



MATHIOS A.D.

Head office address: 9 Nikola Malashevski Str., 2600 Dupnitsa, Bulgaria

Financial Statement

December 31, 2018

**Darinka Ignatova,
registered CPA, responsible for the audit**

VAT Reg. No BG131287108,

tel. +359701 4 00 94



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Annual Management Report for 2018

I. DEVELOPMENT AND RESULTS OF MATHIOS OPERATIONS IN 2018

MATHIOS JSC is a joint stock company, with a head office and registered address at 9 Nikola Malashevski str., Dupnitsa, Republic of Bulgaria.

At end of **2018**, the company has a production plant in Dupnitsa and a showroom in Sofia.

In the current year, as a result of the efforts of the Management, the financial indicators and the quality of production have been stabilized, personnel turnover has been under control. Contractual relations with a large client have been finalized, and it will substantially increase the market share of the company products in the Western European markets and will provide greater financial autonomy to the Company.

Challenges for the management in 2018 are: the worsened macroeconomic parameters in the country. Labor shortages and skilled staff (resulting in a 15% increase in labor costs compared to 2017 and 27% versus 2016), the substantial increase in energy product prices (resulting in a 32% increase in their share of total cost versus 2017 and 51% vs. 2016), the dynamically changing legal framework for the business, thus requiring substantial investments in technical monitoring tools.

Revenues

In **2018**, the company reports revenues from sales of production, goods and services. The tendency is towards small growth (with 0.3%) of revenues from operations against **2017** and decrease (with 3%), compared to **2016**. Revenues from sale of production during the year are 5% lower than **2017** and 4% higher than **2016**. The sales of goods increased with 74% against **2017** and are with 27% less than in **2016**. Other revenues are mainly for transport and transport management of exported production. They depend mainly on the contracted terms of delivery of production and goods. The tendency there is towards decrease – with 22% against **2017** and with 31% against **2016**, proportionally to the sales volume of production.

| <i>Revenue, BGN'000</i> | 2018 | <i>Growth % ag.2017</i> | <i>Growth % ag.2016</i> | <i>Sales share %</i> | 2017 | <i>Sales share %</i> | 2016 | <i>Sales share %</i> |
|---|-------------|-----------------------------|-----------------------------|--------------------------|-------------|--------------------------|-------------|--------------------------|
| Revenue from sales of production | 3540 | -4.5 | 4.1 | 84.0 | 3707 | 88.2 | 3402 | 78.4 |
| Revenue from sales of goods | 524 | 73.5 | -27.2 | 12.4 | 302 | 7.2 | 720 | 16.6 |
| Other revenue | 152 | -22.1 | -30.6 | 3.6 | 195 | 4.6 | 219 | 5.0 |
| Total | 4216 | 0.3 | -2.9 | 100.0 | 4204 | 100.0 | 4341 | 100.0 |

In **2018**, the products of Mathios AD are realised on the markets of EU member countries, Serbia, Macedonia and others, as well as on the local market.

| <i>Production sold by market segments, BGN'000</i> | 2018 | <i>Growth % ag.2017</i> | <i>Growth % ag.2016</i> | <i>Sales share %</i> | 2017 | <i>Sales share %</i> | 2016 | <i>Sales share %</i> |
|--|-------------|-----------------------------|-----------------------------|--------------------------|-------------|--------------------------|-------------|--------------------------|
| Bulgaria | 259 | 47.2 | 48.9 | 7.3 | 176 | 4.7 | 174 | 5.1 |
| Greece | 3224 | -7.7 | 0.5 | 91.1 | 3493 | 94.2 | 3208 | 94.3 |
| Others | 57 | 50.0 | 185.0 | 1.6 | 38 | 1.0 | 20 | 0.6 |
| Total | 3540 | -4.5 | 4.1 | 100.0 | 3707 | 100.0 | 3402 | 100.0 |

The share of sales in Bulgaria is higher with 47% against **2017** and with 49% against **2016**. The share of sales in Greece is 3% lower than **2017** and **2016**. Their volume has decreased with 8% compared to the previous year and is 1% higher compared to **2016**. The share of sales in other markets is 2% of the total sales volume and their volume is variable because the Company do not have constant clients

Part of the revenues is from sales of goods, purchased from Mathios Refractories S.A. Those are mostly refractories (mixes and bricks), acid-proof and other building materials (cement, mortar, vermiculite and others) and others. As it is shown in the table below, the share of each of those groups has been changing during the years, largely depending on client orders.

| <i>Sales of goods, BGN'000</i> | 2018 | Growth % ag.2017 | Growth % ag.2016 | Sales share % | 2017 | Sales share % | 2016 | Sales share % |
|---|------------|---------------------|---------------------|------------------|------------|------------------|------------|------------------|
| <i>Stone veneer</i> | 18 | 100.0 | 20.0 | 3.4 | 9 | 3.0 | 15 | 2.1 |
| <i>Refractories and oth. building materials</i> | 460 | 90.1 | -29.2 | 87.8 | 242 | 80.1 | 650 | 90.3 |
| <i>Other goods</i> | 46 | -9.8 | -16.4 | 8.8 | 51 | 16.9 | 55 | 7.6 |
| Total | 524 | 73.5 | -27.2 | 100.0 | 302 | 100.0 | 720 | 100.0 |

In **2018** the goods sales volume increased (with 74%) compared to **2017**, mostly because of refractories sales increase.

Product and Price Policy

The range of products and the volume of production depend largely on the orders of the main client – Mathios Refractories S.A. In **2018**, products with low demand are taken out and 30 new products are developed, based on large new European client order. The total production range of the company includes 380 types and colours of stones. During the last few years the below quantity of different types and colours were included in the production mix.

| <i>Product range, number of items</i> | 2018 | 2017 | 2016 |
|---------------------------------------|------------|------------|------------|
| <i>Mathios Stones</i> | 112 | 119 | 120 |
| <i>Mathios Stone Slim New</i> | 80 | 89 | 92 |
| <i>Masterbricks</i> | 32 | 31 | 40 |
| <i>Pavers</i> | 5 | 5 | 6 |
| <i>Mathios Woods</i> | 6 | 4 | 6 |
| <i>WW</i> | 12 | | |
| <i>Others</i> | 3 | 11 | 8 |
| Total | 250 | 259 | 272 |

In the current year is observed increase (with 19%) of two traditional popular product lines demand – Mathios Stone and Masterbrick - and its share becomes 80% of total production volume (63% in **2017**), although decreased the "slims" volume (with 57%) against previous year. Decrease is observed and in the total production sales volume (with 14%) against **2017**.

| <i>Produced units, sq.m/m</i> | 2018 | Growth % | 2017 | Growth % | 2016 | Growth % |
|-------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|
| <i>Mathios Stones</i> | 97760 | 12.6 | 82493 | -24.9 | 86822 | -20.9 |
| <i>Mathios Stone Slim New</i> | 34096 | -37.7 | 79600 | -2.3 | 54706 | -32.9 |
| <i>Masterbricks</i> | 23855 | -24.0 | 20053 | -30.4 | 31403 | 9.0 |
| <i>Pavers</i> | 1119 | 22.6 | 1216 | -4.9 | 913 | -28.6 |
| <i>Mathios Woods</i> | 29 | -94.7 | 284 | 5 260.0 | 543 | 10 145.3 |
| <i>WW De</i> | 970 | | | | | |
| <i>Others</i> | 38 | -97.2 | 438 | -86.4 | 1360 | -57.6 |
| Total | 157867 | -10.2 | 184083 | -18.0 | 175747 | -21.7 |

The products of the company target the middle price segment of the market, since the Mathios trademark relies on high quality, original design and high endurance. Still, the company applies very flexible pricing policy as it offers differentiated prices to its regular clients depending on the volume of their orders, payment terms, their supply network and others.

The company continues to maintain its whole product assortment, while developing new products in the lower price segment. It executes specific colour orders in order to meet client demand.

For its largest client, the company provides prices, considered with respect to the volume of orders and the variety and size of the requested product lines.

Clients

The largest part of revenues in 2018 is from sales of own production – 84% (88% in 2017). The sales of goods form about 12% (7% in 2017) of the total volume of revenues from sales (increased refractory deliveries).

In 2018, the company again relies on permanent clients, the most significant of which is Mathios Refractories. It continues the efforts for developing new markets, not only in Europe, but also in other continents – Asia, America and others.

| Clients, turnover BGN'000 (VAT included) | 2018 | Share of turnover % | 2017 | Share of turnover % | 2016 | Share of turnover % |
|--|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|
| MATHIOS REFRACTORIES | 3 483 | 80.0 | 3 798 | 88.6 | 3 527 | 78.4 |
| AIS - 3C | 147 | 3.4 | 37 | 0.9 | 282 | 6.3 |
| ENERGOREMONT | 242 | 5.6 | 84 | 2.0 | 236 | 5.2 |
| IKM COMPANY | 139 | 3.2 | 36 | 0.8 | 64 | 1.4 |
| SOFIA MED | 15 | 0.3 | 8 | 0.2 | 25 | 0.6 |
| TERMOX | 51 | 1.2 | 21 | 0.5 | 26 | 0.6 |
| OTHERS | 278 | 6.4 | 301 | 7.0 | 337 | 7.5 |
| Total | 4 355 | 100.0 | 4 285 | 100.0 | 4 497 | 100.0 |

Suppliers

For its production needs, the company receives supplies of basic and supplementary materials, as well as services and others. It uses transport services exclusively from Bulgarian companies for delivery of production to different clients in the European Union and elsewhere. Larger part of the raw materials for production in 2018 are provided by local suppliers, which are chosen after comparison analysis for quality, prices and delivery terms according to several offers. The basic supplier of colouring agents, activators and moulds for production, remains Mathios Refractories S.A., because those materials do not have alternative locally.

