BULGARIAN ROSE PLC - KARLOVO

ACCOUNTING POLICY AND EXPLANATORY NOTES
to the financial statement for 2015

1. ESTABLISHMENT AND REGISTRATION

BULGARIAN ROSE PLC – Karlovo was registered in the Trade Register of the Plovdiv District Court on 20.08.1997 under company file No. 4115/1997. The company was registered with a capital of 5350980 BGN divided into 5350980 shares with a nominal value per share one BGN. A holder of shares is "Central Depository" AD, Sofia. The largest shareholders are: STARA PLANINA HOLD PLC with 49.99% and GARANT- 5 Ltd. with 32,94% of the equity capital. As of 31.12.2015 the Company does not hold own shares.

The company has a tier system of management - Board of Directors consisting of three members as follows:

1. STARA PLANINA HOLD PLC, Sofia – member of the BD, represented by Spas Borisov Videv – Executive Director
2. BIC HOLD Ltd., Sofia – chairman of the BD, represented by Evgenyi Vasilev Uzunov
3. LEASING COMPANY AD, Sofia – member of the BD, represented by Vasil Georgiev Velev

Subject of activity of BULGARIAN ROSE PLC: production, purchasing, processing of essential oils and medicinal raw materials, production of natural and synthetic aromatic products, internal and foreign trade.

The company was formed for an indefinite period.

During the reporting period the company has realized 96,85% of its revenue from the basic subject of activity - essential oils and perfumery and cosmetic products

The average number of personnel for the reporting 2015 is 103 employees.

2. ACCOUNTING POLICY

2.1. Basis of preparation of financial statements and significant accounting policies applied

The financial statements of BULGARIAN ROSE PLC has been prepared in accordance with all International Financial Reporting Standards (IFRS), which consist of: Financial Reporting Standards and from interpretations from the Interpretations Committee (IFRIC) approved by the International Accounting Standards Board (IASB) and IAS as well Standing Interpretations Committee for Clarification (SIC) approved by the International Accounting Standards Committee (IASC), which are in force from 01.01.2008, and adopted by the Commission the European Union.

Since the adoption of these standards and/or interpretations in force for annual period beginning on 01.01.2015 there weren't any changes in company's accounting policy.

For the current financial year the Company has adopted all new and/or revised standards and interpretations issued by the International Accounting Standards Board (IASB) and respectively by the Committee on IFRIC, which were relevant to its activities.

The financial statement for 2015 is prepared under the historical cost convention, modified in some cases by the revaluation of certain assets and liabilities at their fair value.

The annual financial statement for 2015 is prepared being in compliance with specific requirements in IFRSs listed in ESMA public statement that are applicable to the company.

The company is obliged to report its ongoing activities and to prepare its annual financial statements in accordance with Bulgarian accounting legislation. BULGARIAN ROSE PLC is a public company and prepare its interim financial statements under IFRS 34, which submits to the FSC, BSE and the public.

The statement of financial position and statement of comprehensive income are prepared in accordance with the hypotheses on accrual basis and going concern.

This report is composed in thousand BGN.

Accounting is done with a software product Ajour L 5.

2.2. Changes in accounting policy and comparable data

Company presents comparative information in these financial statements for one prior year.

Where it is necessary, comparative figures are reclassified (and restated), in order to achieve better comparability with data for 2014.

The preparation of financial statements under International Accounting Standards requires management to make certain accounting estimates and assumptions relating to the reported balance sheet assets and liabilities and recognized income and expense – as depreciation, impairment and other. Actual results could differ from the accounting estimates presented in the report. Estimates and assumptions are reviewed annually on 31 December and results are recognized in the period to which they relate.

Accounting policy adopted by the Company is consistent with those for the previous year.

2.3. Functional currency and recognition of exchange differences

The functional and reporting currency of the Company is the Bulgarian lev. From 01.07.1997 lev is fixed under the National Bank Act to the German mark in the rate of BGN 1: DEM 1 and with the introduction of the euro as official currency of the European Union - with the euro in relation BGN 1.95583: EUR 1.

