

ANNUAL FINANCIAL STATEMENT
FOR THE YEAR 2014
OF
SARANTIS BULGARIA LTD.

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ANNUAL REPORT OF BULGARIA Ltd Sarantis.

For the Year ended 31.12.2014

This report of the Sarantis Bulgaria Ltd covers the period from 01.01.2014 to 31.12.2014 and is in accordance with Art. 33 of the Act of Accounting and Art. 247 of the Commercial Code.

1. Company Info:

"Sarantis Bulgaria" Ltd. is a single limited liability company registered in the Commercial Register of the City Court in a judgment of 05.07.1994 years in act 13376 / in Volume 223, p.92, lot 17912.

The owner of the company is legal entity "GR. SARANTIS CYPRUS" LIMITED - CYPRUS.

Headquarters and registered office of the company is Sofia, Botevgradsko shose 247, 4th floor.

The main activity of the company includes: sales and distribution activities of perfume and cosmetics products, with household goods and such for face care, body and personal hygiene products.

2. Financial condition.

2.1 Summarized financial information of the annual financial statements as of 31/12/2014

● Income from sales	23 756 thousand leva;
● Gross profit before taxation	3 288 thousand leva;
● Net profit for the period	2 960 thousand leva;
● Sum of Assets	11 896 thousand leva;
● Share capital	4 756 thousand leva.

The Total as of 31.12.2014 of the Non-current assets of the company are 770 thousand leva, including equipment, vehicles and other tangible assets, and intangible assets of 717 thousand leva, and deferred tax assets in the amount of 53 thousand leva. The Company does not own any real property and buildings and primarily uses buildings and warehouse spaces on rent.

2.2. Financial instruments and financial risk exposures:

In the reporting 2014 Sarantis Bulgaria Ltd has not used for its business banking and bond loans, also has not received external subsidies and funding for their projects and does not hold in possession securities.

Sarantis Bulgaria Ltd mainly distributes its goods in the internal market and generates revenue in leva. Suppliers of the company are mainly from countries of the European Union, generating liabilities in euro. Another Part is from Switzerland and China and it generates obligations in Swiss francs United States dollars. Concerning the obligations in euro, the currency risk is minimal because the Lev is attached to the Euro, and the risk from obligations in Swiss francs and United States dollars - the exchange rate differences are negligible.

Cash flows generated wounds in 2014 were enough in volume not only to finance current operations, but also for the payment of dividends.

The credit risk of the company in 2014 comes mainly from receivables from customers, where the exposure to this risk is due to the individual characteristics of each customer. This exposure depends mostly on the condition of intercompany indebtedness on the domestic market, which the company operates.

The Company has no pending lawsuits, brought claims for opening and insolvency proceedings and judgments, therefore requests for winding up and Liquidation announcement. There are no pending administrative or arbitration proceedings and decisions in the event of a merger, acquisition or restructuring.

3. Managing the equity:

3.1. Amount of Registered capital and changes:

In the reporting 2014 there was no change in the amount of registered capital.

3.2. Structure of the company (branch offices, subsidiaries), related parties:

The Company has no direct or indirect interest in another company.

During 2014 the company operates through offices and warehouse sites in Sofia, Varna, Plovdiv and Pleven.

In 2014 carrying loans to related parties were not been assigned.

3.3. Policy of the company:

Maintaining a strong capital base is the main policy of the company for to be able to provide for the development of the company in the future.

For the reporting 2014 the company is not subject to specific capital requirements imposed by contract or regulatory framework.

4. Important events after the date of the financial statements:

After the date of the annual report and financial statements of the company there were no significant events that should be disclosed.

5. Forecast for the future development of the company:

Sarantis Bulgaria Ltd is planning development of its existing activities, despite the negative economic situation in the country. The company expects a slow recovery in the sector of fast moving consumer goods in which it will continue to operate within the next year.

6. Actions on Research & Development activities:

During the year the company has not carried out research and development activities.

7. Liability of the Management:

Under the Bulgarian law the management has to prepare a report on the activities and financial statements for each financial year which has to give a true and fair view of the financial position of the company at the end of the year, its financial performance and cash flows in accordance with applicable accounting framework. The company is applying for the Purpose of reporting the International Financial Reporting Standards (IFRS), applicable in the European Union.