| Suppliers, turnover BGN'000 (VAT included) | Supply type | 2018 | 2017 | 2016 |
|---|-------------------------------|-------------|-------------|-------------|
| MATHIOS REFRACTORIES S.A | materials and goods, rentals | 1 255 | 1 248 | 1 898 |
| KDK TERM | transportation services | 302 | 349 | 436 |
| DALKAFUKI I. MARIA | pumice | 255 | 231 | 218 |
| DUROPACK/BELPACK | cartoons | 332 | 293 | 266 |
| STROI CEM/PROMST | cement | 431 | 497 | 323 |
| ARESGAS/ TOLIVOGAS | liquefied petroleum gas (LPG) | 146 | 143 | 112 |
| TIMBER HOUSE/I-BISS | pallets | 101 | 99 | 99 |
| SHENKER/SOFIDA | transportation services | 38 | 15 | 31 |
| CHEZ ELECTRO | electricity | 101 | 93 | 82 |
| MERIDIAN | building works, sand | 112 | 39 | 54 |
| SIKA BULGARIA | activators | 79 | 48 | 61 |
| LOBI KAR TRANS&CO | sand | 34 | 60 | 4 |
| BTC | telephones | 4 | 5 | 6 |
| OTHERS | | 549 | 573 | 531 |

Main risks and problems of the business environment

• Main indicators of the commercial environment

The main indicators of the commercial environment, which influence the operations of the group for the period 2013 – 2018, are presented in the table below:

| Indicator / Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| GDP in mln. BGN * | 82.166 | 82.634 | 88.571 | 94.130 | 101.043 | 107.095* |
| Real growth of the GDP | 0,9% | 1,7% | 3,0% | 3,4% | 3,5% | 3,1%* |
| Inflation at the end of the year | -1,6% | -0,9% | -0,4% | 0,1% | 2,1% | 2,8 |
| Average rate of USD/BGN for the year | 1,47 | 1,47 | 1,76 | 1,77 | 1,74 | 1,66 |
| USD/BGN rate at the end of the year | 1,41902 | 1,60841 | 1,79007 | 1,85545 | 1,63081 | 1,70815 |
| Central interest rate at the end of the year | 0,02% | 0,02% | 0,01% | 0,00% | 0,00% | 0,00% |
| Unemployment at the end of the year | 12,9% | 11,4% | 9,1% | 7,6% | 7,1% | 6,1%* |

* The data is towards December 31, and is preliminary

** The data is towards the third quarter and is preliminary

Source: BNB, NSI

Evaluation of the risk level for the commercial environment: **moderate**

• **Political risk**

In 2018 the tendency of political governance uncertainty still persists because of the broad-based coalition governments and the active social role of nationalist social formations.

An important element of political uncertainty is brought in by the US's aggressive foreign policy and the lack of any agreement between the UK and the EU on Brexit relations.

Bulgaria's policy of low tax burdens over the past few years has been maintained in Bulgaria, thus guaranteeing a certain degree of stability and possibility for tax expense planning/budgeting. Social insurance burdens keep their lowest levels in the EU, a serious factor for investment intentions.

*Evaluation of the political risk level: **moderate to high***

• **Currency risk**

Currency risk arises from the operation of companies with different types of currency and the volatility of currency rates. Mathios AD executes its transactions exclusively in BGN and EUR. The currency risk of transactions in EUR is currently limited due to its fixed exchange rate guaranteed by the Currency Monetary Board.

As all the assets of the company are in BGN and are linked to the fixed exchange rate to the Euro, - there is no significant currency risk for the Company.

*Currency risk level: **low***

• **Regulatory risk**

Regulatory risk may arise due to the functions of the State in its capacity as a regulator – for Bulgaria, the priority of state regulation are the working conditions in enterprises and the preservation of natural resources. In the EU, eco-industries are a priority and a subject of reinforced control. This requires manufacturing plants in Bulgaria to contribute/devote significant resources to bringing their business in compliance with the European requirements.

Over the recent years, both in Bulgaria and in other European countries, a number of restrictive normative acts have been adopted considerably limiting the business and imposing a number of social functions funds of the national budgets have been cut.

In particular, in Bulgaria, government authorities undertake a number of business monitoring and control measures, obliging the business to invest in technical inspection means and restructuring the operation reporting systems. This has created issues for international companies in particular, as it requires changes in their job structures designed to be compatible with overseas branches and affiliated companies.

*Regulatory risk level: **low to moderate***

• **Price risk**

Prices of raw materials in 2018 show a slight increase than the 2017 levels. Service, electricity, fuel, and other prices continue to rise substantially, resulting in higher product costs and weaker demand.

Mathios Group keeps prices at levels from previous periods and applies differentiated price policy for its clients. Due to the growth in labour costs and the prices of some materials, however, grows and the cost of the products. This way the net margin decreases and the company becomes unable to cover its operations costs.

*Price risk level: **moderate***

• **Credit risk**

The credit risk arises mainly from the sales with deferred payments. The risk that the company would not be able to collect its receivables is kept at minimum level as conditions for deferred payment are agreed with only three clients, while for all others is applied immediate payment.

*Credit risk level: **low to moderate***

• **Risk of cash flows bearing interest**

In regard to incoming cash flows there is no such risk as they are formed by the revenues and cash. The first does not bear interest and the cash and cash equivalents are in checking accounts and receive insignificant interests, which are relatively stable for the period.

For the outgoing cash flows, however, there is risk, since they are formed in two groups – towards commercial contract parties (mostly without interest) and towards government and credit institutions. As of December 31 the company uses bank loans for operating funds, where the interest is tied to the base annual rate.

*Risk level of cash flows bearing interest: **moderate***

II. ANALYSIS OF THE PROPERTY AND FINANCIAL POSITION

1. Property state and capital structure

As of December 31 the company has non-current assets with balance value of 1.939 thousand BGN, (of which acquired in **2018** - for 105 thousand BGN). Newly acquired assets include facilities, machinery and equipment.

In **2018** increased all inventories: of production ready for sale (with 13%) and goods (with 13%), and of materials (with 2%), compared to **2017**.

As of December 31, the receivables from clients are 24 thousand BGN, and increased with 17% against **2017**, due to sales realised end of year with 30 days delayed payment agreement.

| ASSETS | BGN'000 | | Relative share % | | Growth | |
|--|--------------|--------------|------------------|--------------|-------------|-------------|
| | 2018 | 2017 | 2018 | 2017 | absolute | relative |
| A. FIXED ASSETS | 1 951 | 1 814 | 50.7 | 48.5 | 137 | 7.6 |
| 1 <i>Non-current tangible and nont. assets</i> | 1 939 | 1 799 | 50.4 | 48.1 | 140 | 7.8 |
| 2 <i>Deferred Taxes</i> | 12 | 15 | 0.3 | 0.4 | (3) | -20.0 |
| B. CURRENT ASSETS | 1 896 | 1 928 | 49.3 | 51.5 | (32) | -1.7 |
| 1 <i>Inventory</i> | 1 687 | 1 577 | 43.9 | 42.1 | 110 | 7.0 |
| 2 <i>Trade and other receivables</i> | 148 | 230 | 3.8 | 6.1 | (82) | -35.7 |
| 3 <i>Cash and cash equivalents</i> | 51 | 99 | 1.3 | 2.6 | (48) | -48.5 |
| 4 <i>Prepaid expenses</i> | 10 | 22 | 0.3 | 0.6 | (12) | -54.5 |
| TOTAL ASSETS | 3 847 | 3 742 | 100.0 | 100.0 | 105 | 2.8 |

The following changes in the capital structure are observed in comparison to the previous reported period: the shareholders' equity has decreased with 22% against **2017**, due to the negative financial result for **2018**. The current liabilities increased by 461 thousand BGN (or 21%); there is 65% increase in the liabilities to the mother-company; the amount of other current liabilities is lower than **2017**: to trade counterparties – by 15%, to financial institutions - by 57%, and to personnel - by 33%.

| CAPITAL STRUCTURE | BGN'000 | | Relative share % | | Growth | |
|---|--------------|--------------|------------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | absolute | relative |
| A. SHAREHOLDERS' EQUITY | 1234 | 1590 | 32.1 | 42.5 | (356) | -22.4 |
| I <i>Fixed capital</i> | 400 | 400 | 10.4 | 10.7 | 0 | 0.0 |
| II <i>Reserves</i> | 40 | 40 | 1.0 | 1.1 | 0 | 0.0 |
| III <i>Financial result</i> | 794 | 1 150 | 20.6 | 30.7 | (356) | -31.0 |
| 1 <i>Financial result from previous periods</i> | 1 150 | 1 705 | 29.9 | 45.6 | (555) | -32.6 |
| 2 <i>Current financial result</i> | (356) | (555) | -9.3 | -14.8 | 199 | 35.9 |
| B. CURRENT LIABILITIES | 2 613 | 2 152 | 67.9 | 57.5 | 461 | 21.4 |
| 1 <i>Liabilities to financial institutions</i> | 163 | 377 | 4.2 | 10.1 | (214) | -56.8 |
| 2 <i>Trade and other liabilities</i> | 2 346 | 1 620 | 61.0 | 43.3 | 726 | 44.8 |
| 3 <i>Liabilities to personnel</i> | 104 | 155 | 2.7 | 4.1 | (51) | -32.9 |
| TOTAL LIABILITIES | 3 847 | 3 742 | 100.0 | 100.0 | 105 | 2.8 |

2. Analysis of the financial state

a. *Liquidity* – the indicator is used to determine a company's ability to pay off its short-terms debt obligations. Therefore, the liquidity level is examined by the ratio of current assets to current liabilities.

| Indexes, BGN'000 | 2018 | 2017 | Growth abs. | Growth % |
|---|-------|-------|-------------|----------|
| 1 <i>Inventory</i> | 1 687 | 1 577 | 110 | 7.0 |
| 2 <i>Trade receivables without prep. expences</i> | 146 | 206 | -60 | -29.1 |
| 3 <i>Cash and cash equivalents</i> | 51 | 99 | -48 | -48.5 |
| 4 <i>Current liabilities</i> | 2 613 | 2 152 | 461 | 21.4 |
| Liquidity factors | | | | |
| <i>Current ratio = (1+2+3) / 4</i> | 0.72 | 0.87 | -0.15 | -17.6 |
| <i>Quick ratio = (2+3) / 4</i> | 0.08 | 0.14 | -0.07 | -46.8 |
| <i>Cash position ratio = 3 / 4</i> | 0.020 | 0.046 | -0.026 | -57.6 |

As shown in the table, all liquidity factors in **2018** shows deterioration against **2017**. The quick ratio is lower than 1 (indicates company's ability to cover its current liabilities with by highly liquid assets, preferred rate is 1 or higher) and its deterioration is with 47% against **2017** (less liquid assets and more current liabilities). The current ratio for **2018** is lower than 1, implying the company has no the ability to cover current liabilities with current assets, and shows deterioration against **2017** by 18%, mostly due to increased liabilities to the mother-company.