Upon initial recognition, a foreign currency transaction is recorded in the functional currency as at the foreign currency amount applying the exchange rates at the time of the transaction or operation. Cash, receivables and payables as monetary reporting items denominated in foreign currencies are recorded in the functional currency using the exchange rate published by the BNB for the last working day of the month. As of December 31 they are measured in BGN using the closing exchange rate of BNB.

Effects of exchange differences arising on the settlement of foreign currency transactions or the reporting of foreign currency transactions at rates that are different from those which were originally recognized in the statement of comprehensive income (profit or loss year) at the time of their occurrence, are treated as "other income/(losses), net", except those related to loans denominated in foreign currency and receivables under special contracts.

2.4. Use of estimates and assumptions

The preparation of financial statements under International Accounting Standards requires management to make certain accounting estimates and assumptions relating to the reported balance sheet assets and liabilities and recognized income and expense – as depreciation, impairment and other. Actual results could differ from the accounting estimates presented in the report. Estimates and assumptions are reviewed annually on 31 December and results are recognized in the period to which they relate.

2.5. Management of financial risks. Factors of financial risks

The activity of the company is exposed to various financial risks, including the effects of currency fluctuations, interest rates on bank loans, liens against receivables and credit periods provided to clients.

2.5.1. Risk of exchange rate differences

The main sales are principally designed for export and payments are primarily in euros. There is a risk of exchange rate differences as part of receivables are from customers in Hong

Kong and Taiwan are in dollars. The management strictly observes and takes measures to avoid negative effects of currency fluctuations.

2.5.2. Interest rates on trade and bank loans

For its the current business, the Company uses its own funds as well as short-term loan from "Stara Planina Hold" Plc - 300 thousand BGN, as of 31.12.2015 the loan is fully repaid.

2.5.3. Credit risks

The company is exposed to credit risk, which risk is associated with some of its partners may not be able to comply fully and in time with their obligations to it.

The company provides credit periods of its bigger clients from one week to 90 days. In turn the company uses credit periods within 30 days provided by its suppliers.

Company's financial assets are concentrated in two groups: cash and receivables from customers.

The Company's cash and settlement operations are concentrated in INTERNATIONAL ASSET BANK. The management believes that there is no risk, as the servicing bank has sufficient liquidity.

2.5.4. Liquidity

The Company's management keeps sufficient available cash to provide constant liquidity.

2.6. A definition and assessment of the elements of the statement of financial position

Assets are accounted for as property, plant and equipment when they meet the criteria of IAS 16 for recognition.

2.6.1. The tangible fixed assets are reported in the statement of financial position at their acquisition cost, formed by their purchase price and all additional costs incurred during their acquisition, less accumulated depreciation and any recognized impairment loss. The company has adopted a threshold value of 500 BGN for determining an asset as a tangible fixed asset. Assets that have a cost lower than that are reported as current expenses for the period of acquisition in accordance with approved accounting policy.

When property, plant and equipment comprise components having different useful lives, they are accounted separately.

Subsequent expenses relating to separate property, plant and equipment are recorded as an increase to the carrying amount of the asset, if observing the principles of recognition set out in IAS 16.

The cost of current servicing of property, plant and equipment are recognized in profit or loss as incurred.

The carrying amount of an item of property, plant and equipment is recognized:

- When selling the asset; or
- When there is no expectation of any economic benefits from the asset or disposal of the asset.

2.6.2. The fixed intangible assets are stated at acquisition cost less accumulated depreciation and any recognized impairment loss. Intangible assets of the Company are mainly trademarks.

2.6.3. Impairment of tangible and intangible assets. As of 31.12.2015 impairment of the same was not done, since there were no indication and permanent conditions of impairment.

2.6.4. Depreciation of fixed tangible and intangible assets

Depreciation and amortization are charged on a monthly basis, by a linear method. For groups of assets have been applied rules corresponding to the tax deductible depreciation rates.

Tax depreciation schedule has been drawn up in accordance with the Law on Corporate Income Tax.

In cases where of a non-current asset has been reconstructed or alteration has been made, its individual depreciation schedule changes after the costs incurred are recorded as an increase to the carrying value.