Management confirms that it has acted in accordance with their responsibility and the financial statements for 2014 have been prepared in accordance with International Financial Reporting Standards adopted by the European Union.

The management also confirms that in the preparation of this report have been presented a true and fair development and results of the company for the past period and its state and the main facing risks.

Sofia
27.01.2015

General Manager:


/ Deana Stefanova /

STATEMENT OF FINANCIAL POSITION OF SARANTIS BULGARIA LTD. AS AT DECEMBER 31, 2014

	31/12/2014	31/12/2013
	('000 BGN)	('000 BGN)
ASSETS		
NON-CURRENT ASSETS		
Equipment, transportation means and other assets	97	96
Intangible assets	620	
Assets under construction		459
Deferred tax assets	53	47
TOTAL NON-CURRENT ASSETS	770	602
CURRENT ASSETS		
Inventories	2 844	2 105
Trade and other receivables	7 783	6 324
Cash	499	522
TOTAL CURRENT ASSETS	11 126	8 951
TOTAL ASSETS	11 896	9 553
EQUITY		
Authorised capital	4 756	4 756
Reserves	1	1
Profit carried forward	2 960	2 506
TOTAL EQUITY	7 717	7 263
LIABILITIES		
SHORT-TERM LIABILITIES		
Trade and other liabilities	3 707	1 865
Net current tax liabilities	352	307
Provisions	120	118
TOTAL SHORT-TERM LIABILITIES	4 179	2 290
TOTAL EQUITY AND LIABILITIES	11 896	9 553

Prepared by:

(Diana Dishkova)



General Manager:

(Deana Stefanova)

Date: 27/01/2015

13/2/2015



The Statement of financial position should be read in conjunction with the notes to and forming part of the Annual financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
OF SARANTIS BULGARIA LTD. FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014**

	2014	2013
	('000 BGN)	('000 BGN)
Revenue	23 756	21 587
Cost of sales	(11 629)	(10 172)
Work performed by the entity and capitalised	123	154
Expenses for materials	(825)	(1 172)
Expenses for external services	(6 155)	(5 517)
Expenses for personnel	(2 154)	(2 145)
Depreciation/amortisation expenses	(57)	(36)
Other operating income	496	535
Other operating expenses	(257)	(499)
Operating profit	3 298	2 735
Net financial income/expenses	(10)	58
Profit before taxes	3 288	2 793
Income tax expense	(328)	(287)
Profit for the year after tax	<u>2 960</u>	<u>2 506</u>
Total comprehensive income for the year	2 960	2 506

Prepared by:

(Diana Dishkova)



General Manager:

(Deana Stefanova)

Date: 27/01/2015

13/21 2015



The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to and forming part of the Annual financial statements.

**STATEMENT OF CHANGES IN EQUITY OF SARANTIS BULGARIA LTD.
AS AT DECEMBER 31, 2014**

All amounts are in thousand levs

	Main capital	Other reserves	Retained profit	Total equity
Balance at 01.01.2013	4 756	1	1 710	6 467
Changes in equity for 2013:				
Net profit for the period			2 506	2 506
Dividend			(1 710)	(1 710)
Balance at 31.12.2013	4 756	1	2 506	7 263
Balance at 01.01.2014				
	4 756	1	2 506	7 263
Changes in equity for 2014:				
Net profit for the period			2 960	2 960
Dividend			(2 506)	(2 506)
Balance 31.12.2014	4 756	1	2 960	7 717

Prepared by:

(Diana Dishkova)

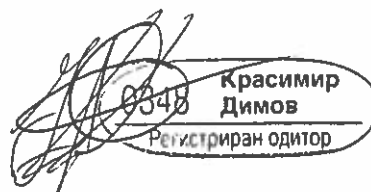


General Manager:

(Deana Stefanova)

Date: 27/01/2015

13/2/2015



The Statement of changes of equity should be read in conjunction with the notes to and forming part of the Annual financial statements