The cash position ratio indicates the level of current liabilities that could be covered by cash and cash equivalents available. It shows deterioration against **2017** by 58%, again due to increased current liabilities.

b. Financial autonomy – it defines the level of independence of the company from its creditors, or the level of liabilities coverage by the shareholders' equity of the company.

| <i>Indexes, BGN'000</i> | <i>2018</i> | <i>2017</i> | <i>Growth abs.</i> | <i>Growth %</i> |
|--|-------------|-------------|--------------------|-----------------|
| 1 Shareholders' equity | 1 234 | 1 590 | (356) | -22.4 |
| 2 Current liabilities | 2 613 | 2 152 | 461 | 21.4 |
| 3 Total liabilities | 3 847 | 3 742 | 105 | 2.8 |
| Financial autonomy ratio | | | | |
| Financial autonomy ratio = 1 / 3 | 0.32 | 0.42 | -0.10 | -24.5 |
| Debt ratio = 2 / 3 | 0.68 | 0.58 | 0.10 | 18.1 |
| Financial leverage = 2 / 1 | 2.12 | 1.35 | 0.76 | 56.5 |
| Interests coverage = EBIT/Interests | -18.82 | -26.40 | 7.58 | 28.7 |

The first two ratios are reversely proportional and show the ratio of equity/attracted capital. The financial autonomy ratio is lower than one (implying dependence on creditors), it shows deterioration by 25% against previous year. The debt ratio shows the company operates with 68% attracted capital in **2018**, which is 18% more than in **2017**.

The financial leverage ratio indicates the extent to which the business relies on debt financing. It is higher than one, implying an increased risk for the company's financial autonomy. The ratio shows deterioration by 57% against **2017**, due to higher current liabilities and lower equity as a result of the loss generated during the period.

The interest coverage ratio shows the ability of the company to cover the interest expenses by its operating income. It is negative, implying the company is not in condition to cover the interest expenses on debt by its operating income (in this case loss).

c. Return ratio – the amount of net income returned as a percentage of the invested capital.

| <i>Return ratio = Net profit / Capital</i> | <i>2018</i> | <i>2017</i> | <i>Growth abs.</i> | <i>Growth %</i> |
|--|---------------|---------------|--------------------|-----------------|
| Return on sales ratio | (0.08) | (0.13) | 0.05 | 36.0 |
| Current financial result | (356) | (555) | 199 | 35.9 |
| Amount of sales | 4 216 | 4 204 | 12 | 0.3 |
| Return on long-term assets ratio | (0.18) | (0.31) | 0.12 | 40.5 |
| Current financial result | (356) | (555) | 199 | 35.9 |
| Fixed assets | 1 939 | 1 799 | 140 | 7.8 |
| Return on current assets ratio | (0.19) | (0.29) | 0.10 | 34.8 |
| Current financial result | (356) | (555) | 199 | 35.9 |
| Current assets | 1 896 | 1 928 | (32) | -1.7 |
| Return on current liabilities ratio | (0.14) | (0.26) | 0.12 | 47.2 |
| Current financial result | (356) | (555) | 199 | 35.9 |
| Current liabilities | 2 613 | 2 152 | 461 | 21.4 |
| Return on equity ratio | (0.29) | (0.35) | 0.06 | 17.4 |
| Current financial result | (356) | (555) | 199 | 35.9 |
| Shareholders' equity | 1 234 | 1 590 | (356) | -22.4 |

The return on sales ratio indicates how much profit is generated by 1 BGN revenues. Its value for **2018** is negative - (0.08 BGN) and compared to the previous period shows improvement by 36% as a result of management's efforts to improve the production efficiency and optimization of the expenses (as result – less losses for 2018 with 199 thousand BGN).

All the return ratios show improvement compared to the previous year, due to the upper reasons.

The return on equity ratio, significant to investors, shows that for **2018**, the company has generated (0.29) BGN loss for every 1 BGN invested by shareholders.

d. Assets turnover – for the need of the analysis the coefficient is calculated based on the times of turnover of the asset type for the reported period and the days necessary for a full turnover of the same.

| Indices, BGN'000 | 2018 | 2017 | Growth abs. | Growth % |
|--|-------|-------|-------------|----------|
| 1 Amount of sales | 4 216 | 4 204 | 12 | 0.3 |
| 2 Current assets | 1 896 | 1 928 | (32) | -1.7 |
| 2a incl. inventory | 1 687 | 1 577 | 110 | 7.0 |
| 2b incl. rec. from clients, incl. adjudicated | 24 | 20 | 4 | 20.0 |
| 3 Current liabilities | 2 613 | 2 152 | 461 | 21.4 |
| 3a incl. Liabilities towards suppliers | 2 327 | 1 603 | 724 | 45.2 |
| Turnover rate | | | | |
| 4 Net working capital = 2 - 3 | -717 | -224 | (493) | -220.1 |
| 5 Turnover rate of NWC = 1 / average 4 | -9.0 | 233.6 | (243) | -103.8 |
| 6 Current assets turnover ratio = 1 / 2 | 2.2 | 2.2 | 0 | 2.0 |
| 7 Inventory turnover ratio = 1 / 2a | 2.5 | 2.7 | (0) | -6.3 |
| 8 Receivables from clients turn. = 1 / 2b | 175.7 | 210.2 | (35) | -16.4 |
| 9 Liabilities to suppliers turnover = 1 / 3a | 1.8 | 2.6 | (1) | -30.9 |
| Days of converting | | | | |
| Current assets turnover ratio = 360 / p. 6 | 162 | 165 | (3) | -1.9 |
| Inventory turnover ratio = 360 / p. 7 | 144 | 135 | 9 | 6.7 |
| Receivables turnover = 360 / p. 8 | 2 | 2 | 0 | 19.7 |
| Liabilities to suppliers turnover = 360 / p. 9 | 199 | 137 | 61 | 44.8 |

The first indicator, reviewed, is the net working capital – the difference between current assets and liabilities of the company. It is negative in **2018**, and shows a decrease by 220% compared to **2017**, due to higher current liabilities.

There is also a decrease in the liabilities to suppliers turnover ratio – by 45%, the receivables from clients turnover ratio – by 20%, and inventory turnover ratio – by 7%, the current assets turnover ratio shows low improvement compared to **2017** – by 2%.

e. Earnings per share

In addition to the accounting measurements for the efficiency of the company's business operations, the market valuation of the company is significant to the owners of the capital. Investing funds in a joint stock company and payment of a dividend is a mutually dependent process, which is a challenge for the corporate management. It is measured by the ratios of balance value per share and earning per share. These ratios have the following values for the company:

| Earnings per share | 2018 | 2017 | Growth | |
|--|---------|---------|----------|----------|
| | | | absolute | relative |
| 1 Net value per share, BGN | 3.09 | 3.98 | (0.89) | -22.4 |
| Shareholders' equity, BGN'000 | 1 234 | 1 590 | (356) | -22.4 |
| Average number of shares | 400 000 | 400 000 | 0 | 0.0 |
| 2 Earning per share, BGN | (0.89) | (1.39) | 0.50 | 35.9 |
| Net profit / lost, BGN'000 | (356) | (555) | 199 | 35.9 |
| Reserves by law (max.10% of reg. capital), BGN'000 | 0 | 0 | 0 | 0.0 |
| Net profit/lost av. to shareholders', BGN'000 | (356) | (555) | 199 | 35.9 |

The balance value per share for the year **2018** is 3.09 BGN, showing a decrease by 22% against **2017**. The earnings for the shareholders generated by one share for the year **2018** are negative (0.89) BGN, which is 36% higher than in **2017**.

f. Structure of expenses and indicators for effectiveness

| Indexes, BGN'000 | 2018 | 2017 | Growth abs. | Growth % |
|--|--------------|--------------|-------------|-------------|
| I. Earnings from bussiness operations | 4 216 | 4 204 | 12 | 0.3 |
| II. Cost for the bussiness operations, incl. | (4 536) | (4 732) | 196 | 4.1 |
| 1 for materials | (1 678) | (1 733) | 55 | 3.2 |
| 2 for external services and others | (1 128) | (1 306) | 178 | 13.6 |
| 3 for the personnel | (1 378) | (1 308) | (70) | -5.4 |
| 4 correctives | (154) | (212) | 58 | 27.4 |
| EBITD | (122) | (355) | 233 | 65.6 |
| 5 Expenses for depreciations | (198) | (173) | (25) | -14.5 |
| EBIT | (320) | (528) | 208 | 39.4 |
| III. Financial revenues / expenses, net | (33) | (33) | 0 | 0.0 |
| IV. EBT | (353) | (561) | 208 | 37.1 |
| V. Income tax | (3) | 6 | (9) | -150.0 |
| VI. Net profit / loss | (356) | (555) | 199 | 35.9 |
| Created value in the company=3+5+IV | 1 223 | 920 | 303 | 32.9 |
| Cost efficiency = I / (II + III) | 0.92 | 0.88 | 0.04 | 4.6 |
| Revenues efficiency = (II + III) / I | 1.08 | 1.13 | -0.05 | -4.4 |
| Average number of the personnel | 77 | 83 | -6 | -7.2 |

The newly created value in the company is in the amount of 1 223 thousand BGN and has increased by 33% relative to the previous year's results. It includes expenses for employees, depreciation, operating income and income taxes, and expresses the created value in the company, which is a benefit to the whole society. The coefficient for effectiveness of expenses is lower than 1, implying the company is not able to cover the costs of for its operations by the generated revenue.

