrative expenses | 4.03 | (9 313) | (8 172) |
| Other operating expenses | 4.04 | (142) | (74) |
| Profit from operating activities | | 3 364 | 3 265 |
| Financial expenses | 4.05 | (285) | (208) |
| Profit from ordinary activities | | 3 079 | 3 057 |
| Profit before tax | | 3 079 | 3 057 |
| Tax expenses | | (473) | (343) |
| Profit for the period from continuing operations | | 2 093 | 2 714 |
| Profit for the period from discontinued operations | 2.9 | 513 | - |
| Net profit | | 2 606 | 2 714 |
| Other comprehensive income: | | | |
| Items that can be reclassified to the profit or loss | | | |
| Foreign exchange rate differences from translation of statements of foreign operations | | 71 | (165) |
| Profitable purchase in business combination | | | 24 |
| Other comprehensive income for the period, after taxation | | 71 | (141) |
| Total comprehensive income for the period | | 2 677 | 2 573 |
| Net profit attributable to: | | | |
| Owners of the Parent-company | | 2 648 | 2 685 |
| Non-controlling participation | | (42) | 29 |
| Other comprehensive income attributable to: | | | |
| Owners of the Parent-company | | 71 | (165) |
| Non-controlling participation | | - | - |
| Total comprehensive income attributable to: | | | |
| Owners of the Parent-company | | 2 719 | 2 520 |
| Non-controlling participation | | (42) | 29 |
| Net income per share (based on net profit) | | 0.174 | 0.181 |

Date: April 30, 2019

Preparer of the financial statements: (Sgd. illegible)
illegible)

/ Albena Benkova Beneva/

Executive Director: (Sgd.

/ Dimitar Stoyanov Dimitrov/

Round stamp of Allterco JSCo, Sofia

Auditor (Sgd. illegible)

Primorska Audit Company OOD

Oval seal of Audit company Primorska Audit Company OOD, Varna, Reg. No. 086

These consolidated financial statements have been approved by the Board of Directors of Allterco JSCo.

The consolidated statement of comprehensive income should be read in conjunction with the explanatory notes set out on pages 8 to 62, which form an integral part of the financial statements attached.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON 31 DECEMBER

ALLTERCO JSCo
UIC 201047670

Unless otherwise stated, all amounts are in BGN thousand

| | Registered capital | Retained earnings | Share premium reserve | Reserve s | Foreign exchange rate differences from translation of financial statements of foreign operations | Total | Minority interest | Total equity |
|-----------------------------------------|--------------------|-------------------|-----------------------|-----------|--------------------------------------------------------------------------------------------------|--------|-------------------|--------------|
| Balance at January 01, 2017 | 15 000 | 6 856 | 1 343 | 215 | 216 | 23 630 | 69 | 23 699 |
| Coverage of a losses | - | 31 | - | (31) | - | - | - | - |
| Change in non-controlling participation | - | 4 | - | - | (1) | 3 | (4) | (1) |
| Net profit | - | 2 685 | - | - | - | 2 685 | 29 | 2 714 |
| Other comprehensive income | - | - | - | - | (165) | (165) | - | (165) |
| Balance at December 31, 2017 | 15 000 | 9 576 | 1 343 | 184 | 50 | 26 153 | 94 | 26 247 |
| Balance at January 01, 2018 | 15 000 | 9 576 | 1 343 | 184 | 50 | 26 153 | 94 | 26 247 |
| Change in non-controlling participation | - | 3 | - | - | - | 3 | (3) | - |
| Net profit | - | 2 648 | - | - | - | 2 648 | (42) | 2 606 |
| Other comprehensive income | - | - | - | - | 71 | 71 | - | 71 |
| Balance at December 31, 2018 | 15 000 | 12 227 | 1 343 | 184 | 121 | 28 875 | 49 | 28 924 |

Date: April 30, 2019

Preparer of the financial statements: (Sgd. illegible)
illegible)

/ Albena Benkova Beneva/

Executive Director: (Sgd.