**CASH FLOWS REPORT OF SARANTIS BULGARIA LTD.
FOR THE PERIOD ENDED ON 31/12/2014**

	2014 (‘000 BGN)	2013 (‘000 BGN)
Cash flows from operating activities		
Cash receipts from customers	23 572	23 850
Cash paid to suppliers	(17 546)	(14 497)
Cash paid to employees and social security institutions	(1 907)	(1 752)
Paid taxes (except income taxes)	(3 119)	(2 902)
Income taxes paid	(336)	(189)
Interest paid	(31)	(14)
Other payments from operating activities	(2)	
Net cash from operating activities	631	4 496
Cash flows from investment activities		
Proceeds from sale of equipment	40	23
Purchase of property, plant and equipment	(211)	(405)
Interest received	16	76
Net cash from investing activities	(155)	(306)
Cash flows from financing activities		
Dividends paid	(499)	(1 710)
Principal payments for reduction of registered capital		(4 303)
Net cash from financing activities	(499)	(6 013)
Net change in cash	(23)	(1 823)
Cash at beginning of period	522	2 345
Cash at end of period	499	522

Prepared by:

(Diana Dishkova)



General Manager:

(Deana Stefanova)

Date: 27/01/2015

13/2/2015

0348 Красимир
Димов
Регистриран одитор

The cash flow statement should be read in conjunction with the notes to and forming part of the Annual financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Attention of sole owner of

SARANTIS BULGARIA Ltd.

Report on the Financial Statement

We have audited the accompanying financial statement of SARANTIS BULGARIA Ltd. , which comprise the statement of financial position as at December 31, 2014, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements presents fairly, in all material respects the financial position of SARANTIS BULGARIA Ltd. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We confirm that the information presented in the Annual Report of Activities prepared by the Management matches the data contained in the financial statements and is in compliance with the Commercial Law and the Accounting Law of the Republic of Bulgaria.

Auditor's signature:

Krasimir Dimov 0348 Красимир Димов
Регистриран одитор

Date of the auditor's report: February 13, 2015

Auditor's address: Sofia Bulgaria 1729; Ap 16 En 3 Bl 550 Mladost 1 A

1. Explanatory note to the financial statements:

1.1. Legal Status

"Sarantis Bulgaria" Ltd. is a Joint Limited Liability company, entered in the Commercial Register of the City Court in a Judgment of 5.7.1994 on fd13376 / in Volume 223, p.92, lot 17912. The owner of the company is a legal entity "GR. SARANTIS CYPRUS' LIMITED - Cyprus. Headquarters and Registered Office of the company is Sofia, Botevgradsko shose 247, 4th floor.

1.2. Scope of activity

The main activity of the company includes: sales and distribution activities of perfume and cosmetics products, household goods and such to face care, body and personal care products.

There was no change to the core activity of the company over the previous fiscal year.

2. Basis of preparation of the financial statements:

2.1. Accordance

The present individual financial statement have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) , as well as interpretations on them, issued by the Committee for interpretations on International Financial Reporting Interpretations Committee (IFRIC) of the IASB adopted by the European Commission.

2.2. Basis of preparation

The financial statement has been prepared based on a going concern basis, assuming that the company will continue to operate for the foreseeable future.

The financial statement has been prepared in accordance with the historical cost convention.

The methods used for disclosing fair values are discussed in detail in the notes.

2.3. Approval

Financial statements prepared for the year ended 31 December 2014, was approved by Management of the company on 27.01.2015.

2.4. Period

The present financial statement covers the period from 1 January 2014 to 31 December 2014.

2.5. Functional currency and presentation currency

The Financial statements are Presented in Bulgarian leva, which is the functional currency of the Company. The financial information contained in the Annual financial statements is presented in thousand leva.

2.6. Estimates and Assumptions by the Management

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. Although the accounting estimates and assumptions are based on a information available to management as of the date of preparation of the financial statements, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed regularly. Changes to accounting estimates are recognized in the period of change, or in the period of change and future periods, when they are affected by them.

The management of the company has complied with all standards and clarifications that are applicable to its operations and are officially adopted for use by the European Union on the date of preparation of these financial statements.

3. Significant accounting policies:

Significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Transactions in foreign currencies

The operations of foreign currencies are translated into the functional currency at the official exchange rate applicable at the date of the transaction. Gains and losses from exchange rate differences resulting from the settlement of transactions and such from the translation of monetary items in foreign currencies at the end of the period are recognized in the Statement of profit or loss and other comprehensive income.