Changes in depreciation method adopted could be made in an exception at the beginning of the year, if expectations differ from previous estimates. Changes are reported as a change in accounting estimates in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

In 2015 for accounting purposes were applied the following depreciation rates:

• Buildings	4 %
• Facilities	4 %
• Machinery and equipment	30 %
• Vehicles	25 %
• Computers	50%
• Intangible assets	15%
• Others	15%

2.6.5. Inventories

The Company applies IAS 2 for reporting inventories.

Inventories are reported at acquisition cost formed by the purchase price plus all direct costs for delivery within the entity that made them able to use.

Production costs are determined by the value of used materials, the processing costs and other costs associated with the production of the products. Production costs do not include administrative, financial, incidental expenses and costs of sales. These costs are reported as current in the period in which they are incurred.

Unfinished production has been assessed by the costs of basic production costs to the extent of its completion.

During the reporting period for inventories when they have been written off was applied the recommended method – weighted average price.

At the end of the reporting period has not been carried out impairment of inventories because their carrying value is higher that the net realizable value.

2.6.6. Trade and other receivables

Receivables are classified as financial assets arising from direct provision of goods, services, cash and cash equivalents /trade receivables and loans/.

Receivables that have fixed maturity are reported at amortized costs.

Receivables which have no fixed maturity are reported at cost.

Prepaid expenses relating to subsequent periods are presented as amounts paid in advance to suppliers and are included in trade receivables.

Receivables in lev are valued at their cost, and denominated in foreign currencies are revalued to closing exchange rate of BNB as of 31.12.2015 and differences and revaluation are included as current income or expense in the income statement. Impairment is not carried out as they are with a current character.

2.6.7. Cash and cash equivalents

Cash includes cash on hand and demand deposits, respectively in lev and foreign currency.

Cash equivalents are short-term, highly liquid investments which are readily reversible amounts of cash and subject to an insignificant risk of change in their value.

Cash in lev are valued at their nominal value. At acquisition of foreign currency is accepted to apply the exchange rate of the BNB on the date of receipt. During the year and at the year-end exchange differences are reported as current expenses/income. In the individual statement of financial position they are presented at the closing rate of the BNB as of 31.12.2015.

For the purposes of drawing up the separate statement of cash flows, cash and cash equivalents are presented as unblocked money in bank and in hand.

2.6.8. Shareholders Equity

The Shareholders equity consists of an:

Fixed capital including;

- Registered Share Capital – presented at nominal value under judicial decision of registration;
- Buyback of own shares – represented by the value of the consideration paid for the reverse acquisition.

If the entity reacquires its own equity instruments, those instruments (treasury shares) shall be deducted from equity. It is not recognized profit nor loss from purchase, sale, issuance or cancellation of own equity instruments of the entity. Paid or received shall be recognized directly in equity.

When issuing or acquiring its own equity instruments the entity incurs various costs. These costs normally include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisors and the like. At equity transaction, the transaction costs are accounted for as deduction from equity (net of any income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction which would otherwise have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Reserves, including

- Reserves on subsequent evaluation – formed in connection with the reporting requirements set out by IFRS and the accounting policy applied;
- Premium reserves – formed by the issuance of its own capital reserves;
- General reserves – formed by distribution of profit in accordance with Commercial Law of Bulgaria and the company's statutes;
- Other reserves – formed by a decision of the owners of capital.

Financial results, including:

Undistributed profit at the end of the reporting period, accumulated profit from previous periods. Profit/loss for the period.

Share capital is presented at a nominal value and corresponds to its current legal registration. As of 31.12.2015 fully paid – up share capital is 5350980 BGN.

On 12.06.2015 the General Meeting of shareholders increased the capital by own funds of the company - at the expense of accumulated reserves from previous years: "Undistributed profit" and "Other reserves" from 267549 lev to 5350980 through issuance of 5,083,431 ordinary, dematerialized, registered shares with voting out loud.