The average number of employees in **2018** has decreased with 7% compared to previous year, and as of 31 December, it has the following structure of professional qualification (number of employees in each category).

| Year \ Structure | Managers | Supervisors | Analytical specialists | Field specialists | Administration | Qualified production workers | Machines and equipment operators | Non-qualified personnel |
|------------------|----------|-------------|------------------------|-------------------|----------------|------------------------------|----------------------------------|-------------------------|
| 2018 | 2 | - | 2 | 7 | 10 | 2 | 13 | 41 |
| 2017 | 2 | - | 1 | 7 | 12 | 2 | 12 | 47 |

III. EVENTS SUBSEQUENT TO THE PREPARATION OF THE FINANCIAL STATEMENT

The annual financial statement of the company was prepared on **Feb. 20, 2019**. No significant events have occurred since the date of the annual financial statement.

IV. POSSIBLE FUTURE DEVELOPMENT OF THE COMPANY AND ACTIVITIES IN THE FIELD OF RESEARCH AND INNOVATION

The intentions of the management is to continue developing the operations of the company in **2019**, while financing would be achieved through own funds and attracted capital where necessary.

The company has issued a long-term business plan designed to improve working conditions, implementing ISO requirements and optimizing the automation of the production process in order to increase labor productivity and comply with the requirements of the national and European legislation related to the protection of environment.

The management does not plan to make transactions beyond the common ones for the company.

The company does not have undertakings in the field of research and development.

V. INFORMATION FOR THE EQUITY OF THE COMPANY REQUIRED UNDER ARTICLE 187D AND 247 OF THE COMMERCE ACT

As of 31 December, **2018**, the equity capital is fully deposited in the amount of 400 000 BGN and equal to 400 000 shares with nominal value of 1 BGN each.

Shareholders are as follows:

| | | |
|----------------------|----------------------|------------------|
| 1. Companies JC – | 99,9975 % of capital | (399 990 shares) |
| 2. Private persons – | 0,0025 % of capital | (10 shares) |

The statute of the company does not provide for buyback of shares and there is no such decision taken in **2018** by the General Assembly

• Remuneration, received in total for 2018 and 2017 from the members of the Board are as follows:

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|--|-------------------------------|-------------------------------|
| Salaries | (249) | (335) |
| Social insurances | (12) | (13) |
| Total deals with key management personnel | (261) | (348) |

• Shares owned or transferred by the members of the Board of Directors

- 10 named shares with nominal value of 1 BGN each (0.0025% of the equity of the company) are owned by Ioannis K. Mathios.
- Members of the Board of Directors have not acquired or transferred shares of the company in the current year.

• Rights of the members of the Board of Directors to acquire shares of the company – members of the Board of Directors acquire shares under the general terms, in compliance with the current legislation.

• Members of the Board of Directors, acting as unlimited liable shareholders, holding more than 25% of the equity of the other company, as well as their participation in other entities or cooperations as procurators, directors of board members

- Ioannis Mathios – holding 100% of the equity of IKM Company EOOD and manager of the same entity;
- Nikolaos Tsamourdzis – holding 100% of the equity of Athina 2014 EOOD and manager of the same entity.

• Agreements under article 240b from the Commerce Act, stipulated during the year – there are no agreements in **2018** under the terms of article 240b of the Commerce Act.

• Commercial policy planned for the following year – estimated investments, employee development, estimated income from investments and development of the company, significant upcoming deals for the business of the company

In **2019**, the Company plans to reinforce good manufacturing practices that guarantee high quality products. Efforts will also be directed at maintaining the low level of staff turnover as it was in **2018**, by investing in good working conditions and higher than average wages in this industry.

It is planned to implement 100% of the agreed assortment with the new client, as a result of the successful accomplishment of the planned sales the financial autonomy of the Company will improve and will ensure a higher price margin.

The planned investments are in tangible assets and human resources amounting to about BGN 200 thousand, their expected profitable return being about BGN 60 thousand.

It is also planned to continue the expansion of the refractory market, where the company is an exclusive representative for Bulgaria.

VI. BRANCH OFFICES AND DETACHED DEPARTMENTS

The company does not have registered branches under the Commerce Act.

VII. CORE PROBLEMS AND RISKS

The contractual relations with the new West European customer set requirements for constantly high quality products, very good planning in order to meet time schedules, uncompromising production control at all stages of the production process until unloading of the products in the customer's warehouses. For this purpose, it is crucial to maintain the trained qualified staff and to increase their level of qualification through trainings and promotions.

In the Companywarehouses, the finished product is still on hold to be sold, in order to free financial resources for the implementation of the current development plans.

More active marketing and promotional activity is needed on local and Balkan markets in order to create a lasting presence in the distribution network as well as increase sales volumes.

February 20, 2019

Prepared by:

(Katia Basheva)

Manager:

INDEPENDENT AUDITOR'S REPORT

To the shareholders of "MATHIOS" AD

Opinion

We have audited the financial statements of **"MATHIOS" AD** (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at 31 December 2018, and (of) its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the management report prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information included in the management report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the EU 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

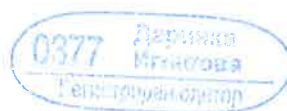


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Darinka Ignatova

Registered CPA, responsible for the audit



Sofia, 45 Bulgaria blvd., fl. 2, office 3

10 April 2019

STATEMENT OF FINANCIAL POSITION

at December 31, 2018

| | Note | 2018 BGN'000 | 2017 BGN'000 |
|--------------------------------------|------|------------------------|------------------------|
| <u>Assets</u> | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3.1 | 1,929 | 1,789 |
| Intangible assets | 3.2 | 10 | 10 |
| Deferred tax assets | | 12 | 15 |
| Total non-current assets | | 1,951 | 1,814 |
| Current assets | | | |
| Trade and other receivables | 5 | 156 | 228 |
| Inventories | 6 | 1,687 | 1,577 |
| Cash and cash equivalents | 7 | 51 | 99 |
| Receivables from related parties | 4 | 2 | 24 |
| Total current assets | | 1,896 | 1,928 |
| Total assets | | 3,847 | 3,742 |
| <u>Liabilities and equity</u> | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Liabilities to related parties | 11.1 | 1,799 | 1,088 |
| Liabilities to financial companies | 11.2 | 163 | 377 |
| Trade and other liabilities | 11.3 | 547 | 532 |
| Liabilities to personnel | 11.4 | 104 | 155 |
| Total current liabilities | | 2,613 | 2,152 |
| Capital and reserves | | | |
| Issued capital | 8 | 400 | 400 |
| Reserves | 9 | 40 | 40 |
| Retained earnings | 10 | 794 | 1,150 |
| Total equity | | 1,234 | 1,590 |
| Total liabilities and equity | | 3,847 | 3,742 |

The statement of financial position and the corresponding notes, presented on pages 5 to 30, are inseparable part of the Annual Financial Report, which is approved and signed by the Board of Directors on 20.02.2019.

February 20, 2019

Financial report prepared by:

(Katia Basheva)

Executive Director:

(Ioannis K. Mathios)

Darinka Ignatova
registered CPA, responsible for the audit



STATEMENT OF COMPREHENSIVE INCOME
 for the year ended December 31, 2018

| | Note | 2018 BGN'000 | 2017 BGN'000 |
|---|------|------------------------|------------------------|
| Revenue | 12.1 | 4,216 | 4,204 |
| Other gains/(losses), net | 12.2 | 133 | 8 |
| Changes in inventories of finished goods and work in progress | | 149 | 33 |
| Raw materials and consumables used | 13 | (1,678) | (1,733) |
| Administrative and selling expenses | 14 | (1,128) | (1,306) |
| Employee benefits expense | 15 | (1,378) | (1,308) |
| Depreciation and amortisation expense | 3 | (198) | (173) |
| Cost of goods sold | | (436) | (253) |
| Profit from operations | | (320) | (528) |
| Finance income/cost, net | 16 | (33) | (33) |
| Profit before taxes | | (353) | (561) |
| Income tax expense | 17 | (3) | 6 |
| Profit for the year | | (356) | (555) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | (356) | (555) |
| | | | |
| | | 2018 BGN | 2017 BGN |
| Earnings per share | 18 | (0.89) | (1.39) |

The statement of **comprehensive income** and the corresponding notes, presented on pages 5 to 30, are inseparable part of the Annual Financial Report.