3.2 Property, plant and equipment

Property, plant and equipment are valued at its initial acquisition cost. The cost includes the purchase price, including import duties and non-refundable taxes and purchase, as well as any directly attributable costs of the asset to bringing working condition about its intended for use.

When plant and equipment comprises of major components having different useful lives, they are depreciated with different depreciation rate.

Subsequent expenditure relating to specific fixed asset is capitalized in the asset only when they respond to the criteria for acknowledgement, as pointed at IAS 16. All other subsequent expenditure is as an expense recognized in the period in which are they incurred.

Depreciation of tangible assets durability is calculated in the Statement of profit or loss and other comprehensive income, using the straight-line method over the expected useful lives of assets as follows:

- machinery and equipment up to 5 years;
- Computers 2-4 years;
- Furniture 6,7 years;
- Other Buildings and equipment up to 25 years.

The company implements a policy of capitalization of assets in the event that their cost is equal to or exceeds the materiality level of 700 leva.

The company accepts that the remaining value of an asset as of properties, plants and equipments are insignificant if the remaining value is up to 10% from the initial value of acquiring.

3.3 Intangible Assets

For intangible assets acquired by the company only expenses are capitalized, which respond to the criteria intangible asset and for acknowledgement, as pointed at IAS 38. From the Licenses for Windows operation system are expected not to increase substantially the future economic benefits of investments and therefore not capitalized. On the applicable accounting criteria these expenses are recognized as incurred.

The company defines as separate comprehensive asset the intangible asset in construction which is ERP system SAP and connected peripheral systems, which are acknowledged in the Statement of finance position.

Subsequent expenditure relating to specific intangible asset is capitalized in the asset only when they respond to the criteria for acknowledgement, as pointed at IAS 38. All other subsequent expenditure is as an expense recognized in the period in which are they incurred.

Depreciation of intangible assets is calculated in the Statement of profit or loss and other comprehensive income, using the straight-line method over the expected useful lives of assets.

The company implements a policy of capitalization of assets in the event that their cost is equal to or exceeds the materiality level of 700 leva.

The company accepts that the remaining value of an intangible asset is insignificant if the remaining value is up to 10% from the initial value of acquiring.

3.4 Leased Assets

Leasing contracts under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon the initial recognition leased asset are reported on the lower among the fair value and the present value of the minimum lease payments. After initial recognition, the asset is depreciated according to the applicable accounting policy for that asset.

All other leases are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the period of the lease contract. Subsequent costs associated with maintenance and insurance of the leased assets, are reflected in the comprehensive income statement when they origin.

3.5 Inventories

Tangible commodity inventories are stated at the lower among cost and net realizable value and include expenditure incurred in acquiring, processing and other direct costs, associated with delivery to their present location and condition.

At the end of each reporting period, inventories are valued at lower of the cost and net realizable value. The amount of the devaluation of the inventories to their net realizable value as an expense is recognized in the period of devaluation.

Net realizable value represents the estimated selling price for inventories less estimated costs for selling. If inventories have already been written down to net realizable value in a subsequent period and if it appears that conditions leading to its devaluation are no longer present, it is a new net realizable value that is adopted. Amount of the refund may be only to the extent of the balance amount before inventories depreciation.

Inventories at their consumption are written out using the average - weighted value.

On sale of inventories, their balance amount is recognized as an expense in the period in which the related revenue is recognized.

3.6 Financial Assets

Financial assets other than hedging tools include the following categories of financial instruments:

- * Loans and receivables;
- * Financial assets at fair value through profit or loss;

Financial assets are divided into different categories depending on the purpose for which they were acquired. The category of a Financial Instrument determines his method of evaluation.

Upon initial recognition, financial assets are measured at fair are value. Transaction costs that can be directly attributable to the issue or acquisition of financial assets relate to the value of financial assets, except for financial assets reported at fair value through profit or loss.

Writing-off of financial instruments occurs after evaluation by the company for any specific circumstances, including the loss of control over the contractual rights that comprise the financial asset or has transferred a significant portion of the risks and rewards of ownership. Devaluation testing is performed at each date of the statement of financial position in order to determine whether there is objective evidence of devaluation of a financial asset.