As of 31.12.2015 the capital is divided into 5350980 registered shares with a par value 1.00 BGN. The main shareholders of the company are:

STARA PLANINA HOLD PLC, having	49,99% of the capital
GARANT – 5 Ltd., having	32,94% of the capital
Other legal entities, having	1,06% of the capital
Other individuals, having	15,98% of the capital

2.6.9. Revaluation reserve

The revaluation reserve in the individual statement of financial position of the company it has been presented the result of the previous year, revaluations to fair value of the non-tangible assets owned by the company. A revaluation reserve is recognized in equity (undistributed profit or additional reserves) after release of the asset. In the company as of 31.12.2015 there has not been carried out an assessment of real estate – land and buildings.

2.6.10. Liabilities in BGN are measured at their cost, and those denominated in foreign currency – at the closing rate of BNB as of 31.12.2015.

2.6.11. Trade and other liabilities

Loans, trade and other liabilities are financial liabilities that have arisen from direct receipt of goods, services, cash and cash equivalents from creditors.

After initial recognition, loans and trade payables without fixed maturity are reported at their acquisition value.

Loans and liabilities with fixed maturity are reported at their depreciated value.

2.6.12. Pension and other liabilities to employees for social security and labor legislation

Under Bulgarian legislation, the Company is obliged to pay contributions in funds for social security and health insurance. Labor relations with employees of the company in its capacity as an employer are based on the provisions of the Labor Code.

The main duty of the employer is to make mandatory ensuring of staff employed for funs "Pensions", supplementary compulsory pension insurance (SCPI) in Universal Pension Fund (for individuals born after 31.12.1959), fund "General disease and motherhood" (GDM), fund "Unemployment", fund "Labor accident and professional disease". Employed under the second category of work are subject to a SCPI in a Professional Pension Fund, fully paid by the employer.

The size of the mandatory social security contributions and the manner of their distribution between the employer and the employee are defined in the Social Security Code (SSC). In addition with the Law on State Social Security Budget for the year are approved the minimum and maximum monthly social security income, the contribution in fund "Guaranteed claims of employees" and differentiated contribution rate for fund "Labor accident and professional disease". The rate of compulsory health insurance contribution is determined with the Law on the National Health Insurance Fund (NHIF) budget for the year, and method of distribution between the employer and the employee is defined in the Health Insurance Act (HIA). The total contribution to the "Pensions", SCPI UPF/PPF, fund "GDM", fund "Unemployment" and health insurance for 2013, 2014 and 2015 for workers under the third category of employment as are employed in the company is as follows:

- For the period 01.01.2013 – 31.12.2013: 30,3 % (of which 17,4 % for the employer)
- For the period 01.01.2014 – 31.12.2014: 30,3 % (of which 17,4 % for the employer)
- For the period 01.01.2015 – 31.12.2015: 30,3 % (of which 17,4 % for the employer)

The employer shall also submit entirely for its expense a contribution to the fund "Labor accident and professional disease" that is differentiated for different companies – from 0.4% to 1.1% depending on the economic activities of the entity (in accordance with the Law of Social Security Budget for the respective year). For the company this contribution is 0.9%.

At the company weren't set up and functioning a private voluntary insurance fund.

Under the provisions of the Labor Code, the employer is obliged to pay upon termination of employment contract compensations for:

- Failure notice – gross salary for one month;
- Upon retirement – from 2 (two) to 6 (six) gross monthly salaries depending on length of service at the company.

After the payment of such compensations for the employer does not arise any other obligations to employees.

Short-term income

Short-term employee income in the form of salaries, payments and benefits (payable within 12 months after the period in which the employees have rendered service or have met the required conditions) are recognized as an expense in the statement of comprehensive income (in profit or loss) in the period when service has been rendered or the requirements are met for obtaining, and as current liability (net of any amounts already paid and deductions) in the amount of undiscounted amount.

The Company's contributions under the social security and health insurance contributions are recognized as running costs and liability at their undiscounted amount together with the period of the respective benefits to which they are connected.

Long-term income in retirement

Pursuant to the Labor Code, the employer is obliged to pay the staff at retirement age a compensation which, depending on the length of service may vary between 2 and 6 gross salaries at the date of termination of employment. By their nature, these schemes are defined benefit plans.

The calculation of these obligations requires participation of qualified actuaries in order to determine their present value at the reporting date at which they are presented in the statement of financial position, adjusted by the amount of unrecognized actuarial gains and losses and respectively their changes in value, including recognized actuarial gains and losses – in the statement of comprehensive income (profit or loss). Past service costs are recognized immediately in the statement of comprehensive income (profit or loss).