February 20, 2019

Financial report prepared by:

(Katia Basheva)

Executive Director:

(Ioannis K. Mathios)

 Darinka Ignatova
 registered CPA, responsible for the audit


STATEMENT OF CASH FLOWS

Using the direct method

for the year ended December 31, 2018

| | 2018 BGN'000 | 2017 BGN'000 |
|--|------------------------|------------------------|
| Cash flows from operating activities | | |
| Cash flow, related to customers | 4,037 | 3,054 |
| Cash flow, related to suppliers | (2,489) | (2,151) |
| Cash flow, related to payrolls | (1,431) | (1,230) |
| Cash flow, related to interests on operating loans, bank fees and others | (24) | (28) |
| Cash flow from positive and negative currency differences | (6) | (4) |
| Other operating cash flow | 197 | 307 |
| Net cash generated by operating activities | 284 | (52) |
| Cash flows from Investing activities | | |
| Cash flow, related to non-current assets | (118) | (19) |
| Net cash used in investing activities | (118) | (19) |
| Cash flows from financing activities | | |
| Cash flows from loans | (214) | 27 |
| Net cash used in financing activities | (214) | 27 |
| Net increase/decrease in cash and cash equivalents | (48) | (44) |
| Cash and cash equivalents at the beginning of the year | 99 | 143 |
| Cash and cash equivalents at the end of the year | 51 | 99 |

The statement of cash flows and the corresponding notes, presented on pages 5 to 30, are inseparable part of the Annual Financial Report

February 20, 2019

Financial report prepared by:

(Katia Basheva)




Executive Director:

(Ioannis K. Mathios)



Darinka Ignatova

registered CPA, responsible for the audit



STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2018

| | Equity capital BGN'000 | Reserves BGN'000 | Retained earnings BGN'000 | Total BGN'000 |
|---|---------------------------|---------------------|------------------------------|------------------|
| Balance at January 01, 2017 | 400 | 40 | 1,705 | 2,145 |
| Total comprehensive income for the year | - | - | (555) | (555) |
| Balance at December 31, 2017 | 400 | 40 | 1,150 | 1,590 |
| Total comprehensive income for the year | - | - | (356) | (356) |
| Balance at December 31, 2018 | 400 | 40 | 794 | 1,234 |

The statement of changes in equity and the corresponding notes, presented on pages 5 to 30, are inseparable part of the Annual Financial Report.

February 20, 2019

Financial report prepared by:


(Katia Basheva)

Executive Director:



Darinka Ignatova
registered CPA, responsible for the audit



NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. General information

MATHIOS AD is a joint stock company, registered with corporate case No. 8462/2004 of the City Court of Sofia and corporate case No. 800/2005 of the District Court of Ruse. The company's head office and registered address is Dupnitsa, 9 Nikola Malashevski str., Republic of Bulgaria.

The company is governed by a three-member board of directors and is represented by an Executive Director.

The business operations of the company are production of stone veneer and sale of own production, goods and services.

The current financial statement is approved by the management on **20 February 2019**.

The management is responsible for the preparation of the annual financial statements, which give correct and honest notion of the financial position, results from operations, cash flows and changes in the shareholders' equity of the enterprise.

2. Summary of significant accounting policies

2.1. Basis for preparation of the financial statements

The financial statement of Mathios AD has been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January 2018 and have been adopted by the Commission of the European Union. IFRS, endorsed by EU, is the generally accepted name of the general purpose framework – the basis of accounting equivalent to the framework introduced with the definition in § 1, p. 8 of the Additional Provisions of the Accountancy Act under the name of "International Accounting Standards" (IASs).

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 International Financial Reporting Interpretations Committee (IFRIC), which have been relevant to its activities.

The adoption of these standards and/or interpretations, effective for annual periods beginning on 1 January 2018, has caused changes in Company's accounting policies, respectively in the classification and measurement of individual reporting items and transactions.

The new and/or amended standards and interpretations include:

- IFRS 9 "Financial Instruments" (in force for annual periods beginning on or after 1 January 2018 – endorsed by EC). This is a new standard for financial instruments. It is ultimately intended to replace IAS 39 in its entirety. IFRS 9 introduces a requirement that financial assets are to be classified based on entity's business model for their management and on the contractual cash flow characteristics of the respective assets. It establishes two primary measurement categories for financial assets: amortised cost and fair value. There is a significant change in the methodology for determining impairment, since it provides application of the "expected credit loss" model.
- IFRS 15 "Revenue from Contracts with Customers" (in force for annual periods beginning on or after 1 January 2018 – endorsed by EC). This is an entirely new standard. It introduces a single complex of principles, rules and approaches for recognition, accounting for and disclosure of information about the nature, amount, timing and uncertainties related to revenue and cash flows arising from contracts with customers. It will supersede all current standards related to revenue recognition, mainly IAS 18 and IAS 11 and the interpretations thereto. The main principle of the new standard is to provide a stepwise model whereby revenue amount and timing reflect the obligation characteristics and performance of each of the parties to the transaction. The standard allows a full retrospective approach or a modified retrospective approach from the beginning of the current reporting period with particular disclosures for prior periods.

There are not new and/or revised standards and interpretations, issued by the IASB, respectively by the IFRIC, which are in force from for annual periods beginning on or after 1 January 2018 and which would be relevant to the company's operations in the following reporting period.

2.2 Functional currency

The financial statement is prepared in Bulgarian Leva (BGN), also called functional currency and representational currency. The figures in the statement and its supplements are presented in thousands of Leva, except when explicitly stated otherwise.

2.3 Comparison data

The company presents comparable information in this financial statement for one preceding year. The comparison data is reclassified and recalculated, where necessary, in order to achieve greater comparability relative to changes in the disclosure for the current year.

The management has not adopted the amendments in IAS 1, as far it is not necessary to change the name of the Statement of Comprehensive Income with the new one – Statement of Profit or Loss and Other Comprehensive Income.

With respect to the application of IFRS and 15, the company has chosen modified retroactive application of the new rules of the standard from 1 January 2018. Therefore, comparable data for 2017 is not recalculated.

2.4 Use of approximate accounting estimations

The preparation of the financial statement in compliance with IFRS requires the management to make judgements, estimates and reasonable assumptions, which influence the reported values of the assets and liabilities, the revenues and expenses, and the disclosures of conditional receivables and payables towards the date of the statement. Those approximate estimations and assumptions are based on the information, which is available towards the date of the financial statements, thus future factual results could be different.

2.4.1 Fair value measurement

Some of the assets and liabilities of the enterprise are valued and presented and/or disclosed only at fair value for the purpose of financial reporting. These include:

- On repeating basis - bank loans received or loans from third parties, trade and other receivables and payables, financial lease receivables and payables, financial assets held for sale, and others.
- On non-repeating basis – non-current assets, held for sale.

The fair values is the price that would be received at the disposal of a given asset or paid for the transfer of a given liability in an ordinary transaction between independent market participants on the date of the valuation.

The enterprise applies different valuation techniques, which are appropriate with respect to the specific circumstances, and for which there is enough input data, while aiming to use a maximum level of publicly available information, respectively to minimise the use of unobservable information. It uses all three methods available – the market approach, the income approach, and the cost approach, while the first two ones are applied most.

The enterprise needs to apply fair value for measurement on repeating basis for financial assets held for sale, respectively on non-repeating basis – non-current assets, held for sale.

The fair value of all assets and liabilities, which are measured and disclosed in the financial statements, are classified under the following hierarchy of fair values:

- Level 1 - Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including when quoted prices are subject to significant corrections.
- Level 3 – Measurement techniques, using inputs that are largely not observable.

The enterprise applies mainly fair value under level 1 and level 2.

2.5 The going concern principle

The financial statement of the company is prepared according to the going concern principle, which assumes the company will continue its business operations as usual in the foreseeable future.

2.6 Foreign currency transactions

Foreign currency transactions are reported at currency rates on the day of the transaction. Cash assets and liabilities in foreign currency are reported at the fixing rate of the Bulgarian National Bank towards the date of the accounting balance. Negative or positive currency differences are reported in the statement of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are initially measured at value that includes the price of acquisition as well as all expenses needed for bringing the asset into working condition.

Following valuation is performed by the recommended approach, i.e. price of acquisition less accumulated depreciation and impairment losses. The impairment losses are reported as an expense and are recognized as such in the statement of comprehensive income for the period.

Following costs related to particular property, plant or equipment are added to the balance value of the asset when it is possible the company to have economic benefits exceeding the initial evaluated efficiency of the existing

asset. All other following costs for maintenance, repairs and substitution of minor components of properties, plants and equipment are reported currently as maintenance expenses and are recognized as such for the period in which they have been made.

The non-depreciated part of the substituted components is written off the balance value of the assets and is recognized as current expense for the period of reconstruction. All other following costs are recognized as expenses for the period, in which they are made.

When the balance value of particular property, plant or equipment is higher than its refundable value, it should be devalued to its refundable value.

The company has approved a value level of 700 Leva (BGN) for recognition of Properties, plants and equipment.

Impairment of assets

The balance values of property, plant and equipment are subject to review for impairment when there are events or changes in the circumstances indicating that the balance values might differ permanently from their refundable values. If such indicators are evident, where the approximately defined refundable value is lower than the balance value, the latest is written down to the refundable value of the asset.

The refundable value of property, plant and equipment is the higher from the following two: fair value without sale costs or value in use. In order to determine the value in use of assets, future cash flows are discounted to their present value by applying the discount rate before taxes, which reflects the current market conditions and estimations of the time value of money and risks, specifically for the corresponding asset.

Impairment losses are reported in the statement of comprehensive income, except when a revaluation surplus is formed for that particular asset. Then the impairment is treated as a decrease in this surplus, except if it exceeds the surplus amount, so the exceeding value is included as an expense in the statement of comprehensive income.

2.8 Depreciation

The company uses the linear method for depreciation of property, plant and equipment (note 3). Land is not depreciated. The useful life under groups of assets is considered with respect to the physical wear out, the specifics of the equipment, and future intensions for usage. When different parts of certain asset have different useful life, they are differentiated into independent components for the purpose of depreciation.

The useful life of the main groups of assets as of 31 December 2018, determined by the management after review, is as follows:

| | <u>2018</u> years | <u>2017</u> years |
|---|----------------------|----------------------|
| <i>Property</i> | 25 | 25 |
| <i>Equipment</i> | 25 | 25 |
| <i>Plant</i> | 3,3 | 3,3 |
| <i>Automobiles</i> | 4 | 4 |
| <i>Transport vehicles (excl. automobiles)</i> | 10 | 10 |
| <i>Installations and other equipment</i> | 6,7 | 6,7 |
| <i>Computer hardware</i> | 2 | 2 |

The useful life of an asset should be reviewed at the end of each statement period, if expectations differ from previous estimates, any change is accounted prospectively.