/ Dimitar Stoyanov Dimitrov/

Round stamp of Allterco JSCo, Sofia

Auditor (Sgd. illegible)

Primorska Audit Company OOD

Oval seal of Audit company Primorska Audit Company OOD, Varna, Reg. No. 086

These consolidated financial statements have been approved by the Board of Directors of Allterco JSCo.

The consolidated statement of changes in equity should be read in conjunction with the explanatory notes set out on pages 8 to 62, which form an integral part of the financial statements attached.



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 01, 2018 – December 31, 2018

ALLTERCO AD
UIC 201047670

Unless otherwise stated, all amounts are in BGN thousand

| <u>Notes</u> | <u>2018</u> | <u>2017</u> |
|----------------------------------------------------------------------------------------------------------|----------------|----------------|
| <u>Net cash flow from operating activity</u> | | |
| Proceeds from customers | 42 593 | 39 229 |
| Payments to suppliers | (32 907) | (28 885) |
| Payments/recovered taxes | (2 178) | (2 167) |
| Paid corporate tax | (248) | (364) |
| Payments to staff and social security institutions | (6 201) | (6 078) |
| Cash flows related to interest, bank charges, commissions and other similar, net | (1) | (19) |
| Cash flows from positive and negative foreign exchange differences | (54) | (9) |
| Interest payments on deposits | | |
| Other proceeds/payments, net | (412) | (379) |
| <i>Net cash flows from operating activities</i> | 592 | 1 328 |
| <u>Cash flow from investment activities</u> | | |
| Cash flows related to non-current tangible and intangible assets | (1 988) | (4 486) |
| Cash flows related to loans granted | (143) | 100 |
| Purchase of investments | (162) | (514) |
| Cash flows from positive and negative foreign exchange differences | - | (7) |
| Interest received | - | 3 |
| Other proceeds/payments, net | (36) | (116) |
| <i>Net cash flows from investment activities</i> | (2 329) | (5 020) |
| <u>Cash flow from financing activities</u> | | |
| Proceeds from the issuance of share capital | - | 40 |
| Finance lease payments | (40) | (81) |
| Proceeds from loans received | 1 606 | 3 840 |
| Repayment of loans | (1 041) | (524) |
| Cash flows related to interest, commissions, dividends and other | (135) | (112) |
| Other proceeds/payments, net | 935 | (17) |
| <i>Net cash flow from financing activities</i> | 1 325 | 3 146 |
| <i>Net increase in available cash and cash equivalents for the period 1 January - 31 December</i> | (412) | (546) |
| Available cash and cash equivalents in the beginning of the year | 3 060 | 3 606 |
| <i>Available cash and cash equivalents at the end of the year</i> | 2 648 | 3 060 |
| <i>Cash related to assets held for sale</i> | (2 105) | - |
| <i>Available cash and cash equivalents at the end of the year</i> | 543 | 3 060 |

Date: April 30, 2019

Preparer of the financial statements: (Sgd. illegible)
/ Albena Benkova Beneva/

Executive Director: (Sgd. illegible)
/ Dimitar Stoyanov Dimitrov/
Round stamp of Allterco JSCo, Sofia

Auditor (Sgd. illegible)

Primorska Audit Company OOD

Oval seal of Audit company Primorska Audit Company OOD, Varna, Reg. No. 086

These consolidated financial statements have been approved by the Board of Directors of Allterco JSCo.

The consolidated statement of cash flows should be read in conjunction with the explanatory notes set out on pages 8 to 62, which form an integral part of the financial statements attached.



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 01, 2018 – December 31, 2018

ALLTERCO AD
UIC 201047670

Unless otherwise stated, all amounts are in BGN thousand

I, the undersigned Djeylian Ahmed Mancheva certify herewith the fidelity of the translation performed from Bulgarian into English of the attached document (Consolidated annual financial statement). The translation consists of 8 (eight) pages.

Sworn translator: See official translation 

Djeylian Ahmed Mancheva