At the date of each annual financial statement, the Company appoints actuaries who issue a report on their estimated long-term liabilities to employees for retirement. For that purpose they apply the credit method of forecasting units. The present value of the defined benefit liability is determined by discounting the future cash flows expected to be paid within the maturity of this debt and use the interest rates of long-term government bonds denominated in BGN.

Actuarial gains and losses arise from changes in actuarial assumptions and experience. Those exceeding 10% of the present value of the obligation at the end of the period of defined benefit are recognized immediately in the statement of comprehensive income (profit or loss) in the year in which they arise. Since 2013 the method of 'corridor" has been eliminated and has been introduced a rule that all subsequent assessments (until now called – actuarial gains and losses) shall be recognized in the component "other comprehensive income".

Termination benefits

The Company recognizes liabilities for staff termination benefits before retirement age when it is demonstrably committed, based on an announced plan to terminate the employment contract with the individuals concerned, without possibility of withdrawal, or formal documents of voluntary departure. Termination benefits payable more than 12 months are discounted and presented in the statement of financial position at their present value.

2.6.13. Shares and participations

The Company has no shares and interests in other business.

2.6.14. Income taxes

Current income taxes are determined in accordance with the requirements of the Bulgarian legislation – the Law for Corporate Income Tax and are indicated for tax purposes. The tax rate for 2015 was 10%. (2014:10%).

Deferred taxes are determined by using the balance liability method on all temporary differences at the reporting date, between the carrying amounts and tax bases of assets and liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences, except those that may have arisen by the recognition of an asset or liability at the date of the transaction hadn't affected either accounting, nor taxable profit/(loss).

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that is likely that they will reverse and be generated in sufficient future taxable profit or taxable temporary differences, from which could be deducted these deductible differences, except for the differences arising from the initial recognition of an asset or liability at the date of the transaction hadn't affected either accounting, nor taxable profit/(loss).

The carrying amount of all deferred tax assets is reviewed at the annual statement of financial position and reduced to the extent that they are likely to reverse and to generate sufficient taxable profit or occurring during the same period taxable temporary differences they could be deducted or compensated.

Deferred taxes related to items that are recognized directly in equity, or other balance sheet items are also reported directly to the equity component or balance sheet item.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets will be realized or the liability will be settled (repaid) on the basis of the tax laws that are enacted or to a large extent security is expected to be in force.

As of 31.12.2015 deferred income taxes are assessed at the rate of 10% (31.12.2014: 10%).

2.6.15. Profit or loss for the period

Entity shall recognize all items of income and expense for the period in profit or loss unless an IFRS requires or permits otherwise.

Some IFRSs specify circumstances when an entity recognizes particular items outside profit or loss in the current period. Other IFRSs require or permit components of other comprehensive income that meet the Framework's definition of income or expense to be excluded from profit or loss.

The financial result as of 31.12.2015 is a profit of 425 thousand BGN.

2.6.16 Provisions, contingent liabilities and contingent assets

A provision is a liability of uncertain duration or amount.

A contingent liability is:

- a possible liability that has arisen from past events and whose existence could be confirmed only on the occurrence or non-occurrence of one and more uncertain future events which are not wholly within control of the entity; or
- a present liability arising from past events that has not been recognized because of:
    - it is not likely to occur a necessity of an outflow of resources embodying economic benefits to settle the liability; or
    - the amount of an obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence could be confirmed by the occurrence or non-occurrence of one or more uncertain future events which could not be wholly within control of the entity.

Provisions are recognized in the presence of a legal or constructive obligation according to the best estimate of the potential economic benefits that shall expire upon repayment of the liability at the date of the separate financial statements. As of 31.12.2015 the company was not accrued provisions on its receivables.

2.7. Recognition of revenues and expenses

2.7.1 Revenues

Revenues are recognized on an accrual basis and to the extent that the economic benefits are acquired by the Company and the revenue can be reliably measured.

The criteria for recognition of revenue shall apply on each transaction individually, for mutually divisible components of a deal or two or more transactions at the same time with related ones.