Property, plant and equipment are depreciated from the month following the date, on which they have been acquired, and internally created assets are depreciated from the month following the date, on which they have been brought into use.

2.9 Intangible assets

Initially assets are measured at acquisition cost. Intangible assets are recognized when it is possible for the entity to receive economic benefits in the future as a result from possessing the asset and when the cost of the asset could be valued fairly.

After the initial recognition, the intangible assets are valued at acquisition cost less accumulated amortisation and impairment losses. Intangible assets are amortised for the period of their useful life using the linear method as follows:

| | <u>2018</u> years | <u>2017</u> years |
|--|----------------------|----------------------|
| <i>Software</i> | 2 | 2 |
| <i>Patents, rights of usage and other rights</i> | 25 | 25 |
| <i>Others, contractual terms of usage</i> | 3 | 3 |

2.10 Investments

The company does not have investments under the meaning of IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investment in Associates, IAS 31 Interests in Joint Ventures and IAS 39 Financial Instruments: Recognition and Measurement.

2.11 Inventories

The main components of inventories are production ready for sale, goods and materials (note 6). They are measured at the lower value from acquisition cost and net realizable value.

The expenses, made in order to bring a product to its current condition and location, are included in the acquisition cost as follows:

- Raw materials and materials ready for use – all supply costs, including price, duties and fees, transportation costs, non-refundable taxes, and other costs, which contribute to bringing the materials in ready for use condition.
- Production ready for sale and work in progress – the direct cost of materials and labour, and the corresponding part of the production indirect costs, except the administration costs, currency differences, and the cost of borrowed financial resources. The distribution of the permanent general production expenses in the cost of production is made on the basis of recalculated volume of production compared to a single unit produced (difficulty coefficient).

The method of average-weighted price (cost), calculated on monthly basis, is used for the inventories usage (sale).

The net realizable value is the approximate sale price of a given asset in the course of normal commercial activities, less the approximately determined costs for bringing this asset in commercial condition and the approximately determined costs for realisation.

There is a pledge on inventories of the company with balance value of BGN 750 thousand.

2.12 Trade and other receivables

Trade receivables (note 5) are reported in the financial statement at fair value on the basis of original invoice (cost), less the value of the impairment for uncollectable amounts.

An approximate measurement of losses from suspicious or uncollectable receivables is made when there is high uncertainty for the collectability of the whole or partial amount. The impairment of receivables is accounted by the corresponding corrective account for every type of receivables under article "Depreciation and amortisation expense" on the front side of the statement of comprehensive income.

The uncollectable receivables are recognised as expenses for the period, in which they have been acknowledged (note 5).

There is a collateral pledge on all current, future and contingent receivables of the company, up to amount of bank loan (contract 228/2007 and contract 007/2017), applicable to all bank accounts opened with the lending bank.

2.13 Cash and cash equivalents

Cash funds in Leva (BGN) are measured at their nominal value, and those in foreign currency – at the fixing rate of the Bulgarian National Bank on 31 December 2018. The cash funds of the company are formed by cash funds in the company treasury and in bank accounts, respectively in Leva (BGN) and foreign currency. The cash funds in banks are on current and deposit accounts (note 7). The company does not have any blocked cash funds.

- Cash receivables from clients and cash payables to suppliers are presented gross with VAT included (20%);
- Cash flows related to fixed assets are presented net, without VAT;
- The interest rate for investment loans received are included as payment for financial operations, while interest rate, related to operating loans, is included under operating activities.

2.14 Loans and other borrowed financial resources

All loans as well as other borrowed financial resources are initially recognised and measured at cost (nominal value), which is accepted as fair value of what is received from the transaction, net from the direct expenses related to those loans and borrowed resources. After initially recognised, the interest bearing loans and other borrowed resources are then measured by amortisation value, determined by applying the method of effective interest. The amortisation value is calculated by taking into consideration all types of fees, commissions and other expenses, including discount or premium, associated with those loans. The profits and losses are recognised in the comprehensive income statement as financial revenues or expenses (interest) for the period of amortisation or when the liabilities are written off or reduced. Current liabilities are not discounted.

Interest bearing loans and other financial resources are classified as current unless the company has the explicit right to pay off its liability in terms longer than 12 months from the statement date.

The long-term and current liabilities in Leva (BGN) are measured by the cost of their origination, and those denominated in foreign currency – by the fixing rate of the Bulgarian National Bank as of 31 December 2018.

2.15 Provisions

Provisions are recognised if legal or constructive liability is present at the best educated guess about the possible economic benefits, which will flow when liabilities are paid off towards the date of the financial statement.

2.16 Employee benefits

Short-term income

Short term income of personnel in the form of remunerations, bonuses and social rewards (available in the 12 months after the period, in which personnel has expended work for or has fulfilled the necessary conditions) is recognised as expense in the comprehensive income statement for the period, in which the work is expended or the conditions for the receipt of this short-term income are met, and as a current liability (after deduction of all paid amounts and all applicable deductions) in the amount of the undiscounted sum. The payments due for social and health insurance are recognised as current expenses and liabilities in undiscounted amount as well for the period of accounting, the corresponding revenues are related to.

Refundable holidays

Towards the date of every financial statement the company makes evaluation of the expected expenses for accumulated refundable days off, which are expected to be paid as a result of not using the right for taking days off. The approximate estimation of the expenses for compensations and expenses for the payments for compulsory social and health insurance, which the employer owes on this amount based on the gross remuneration for the last month, in which the employees have worked at least 10 days, are included in the evaluation.

Other long-term income

The enterprise is obliged to pay income for the leave of these employees, who retire at Mathios AD, in compliance with the Social Insurance Code, article 222, paragraph 3 and Collective Work Agreement. According to these legal and corporate requirements, at the termination of work agreement of employee that have acquired the right to pension, the company pays him/her compensation. The compensation is in the amount of four gross salaries, in case the work experience at the company is up to 6 years, and six gross salaries in case the work experience at the company is over ten years. Towards the date of each statement of the financial position, the management measures the approximate amount of the potential costs, payable at the current level of remunerations.

2.17 Income taxes

In compliance with the Bulgarian legislation, the company owes corporate tax in the amount of 10% on the taxable income. The corporate tax for the previous year has been 10% as well.

The income tax is calculated based on the result for the year, while taking into consideration deferred taxes. Deferred taxes on income reflect the net tax effect from time differences between the balance value of assets and liabilities for the purpose of the financial statements and the values for tax purposes. In order to determine the amount of assets and liabilities from deferred taxes, specific tax levels, which are expected to be valid for the period of their realisation, are applied.

Assets and liabilities on deferred taxes reflect the tax consequences from the way the company expects to fix or restore the balance value of assets and liabilities towards the date of preparation of the statement. Assets and liabilities are recognised no matter when the temporary difference will show back.

Deferred taxes, related to objects, reported as other components of the comprehensive income or capital position in the statement of financial position, are also reported directly towards the corresponding component of the comprehensive income or balance capital position.

2.18 Related parties

For the purpose of preparing the current financial statement all key management personnel and members of the governing bodies, as well as close relatives of their families, including the entities controlled by the above mentioned parties, are treated as related parties (note 4, 11.1 and 19).

2.19 Financial instruments

Accounting policy, applicable after 1 January 2018

Financial instrument is every contract, establishing simultaneously a financial asset in one entity and a financial liability or equity in another entity.

2.19.1 Financial Assets

Initial recognition, classification and measurement

At their initial recognition, financial assets are classified under the three categories, according to which they are later measured at amortised cost, at fair value through other comprehensive income and at fair value through profit and loss.

The classification of financial assets at their initial recognition depends on the characteristics of the contracted cash flows of the corresponding financial asset or the business model of the company for its management.

The business model of managing financial assets reflects the way the company manages its financial assets for generating cash flows. The business model defines whether the cash flows result from the collecting contracted cash flows, sale of financial assets or both.

Valuation

The company initially recognises financial assets at fair value, while in case of financial assets, which are not recognised at fair value through profit and loss, the direct costs of the trade are added. The exception are trade receivables, which do not include significant component of financing – they are measured based on the price of trade, defined in accordance with IFRS 15 and the issued invoice.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified under four categories:

- Debt instruments, measured at amortised cost;
- Debt instruments, measured at fair value through other comprehensive income (with re-classification in profit and loss);
- Equity instruments, measured at fair value through other comprehensive income (without re-classification in profit and loss);
- Financial assets (debt instruments, equity instruments and derivatives), measured at fair value through profit and loss.

For the current period, the company classifies assets under one of these categories – financial assets at amortised cost.

Financial assets at amortised cost (debt instruments):

This is the most significant category for the company.

The company measures financial assets at amortised cost when both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The management has estimated the financial assets, comprising cash in banks accounts, trade receivables and other receivables, are held by the company with to goal to collect contracted cash flows, while these cash flows represent solely principal and interest in accordance with the business model.

The financial assets at amortised cost are subsequently measured based on the effective interest rate (EIR). They are subject to impairment. The profit and loss are recognised in statement of comprehensive income (in the profit or loss for the year), when the asset is written off, modified or impaired.

Write-off

Financial assets are written off from the statement of financial position when:

- The rights to receiving cash flows from the asset are expired, or
- The rights to receiving cash flows from the assets are transferred or the company has taken the liability to pay in full the cash flows received, without significant delay, to third party by agreement for transfer. In this case, the company also recognises the corresponding liability. The transferred asset and the corresponding liability are measured based on the rights and obligations, which the company has held.

The continued part, in the form of guaranteed on the transferred asset, is measured at the lower of: the initial balance value of the asset or the maximum amount of the payment, which could be required for the entity to pay.

Impairment of financial assets

The company recognises corrective (provision for impairment) for expected credit loss for all debt instruments, which are not reported at fair value through profit and loss. The expected credit loss are calculated as difference between the contractual cash flows, due according to the terms of the contract, and all cash flows, which the company expects to receive, discounted by the initial effective interest rate.