Loans and receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Trade and other receivables fall into this category of financial instruments. Receivables subsequently are measured at amortized cost where any change in value is recognized in the Statement of profit or loss and other comprehensive income. Receivables are tested for devaluation separately, when they are overdue or when there is objective evidence that the counterparty will not fulfill its obligations. Rate of the depreciation is based on historical data on outstanding obligations of specific contractors or contractors of any similar group identified.

3.7 Cash and Cash equivalents

Cash and cash equivalents consist of cash amounts in cash safes, bank balances and bank deposits, and letters of credit.

3.8 Amounts owed to employees

The company considers short-term compensated absences liabilities arising on the basis of unused annual leave in cases when they are expected to occur within one year after the date of the reporting period in which the employees performed the work, associated with these holidays. Short term dues to the personnel include payables for wages and social security. The company has not developed and has not implemented plans for employee post-employment or other long-term liabilities.

Short-term employee benefits, including legal holidays are included in current liabilities to staff on undiscounted value, expected to be paid to employees in return for their labor for the period.

3.9 Financial liabilities

Financial liabilities of the company are mainly trade and other payables.

Financial liabilities are recognized when there is a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial instruments with another entity on potentially unfavorable terms.

Trade payables are recognized initially at their nominal value and are subsequently measured at amortized cost less settlement payments required.

Dividends paid to owners of the company are recognized when approved by the General assembly of the owner.

3.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probability present obligations resulting from past events to lead to an outflow of resources from the company and can be made reliable estimate of the amount of the obligation. Present obligation arises from the presence of a legal or constructive obligation as a result of past events, such as guarantees, litigation and onerous contracts.

The amount recognized as a provision is calculated based on the most reliable estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties, including those related to current debt. Provisions are discounted when the effect of the time value of money is significant. In cases where it cannot be made reliable estimate of the amount of the obligation, it is disclosed as a potential liability. The company does not recognize their contingent assets recognition since it may result in the recognition of income that may never be realized.

3.11 Income and Expenses

Revenues include revenue from the sale of goods, provision of services and other revenue.

Revenues are measured at the fair value of the consideration received or receivable payment or compensation, after deduction of any trade discounts and volume rebates.

On sale of goods, the revenue is recognized when the conditions are fulfilled on that, that the significant risks and rewards of the ownership are transferred to the buyer, it is not retained continuing involvement in the management of the goods, effective control over the amount of revenue can be reliably measured, it is likely that the economic benefit from the transaction will be obtained and the associated costs can be estimated reliably.

Revenue from rendering of services is recognized when the outcome of the transaction can be properly assessed. Completion of the stage is usually determined by analysis of the work.

The gain or loss on disposal of an asset is determined as the difference of the proceeds and the balance sheet value of the asset and is recognized in the Statement of profit or loss and other comprehensive income.

Current expenses are recognized in the Statement of profit or loss and other comprehensive income upon the criteria from IAS.

3.12 Financial expenses and income

Finance income includes interest income on funds invested in bank deposits and gains from foreign currency transactions. Interest income is accounted for on an accrual basis.

Financial expenses include commission fees and bank taxes, losses on transactions in foreign currency, interest expense on borrowings and finance lease. Expenses for bank taxes, commissions and interest are recorded on an accrual basis.

3.13 Duties on Income

Taxes that are recognized in the Profit and loss and other comprehensive income statement include the amount of deferred tax and current tax expense, which are not recognized directly in equity.

The current tax expense is calculated in accordance with the applicable tax rates and tax rules for income tax for taxation for the period to which they relate, based on transformed financial result for tax purposes.

Current income tax assets or liabilities comprise of those claims or liabilities to the budget which are relating to the current period and which are unpaid at the date of Statement of financial position.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases.

The amount of deferred tax assets and liabilities are calculated not discounted, using tax rates that are expected to be valid for the period of their realization and which are in force and are known at the date of Statement of financial position.

Deferred tax liabilities are recognized in their full size. Deferred tax assets are recognized only to the extent that they are likely to be offset taxable against future tax income. Deferred tax assets are reduced to the size of those for future benefits which is more likely to be realized.