Applicable criteria are:

- when it is likely to have an economic benefit associated with the transaction;
- when the amount of revenue can be reliably measured;
- when the costs incurred or that will be incurred with a transaction can be reliably measured.

Revenues for each transaction should be recognized simultaneously with costs made for them. Otherwise they are recorded as advance or as revenue for a future period until to the moment they can be reliably calculated.

Revenue is not recognized when the expenses cannot be reliably calculated. Under these circumstances, any received payments are recognized as a liability (customer's advance).

When there is uncertainty in the collection of an amount which has already been included in revenue, the uncollectable amount is recognized as an expense rather than as an adjustment to the amount of revenue originally recognized.

Upon the sale of goods, revenue is recognized when all significant risks and rewards of ownership of goods undergo to the buyer.

When providing services, revenue is recognized according to the stage of completion of the transaction at the date of statement of financial position (balance sheet), if at this stage could be measured reliably as well as costs incurred for the transaction and the costs to its completion.

Revenues in foreign currencies are recorded at the BNB exchange rate at the date of their accrual.

2.7.2. Expenditures

An entity reports operating expenses by economic elements and then applies by function to form the mount of costs for activities and directions.

Expenditures are recognized when they occur and on the basis of the accrual and matching concepts.

Expenditures for future periods are deferred for recognition as current expenses in the period in which the contracts to which they relate shall be performed.

Financial revenues and expenses are included in the income statement on a net basis and consist of interest income and expense, foreign exchange differences from foreign currency transactions, fees and commissions paid to banks.

2.8. Related parties and transactions between them

The Company complies with the provisions of IAS 24 in determining and disclosing the related parties. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

2.9. Earnings per share

Earnings per share have been calculated by using net income for distribution and average weighted number of ordinary shares during the accounting period.

2.10. Disclosure according to the recommendations of ESMA

The company has no financial assets associated with impairment of debt.

3. Non-current assets

3.1 Tangible assets

Tangible assets at cost, accumulated depreciation and net book value of assets to similar groups are:

BGN'000

Text	Lands	Buildings	Machinery, equipment	Facilities	Vehicles	Other	Total
Accounting value							
As of 01.01.2015	1018	1580	2176	598	368	88	5828
Acquired	0	557	33	33	53	50	726
Subsequent evaluation	0	0	0	0	0	0	0
Written off	0	0	3	0	0	2	5
As of 31.12.2015	1018	2137	2206	631	421	136	6549
Accumulated depreciation							
As of 01.01.2015	10	907	1805	468	326	54	3570
Charged	0	75	173	20	14	10	292
Subsequent evaluation	0	0	0	0	0	0	0
Written off	0	0	3	0	0	2	5
As of 31.12.2015	10	982	1975	488	340	62	3857
Balance sheet value as of 31.12.2015	**1008**	**1155**	**231**	**143**	**81**	**74**	**2692**

As of 31.12.2015 in BULGARIAN ROSE PLC were made expenses for acquiring fixed assets – 188 thousand BGN.

3.2 Intangible assets

As of 31.12.2015 the company owns intangible assets amounting to 96 thousand BGN, which the majority is primarily trademarks.

4. Current assets

4.1 Inventories	31.12.2015	BGN'000 31.12.2014
- Materials	1380	1557
- Finished goods	773	1122
- Unfinished production	1	357
- **TOTAL**	**2154**	**3036**

There are no inventories pledged as security for liabilities as of 31.12.2015.

Unfinished production includes costs relating to the expenditures of outstanding products as of 31.12.2015.

4.2 Commercial and other receivables	31.12.2015	BGN'000 31.12.2014
- Receivables from customers in Bulgaria	955	1213
- Receivables from customers abroad	381	720
- **TOTAL**	**1336**	**1933**

Receivables from customers are repaid within the terms defined with contracts to supply goods.