At each reported date, it defines whether the debt instrument is such with low credit risk, using all reasonable and established information, which is available without making undue expenses and efforts. The company

reviews the idiosyncratic credit risk of the debt instrument. In addition, it makes a judgement whether there is a significant increase in credit risk, when the payment under the contract is overdue by over 30 days.

The company regards a financial instrument to have significantly increased its credit risk when the contractual payments are past due for more than 60 days. However, in certain cases, it may treat a financial asset as such when internal or external information provides an indication that it is unlikely that the company will receive the full amount of the outstanding amounts under the contract before taking into account any credit enhancements held by it. Financial assets are derecognised when there is no reasonable expectation for the collection of cash flows under the contract.

For the calculation of expected credit losses of trade receivables and assets under contract with clients, the company has adopted and applies the simplified approach based on a matrix for estimating the expected credit loss and does not follow subsequent changes in the credit risk. Under this approach, it recognises corrective (provision for impairment) based on the expected credit losses over the whole period of the receivables at each reporting date. The company has established and applies a provision matrix, which is based on the historical data with respect to credit losses, corrected by forecast ratios, specific for the counterparties and the economic environment and for which there is established correlation with the rate of credit losses.

Financial assets are derecognised when the company has no reasonable expectation of recovering the cash flows under the contract.

Accounting policy, applicable from 1 January 2017

The company classifies its financial assets under the following categories: "loans (credits) and receivables" and "assets held for sale". The classification depends on the nature and the purpose of the financial assets towards the date of their acquisition. The management determines the classification of the financial assets of the company towards the date of their initial recognition in the statement of financial position.

The company normally recognises financial assets in the statement of financial position on "the date of transaction" – the date, on which it has engaged to buy the respective financial assets. All financial assets are measured by their fair value plus the direct costs of the transaction. Financial assets are written off the financial position statement when the right for receiving cash funds from those assets has expired or the company has transferred the essential part of the risks and benefits arising from the ownership of the asset to another entity or person.

Loans (credits) and receivables

Loans (credits) and receivables are non-derivative financial assets with fixed or definable payments, which are not quoted on an active market. They are measured in the financial position statement at their amortisation value using the method of effective interest, less the impairments made. These assets are included in the group of current assets when their maturity is up to 12 months or the usual operating cycle of the company, while the rest are included as long-term assets.

This group of financial assets includes: loans provided, trade receivables, other receivables from counterparties and third parties, cash funds and cash equivalents from the financial position statement. The interest income on "credits and receivables" is recognised on the basis of effective interest, unless they are short-term receivables less than 3 months, where the recognition of such interest is unjustified as it is not significant under the framework of usual credit terms. It is presented in the statement of comprehensive income under "net financial revenues/expenses".

On the date of every financial statement, the company estimates whether there are events or conditions providing evidence of objective proof that requires impairment of the credits and receivables.

2.19.2 Financial liabilities and instruments of the shareholders' equity

The company classifies debt instruments and equity instruments as financial liabilities or as shareholders' equity depending on the nature and the conditions in the contract with the respective counterparty with respect to these instruments.

Financial liabilities

Initial recognition, classification and measurement

All financial liabilities are initially recognised at fair value, while in the case of loans and financing and trade and other receivables, net of the direct costs related to the transaction.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below.

Financial liabilities, measured at amortised cost

This category is significant for the company. After initial recognition, the company measures interest bearing loans and financing at amortised cost by the method of the effective interest rate. Profit and loss are recognised in the statement of comprehensive income (in profit and loss for the year), when the corresponding financial liability is derecognised, as well as when by the amortisation based on the effective interest rate.

The amortised value is estimated by taking into consideration all discounts or premiums of the acquisition, as well as fees and costs, which are inseparable part of the effective interest rate. The amortisation is included as "financial expense" in the statement of comprehensive income (in the profit and loss for the year).

Write-off

Financial liabilities are derecognised when the liability is settled or terminated, or expired. When existing financial liability is replaced by another by the same credit provider at materially different terms, or the terms of the existing liabilities are materially changed, this exchange or modification is treated as derecognition of the initial liability and recognition of a new one. The difference in the balance value of the financial liability, settled or transferred to another party in cash or non-cash assets is recognised in the profit and loss for the year.

Accounting policy, applicable from 1 January 2017

Financial liabilities include debt (credits), liabilities towards suppliers and other counterparties. Initially they are recognised in the statement of financial position at fair value, net of the direct costs of the transaction, and next – at the amortisation value using the effective interest method.

2.20 Conditional assets and liabilities

Conditional assets and liabilities are not recognised in the financial statements. They are disclosed, unless the possibility of outgoing and incoming cash flows as well as the related economic benefits are not too far ahead in time.

2.21 Revenues

Accounting policy, applicable from 1 January 2018

Revenue recognition under client contracts

The general revenues of the company are from the sale of own production. The revenue is recognised when the control over the agreed in the client contract goods and/or services is transferred to the client. The control is transferred to the client when the obligations under the contract are met by transferring the agreed goods and/or services.

Measurement of customer contracts

A contract with customer is present only when it has commercial substance and motive, parties have approved it (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, and it is probable the entity will collect the consideration to which it will be entitled.

A contract, which does not meet one of the aforementioned criteria, is subject to a reassessment each reporting period. Considerations, received under such contract, are recognised as liability (liability under contract) in the statement of financial position, while all other criteria for recognition of customer contract are not met, respectively the company fulfils its obligations and receives all or almost all the consideration (which is not subject to refund) and/or the contract is terminated and the consideration received is non-refundable.

In the initial recognition of the customer contracts, the company makes additional analysis and assessment whether two or more contracts shall be considered in their combination and be reported as one, respectively whether the agreed goods and/or services in each separate and/or combined contract shall be reported as one and/or more obligations for fulfilment. Every promise for transfer of goods and/or services, which are separable (by themselves in the context of the contract) are reported as one obligation for fulfilment.

The company recognises revenue for each separate obligation for fulfilment at individual customer level, while the terms and conditions are analysed for each contract.

When measuring the collectability, all relevant facts and conditions under the transaction are taken into consideration, including past experience, general business practices, published guidelines and announcements made by the company, guarantees and ability for settlement.

Measurement of revenue from customer contracts

The revenue is measured based on the defined for each contract price.

The price of the transaction is the amount of the consideration, which the company expects to have the right to receive, except for the amounts, collected on behalf of third parties. In the process of setting the transaction price, the company takes into consideration the terms of the contract and its common commercial practices.

Obligations for fulfilment under customer contracts

The revenue, generated by the company, is mainly from sale of own production. The company has reached conclusion that it acts as principal in its dealings with customers for the sale of goods/production, since the company controls the goods and/or services before transferring them to the customers.

Revenue from the sale of goods

The company sells own production and others. In the sale, the control of the goods is transferred to the customer at a specific point of time at specified location and the customer can dispose with it by managing its use and receive all related benefits.

Revenue from the sale of services

The services, provided by the company, include episodic services and others. The control on the services is transferred in the period of time during their execution.

Price of transaction and payment terms

The price of the transaction generally includes contracted/fixed sale price, in accordance with general or customer-specific price list.

Variable consideration

Variable consideration is included in the price only to the extent where it is highly probable that there will not be significant correction in the cumulative revenue recognised.

Revenues in the company are recognised on the basis of the accounting principle and up to the extent, to which the commercial benefits are acquired by the company and the revenues could be reliably estimated (**note 12**).

Revenues from sale of production, goods and materials are recognised when all significant risks and rewards of the ownership are transferred to the buyer, including when all additional conditions for their acceptance by the client are taken into consideration. The recognition is analogous for the sale of other tangible assets.

Revenues from providing services are recognised, taking into account the level of completion of the deal towards the date of the statement of financial position, in case the level of completion could be reliably measured. All expenses made on the deal and the costs needed for its conclusion are recognised by taking into consideration all additional conditions for the acceptance of the service by the client.

Revenues are measured on the basis of fair value of the goods and services sold, net of indirect taxes (excise duty and value added tax), provided discounts and rebates.

Financial revenues are included in the comprehensive income statement when they occur and they consist of interest revenues on loans provided and other receivables or deposits with investment purpose.

They are presented net, together with the financial expenses on the front side of the statement of comprehensive income. The interest revenue is recognised as it is accounted and included in the current profits and losses proportionally in time during the existence of the corresponding interest bearing asset, based on the effective interest method.

The differences from change in currency rates related to cash funds, trade receivables and payables, denominated in foreign currency, are included in the statement of comprehensive income when they occur as they are also represented net towards "financial revenues/expenses".

2.22 Expenses

Expenses in the company are recognised at the moment of their occurrence on the basis of accounting and correspondence, but to the extent that the latter does not lead to recognition of reported objects as assets and liabilities (**Notes 13-17**).

Expenses for future periods are postponed for recognition as current expenses for the period, which the corresponding contracts are executed in.

Financial revenues and expenses are included in the comprehensive income statement when they occur. They are presented net and include: interest revenues and expenses related to provided or received loans, as well as fees and other indirect costs of credits, bank guarantees, and currency rate differences on loans in foreign currency. They are presented net, together with the financial expenses on the front side of the statement of comprehensive income.

2.23 Financial risk management

The company is exposed to different types of risks in its operating activities, namely:

Credit risk - the risk the opposite side does not pay its liabilities is supervised by the company using internal rules of control of revenues and expenses, explicit clauses for payment terms and penalties in the contracts with counterparties, as well as collaterals, when appropriate.

After analyses at the end of every reporting period, the company applies policy of 100% impairment for doubtful receivables, in case at least one year has passed since their due date.

Liquidity risk - arises from time differences in the contracted and actual maturities of the cash assets and liabilities. The management maintains enough cash resources in order to support constant liquidity.

Currency risk - arises from transactions in foreign currency made by the company in the course of its business operations (note 16).

Interest risk – arises from the possible increase in interest rates of banks and therefore the interest on borrowed capital by the company, thus leading to increase in the interest expenses.