Significant part of the changes in deferred tax assets or liabilities are recognized as tax expenses in the Statement of profit or loss and other comprehensive income. Changes in deferred tax assets or liabilities due to changes in the fair value of assets or liabilities that are recognized directly in equity are recognized directly in the equity.

4. Explanatory notes to the financial statements

The company applies approved by management accounting policies. Presented information in the financial statements is based on current accounting and ERP software through system "SAP".

4.1. Gross Income from sales in the Statement of profit or loss and other comprehensive income amounted to 23 756 thousand leva and includes:

❖ Revenue from Sale of Goods	23 703 Thousand levs;
❖ Revenue from advertising services	20 Thousand levs;
❖ Revenue from sale of fixed assets	33 Thousand levs.

4. 2. Other income:

In other business income total of 496 thousand levs for the year are reflected:

- ❖ Reintegration provision the amount of 118 thousand levs charged for annual unused leaves;
- ❖ Excess of commodity material goods amounting to 14 thousand levs;
- ❖ revenues from written off payables in the amount of 364 thousand levs.

4.3. Cost of goods sold:

Cost of goods sold and other assets in the Statement of profit or loss and other comprehensive income for 2014 is 11 629 thousand leva.

4. 4. Cost of materials:

Material costs for the year 2014 amount to 825 thousand levs and include:

❖ Fuels and lubricants	146 thousand levs;
❖ Vehicle Parts	10 thousand levs;
❖ Electricity and water	42 thousand levs;
❖ Stationery and supplies	57 thousand levs;
❖ Advertising materials	569 thousand levs;
❖ Other Materials	1 thousand levs.

4.5. Expenses for outside services:

Hired services 2014 years amounted to 6 155 Thousand levs and include:

❖ Rent	664 thousand levs;
❖ Transport and courier services	467 thousand levs;
❖ Software and hardware support	57 thousand levs;
❖ Miscellaneous fees	118 thousand levs;
❖ Advertising services	2 537 thousand levs;
❖ Repair and maintenance of vehicles	17 thousand levs;
❖ Insurance	21 thousand levs;
❖ Security	3 thousand levs;
❖ Telecommunication services and internet	48 thousand levs;
❖ Repair and maintenance of office and office equipment	9 thousand levs;
❖ Legal and consulting services	147 thousand levs;
❖ Annual Bonuses	1 996 thousand levs;
❖ Merchandising services and commissions	47 thousand levs;
❖ Other external services	24 thousand levs.

4.6. Expenses for the personnel:

The costs of short-term employee benefits in the total amount of 2 154 thousand levs include:

❖ Salaries	1 877 thousand levs;
❖ Social security	277 thousand levs.

The average number of employees in the company as on 31.12.2014 is 90 persons, allocated as follows:

❖ Managers	9;
❖ Specialists	19;
❖ Technicians and dedicated specialists	23;
❖ Support administration staff	25;
❖ Stuff, occupied with services for the people, trade and security	14.

4.7. Other Expenses:

These other expenses at the amount of 257 thousand levs include:

❖ Business trips	55 thousand levs;
❖ Hospitality expenses	28 thousand levs;
❖ Depreciation of current assets	147 thousand levs;
❖ Missing inventory and write-off of damaged goods (incl. VAT)	21 thousand levs;
❖ Other expenses	2 thousand levs;
❖ Local taxes and tax on expenses	4 thousand levs.

4.8. Net financial expenses:

The net financial expenses for the reporting year totaling at 10 thousand levs and include:

❖ In decrease:	
- Negative exchange differences	19 thousand levs;
- Bank fees and commissions	13 thousand levs.
❖ In increase:	
- Interest income	16 thousand levs;
- Positive exchange differences	6 thousand levs.

4. 9. Non current assets:

4. 9.1 Tangible fixed assets

All acquired and controlled by the company's tangible fixed assets are valued at cost and classified as depreciable, having in mind the limited duration of their practical use. Balance sheet value of fixed assets at 31.12.2014 is 97 thousand levs.