4.3 Other receivables	31.12.2015	BGN'000 31.12.2014
They are current and have the following features:		
- A Tax credit for VAT refund	---	109
- Other/current/	138	120
- **TOTAL**	**138**	**229**

4.4 Cash & cash equivalents	31.12.2015	BGN'000 31.12.2014
- Cash in hand	53	296
- Cash at banks in BGN and currency	1259	94
- **TOTAL**	**1312**	**390**

5. Current liabilities

5.1 Trade payables	31.12.2015	BGN'000 31.12.2014
- Suppliers	230	367
- Customers in advances	51	38
- Related parties	38	5
- **TOTAL**	**319**	**410**

Liabilities are served according to signed contracts.

BGN'000

5.2 Liabilities related to remuneration	31.12.2015	31.12.2014
- Liabilities to the personnel	--	5
- Social security liabilities	17	28
- **TOTAL**	**17**	**33**

BGN'000

5.3 Tax liabilities	31.12.2015	31.12.2014
- Liabilities to the budget under Personal Income Tax Act	9	6
- Liabilities for corporate income tax	13	39
- Other taxes under CITA	2	4
- **TOTAL**	**24**	**49**

BGN'000

5.4 Other liabilities	31.12.2015	31.12.2014
- Taxes	5	60
- Other	275	322
- **TOTAL**	**380**	**382**

These obligations shall be redeemed according to contracts and legal terms – no overdue.

6. Non-current liabilities

As of 31.12.2015 the Company has liabilities for leasing amounting to 28 thousand BGN.

7. Equity

BGN'000

7.1 Reserves	31.12.2015	31.12.2014
- Issued capital	5351	268
- Capital revaluation reserve	139	139
- General reserves	1242	707
- Other reserves	26	3443
- **TOTAL**	**6758**	**4557**

BGN'000

7.2 Undistributed profit	31.12.2015	31.12.2014
	19	1658

BGN'000

7.3 Financial results	31.12.2015	31.12.2014
- Profit for the current period	425	824

8. Revenues

BGN'000

8.1 Revenues from operating activities	31.12.2015	31.12.2014
- Production	5864	7265
- Services	105	85

	31.12.2015	31.12.2014
- Other	86	116
- **TOTAL**	**6055**	**7466**

BGN'000

8.2 Financial revenues	31.12.2015	31.12.2014
- Revenues from interest	17	42
- Positive exchange rate differences	87	89
- **TOTAL**	**104**	**131**

BGN'000

8.3 Revenues from financing under a program by the EU	31.12.2015	31.12.2014
	---	88

9. Expenses

BGN'000

9.1 Operating expenses	31.12.2015	31.12.2014
- Expenses for materials	3032	4688
- Expenses for external services	563	682
- Depreciation expenses	327	303
- Expenses for remuneration	1026	1033
- Expenses for security contributions	146	146
- Other expenses	187	251
- **TOTAL**	**5281**	**7103**

BGN'000

9.2 Amounts of corrective nature	31.12.2015	31.12.2014
- Balance sheet value of sold assets	40	38
- Changes in availabilities of finished goods and unfinished production	311	-558
- **TOTAL**	**351**	**-520**

BGN'000

9.3 Financial expenses	31.12.2015	31.12.2014
- Interest expenses	4	35
- Negative exchange rate differences	3	5
- Other financial expenses	15	23
- **TOTAL**	**22**	**63**

10. Earnings per share

0,08 BGN

11. Dividends

The General Meeting of Shareholders, held on 12.06.2015, adopted a decision on distribution of the net profit for 2015, an amount of 267 549,00 lev. A gross aggregate dividend 1.00 lev per share.

12. Relating parties disclosures

In accordance with IAS 28 we disclose a significant impact in making decisions related to the financial and operating policies of the entity, as follows: STARA PLANINA HOLD PLC owns 49.99% of the company`s capital and GARANT - 5 Ltd. holds 32.94% of the company`s capital.

During the reported period transactions were not carried out at prices different from market.

13. Contingent assets and contingent liabilities

As of 31.12.2015 in the company were not filed any contingent assets and liabilities.

16. Events after the date of the separate statement of financial position (balance sheet)

No events have occurred after the reporting period, to be reflected in the annual financial statements for 2015, or that should be disclosed in the present application.

Chief Accountant:………………………. Executive Director:…………………………..
/Stoyanka Nedelcheva/ /Spas Videv/