Fixed assets in thousand levs	Machinery, equipment and computers	Transport, with funds	Other fixed mater. Assets	Total
Cost				
Balance 01.01.2014	455	202	202	859
Additions	24		4	28
Disposals	222	153	5	380
Balance 31.12.2014	257	49	201	507
Amortization				
Balance 01.01.2014	412	202	149	763
Depreciation charge for the year	18		9	27
Depreciation of assets written off	222	153	5	380
Balance 31.12.2014	208	49	153	410
Book value				
01.01.2014	43	0	53	96
31.12.2014	49	0	48	97

The book value of all fully depreciated assets, which are still in use, is 342 thousands levs.

4.9.2. Intangible fixed assets:

The company has as of 31.12.2014 intangible assets at amount of 650 thousands leva. The accumulated depreciation of the intangible fixed assets at 31.12.2014 is 30 thousand levs, the balance sheet value of them is 620 thousand levs.

4.10. Deferred tax assets:

Deferred tax assets were formed at the rate of corporation tax of 10% and are formed by the following temporary differences:

- ❖ Difference between accounting and tax balance sheet value of non-current assets 62 thousand levs
- ❖ Expenses on provisions for unused compensated annual leaves and social security on them 120 thousand levs
- ❖ Expenses for devaluation of receivables 345 thousand levs.

4.11. Inventories:

In this group the goods presented at net realizable value are reported.

Net realizable value of inventories at 31.12.2014 amounted to 2 844 thousand levs.

The company has no inventories pledged as guarantee.

4.12. Trade and other receivables.

Trade and other receivables amounted to 7 783 thousand levs as follows:

❖ Receivables from customers	7 225 thousand levs;
❖ Advances paid to Suppliers	6 thousand levs;
❖ Prepaid Expenses	24 thousand levs;
❖ Guarantees	60 thousand levs;
❖ Accountable Persons	1 thousand levs;
❖ Receivables on court claims	424 thousand levs;
❖ Overpaid Income tax	43 thousand levs.

Receivables from customers

Short-term receivables in levs are measured at the nominal value of the receivables, less any devaluation losses for doubtful debts. Claims in foreign currency are valued at the closing exchange rate of Bulgarian National Bank (BNB) on 31.12.2014, less the value of any accumulated devaluation losses. Devaluation is calculated on an aging analysis of receivables from due date until 31.12.2014.

4.13. Cash:

Cash funds as of 31.12.2014 amounts to 499 thousand levs as follows:

❖ Cash in cash case	20 thousand levs;
❖ Cash at bank	74 thousand levs;
❖ Bank deposits	315 thousand levs;
❖ Letter of credit	90 thousand levs.

4.14. Trade and other payables:

Trade and other payables to 31.12.2014 are a total of 3 707 thousand levs and represent:

❖ Liabilities to suppliers	1 700 thousand levs;
❖ Liabilities for dividends	2 007 thousand levs.

4.15. Net current taxes:

Net current tax liabilities amounted to 352 thousand levs and represent:

❖ Amounts owed on VAT	286 thousand levs;
❖ Liabilities on Corporate tax	62 thousand levs;
❖ Other liabilities to the fisc	4 thousand levs.

4.16. Registered capital and retained earnings:

The capital structure of the Company is as follows:

Components of equity	(in thousand levs)
	Amount
Registered capital	4 756
Additional capital	1
Net profit for the period	2 960
Total equity	<u>7 717</u>

4.17. Profit tax rates:

The Company is subject to taxation. The corporate income tax is calculated at the rate of 10% applied to the tax base. Advance payments made for the year amounted to 272 thousand levs and difference is tax payable of 62 thousand levs.

(In thousand levs)

Corporate tax in the Statement of profit and loss and other comprehensive income:

Tax at the applicable tax rate of 31.12.2014	329
Tax effect of temporary differences (net)	<u>(1)</u>
Income tax on the profit	<u>328</u>

4.18. Provisions

In the company as liabilities on provisions are reported undiscounted amount of the paid annual leave to employees in return for work for the period as follows:

- ❖ The cost of accumulating compensated absences 102 thousand levs;
- ❖ Insurance on these amounts 18 thousand levs.

4. 19. Events after the financial statement date:

After the date on which the financial statements were authorized for issue, there were no corrective events to be disclosed and any corrective been reflected in the financial statements.

General Manager:


/ Deana Stojanova /

Prepared by:

/ Diana Dishkova /

27/01/2015

Sofia