Statement of financial position

3. Non-current assets

3.1 Property, plant and equipment

| 2017, BGN'000 | Lands | Buildings | Machines | Equipment | Vehicles | Other LTA | Assets under construction | TOTAL |
|--|------------|------------|-----------|------------|-----------|-----------|---------------------------|--------------|
| Gross carrying amount, Jan.01, 2017 | 149 | 863 | 1 103 | 1 182 | 289 | 282 | 4 | 3 872 |
| Accumulated depreciation, Jan.01,2017 | 0 | (229) | (1 050) | (287) | (218) | (227) | 0 | (2 011) |
| Balance at January 01,2017 | 149 | 634 | 53 | 895 | 71 | 55 | 4 | 1 861 |
| Additions | | | 8 | 30 | | 1 | 33 | 72 |
| Disposals | | | | | (41) | | | (41) |
| Current year depreciation | | (34) | (24) | (47) | (18) | (21) | | (144) |
| Eliminated depreciation on disposals of assets | | | | | 41 | | | 41 |
| Balance at December 31,2017 | 149 | 600 | 37 | 878 | 53 | 35 | 37 | 1 789 |

| 2018, BGN'000 | Lands | Buildings | Machines | Equipment | Vehicles | Other LTA | Assets under construction | TOTAL |
|--|------------|------------|-----------|------------|-----------|-----------|---------------------------|--------------|
| Gross carrying amount, Jan.01, 2018 | 149 | 863 | 1 111 | 1 212 | 248 | 283 | 37 | 3 903 |
| Accumulated depreciation, Jan.01,2018 | 0 | (263) | (1 074) | (334) | (195) | (248) | 0 | (2 114) |
| Balance at January 01,2018 | 149 | 600 | 37 | 878 | 53 | 35 | 37 | 1 789 |
| Additions | | | 11 | 49 | | 41 | 188 | 289 |
| Disposals | | | | | | | (13) | (13) |
| Current year depreciation | | (34) | (23) | (50) | (17) | (12) | | (136) |
| Eliminated depreciation on disposals of assets | | | | | | | | 0 |
| Balance at December 31,2018 | 149 | 566 | 25 | 877 | 36 | 64 | 212 | 1 929 |

| | | | | | | | | |
|---------------------------------------|------------|------------|-----------|------------|-----------|-----------|------------|--------------|
| Gross carrying amount, Dec.31, 2018 | 149 | 863 | 1 122 | 1 261 | 248 | 324 | 212 | 4 179 |
| Accumulated depreciation, Dec.31,2018 | 0 | (297) | (1 097) | (384) | (212) | (260) | 0 | (2 250) |
| Balance at December 31,2018 | 149 | 566 | 25 | 877 | 36 | 64 | 212 | 1 929 |

A commission of technical experts from the company has performed an overview of the tangible assets in order to find whether there are conditions present for impairments in compliance with the requirements and the rules of IAS 36 Impairment of Assets. Based on this overview, the management has established there are no such indications for impairment as of 31 December 2018.

3.2 Intangible assets

| <u>2017,</u> <u>BGN'000</u> | Rights | Other intang. Assets | Assets under constructi on | Total |
|--|-----------|----------------------------|-------------------------------------|-----------|
| Gross carrying amount, Jan.01, 2017 | 18 | 15 | 0 | 33 |
| Accumulated depreciation, Jan.01, 2017 | (7) | (11) | 0 | (18) |
| Balance at January 01,2017 | 11 | 4 | 0 | 15 |
| Additions | | | | 0 |
| Disposals | | | | 0 |
| Current year depreciation | (3) | (2) | | (5) |
| Eliminated depreciation on disposals of assets | | | | 0 |
| Balance at December 31,2017 | 8 | 2 | 0 | 10 |

| <u>2018,</u> <u>BGN'000</u> | Rights | Other intang. Assets | Assets under constructi on | Total |
|--|----------|----------------------------|-------------------------------------|-----------|
| Gross carrying amount, Jan.01, 2018 | 18 | 15 | 0 | 33 |
| Accumulated depreciation, Jan.01, 2018 | (10) | (13) | 0 | (23) |
| Balance at January 01,2018 | 8 | 2 | 0 | 10 |
| Additions | 4 | | | 4 |
| Disposals | | | | 0 |
| Current year depreciation | (3) | (1) | | (4) |
| Eliminated depreciation on disposals of assets | | | | 0 |
| Balance at December 31,2018 | 9 | 1 | 0 | 10 |

| | | | | |
|--|----------|----------|----------|-----------|
| Gross carrying amount, Dec.31, 2018 | 22 | 15 | 0 | 37 |
| Accumulated depreciation, Dec.31, 2018 | (13) | (14) | 0 | (27) |
| Balance at December 31,2018 | 9 | 1 | 0 | 10 |

The management has established there are no conditions for impairment of the company's intangible assets.

4. Receivables from related parties

At the reporting period, the Company has receivables from related party IKM COMPANY LTD as follows:

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|---|------------------------|------------------------|
| IKM COMPANY LTD | 2 | 24 |
| Total receivables from related parties | 2 | 24 |

They are in BGN, interest-free, and are solely from trading deals on sales of products, goods and services.

The company has set a standard credit period of 30 days for receivables from related parties.

5. Trade and other receivables, net

Trade receivables are from trade contractors (clients and suppliers, receivables under provided guarantees for rented assets, and deferred expenses) and tax refunds.

| | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>Receivables from trade contractors</i> | 82 | 169 |
| <i>Pending and awarded claims</i> | 18 | 14 |
| <i>Tax refunds</i> | 56 | 45 |
| TOTAL | 156 | 228 |

5.1 As of 31 December, the enterprise has the following receivables from trade contractors:

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>Receivables from clients</i> | 24 | 20 |
| <i>Advance payments ESF grants</i> | 34 | 118 |
| <i>Deposits to contractors</i> | 15 | 9 |
| <i>Prepaid expenses</i> | 9 | 22 |
| TOTAL | 82 | 169 |

The company applies flexible policy for its trade receivables. Immediate payment policy is adopted for large part of the clients, while for regular clients the credit period is between 30 and 60 days, subject to individual agreement.

With the adoption of IFRS 9 from 1 January 2018, the company applies the simplified approach for impairment of receivables from customers. The management has developed and applies the model of provision matrix for expected credit loss from customers. There is no significant effect for the company from the application of IFRS 9, both at 01.01.2018 and at 31.12.2018. In particular, the effect of the new provision matrix model of receivables from customers is presented in note 21.

As of 31 December trade receivables, are in the amount of BGN **24 thousand** with the following structure:

| | <u>2018</u> | <u>2017</u> |
|----------------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>les than 30 days</i> | 3 | 1 |
| <i>from 30 to 60 days</i> | 9 | 2 |
| <i>from 61 to 90 days</i> | - | 14 |
| <i>from 91 to 120 days</i> | 12 | 3 |
| <i>More than 120 days</i> | - | - |
| TOTAL | 24 | 20 |

As of 31 December, **there are no** overdue receivables, which are not impaired. The written-off overdue receivables are in amount of 1 thousand BGN (reported in "Depreciation and amortisation expense" in SCI).

The deposits provided in the amount of BGN **15 thousand** are for rented assets and payment guarantees for regular supplies.

Expenses for future periods refer to bank fees – BGN 1 thousand, insurances – BGN 6 thousand, and subscriptions – BGN 2 thousand.

5.2 The tax refunds are from value added tax for December **2018**.

| | <u>2018</u> | <u>2017</u> |
|-----------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>VAT to collect</i> | 56 | 45 |
| TOTAL | 56 | 45 |

The legal receivables are for fees and compensations for immaterial damages on labour case with preliminary execution allowed. At the date of the financial statements, the corresponding court papers for determining the amount of the assigned to the company receivables are expected.

6. Inventories

The management maintains a level of raw materials and spare parts in a warehouse that ensures the normal production cycle.

At the date of the financial statement, a commission of experts from the company makes an overview of the raw materials available, as follows:

- Overview of the balance value of raw materials and comparison to the net realisable value, in order to establish whether it is necessary to impair these raw materials in the financial statement. As a result of the overview, it is established an impairment in amount of **57** thousand BGN is necessary for the ready production (reported in "Depreciation and amortisation expense" in SCI). For the other inventories is established there is no need for impairment to the net realisable value.
- Overview of the raw materials with respect to obsolescence and working capability. The company maintains inventory of materials and specific spare parts for front and side port equipment. The inspection shows there are no conditions for write-offs or impairment of obsolete inventories.

| | <u>2018</u> | <u>2017</u> |
|--------------------------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>Main and supplement materials</i> | 831 | 817 |
| <i>Production</i> | 818 | 726 |
| <i>Goods</i> | 38 | 34 |
| TOTAL | 1687 | 1577 |

The major part of inventories comprises materials (main and packaging) for the production and matrices for moulding the products.

7. Cash and cash equivalents

The cash and cash equivalents available at 31 December **2018**, are in bank current accounts in BGN and EUR and they are not interest bearing.

| | <u>2018</u> | <u>2017</u> |
|----------------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>In BGN</i> | 15 | 68 |
| <i>In foreign currency</i> | 36 | 31 |
| TOTAL | 51 | 99 |

8. Equity

Mathios AD is registered in the Trade Register as a joint stock company. As of 31 December **2018**, the issued equity is fully deposited in the amount of BGN 400 000 and equal to 400 000 shares with nominal value of BGN 1 each.

Shareholders are as follows:

| | | |
|--|----------------------|------------------|
| 1. Mathios Refractories S.A., Greece – | 99,9975 % of capital | (399 990 shares) |
| 2. Individuals – | 0,0025 % of capital | (10 shares) |

9. Reserves

| | <u>2018</u> | <u>2017</u> |
|-----------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>Legal reserves</i> | 40 | 40 |
| TOTAL | 40 | 40 |

10. Retained earnings

10.1 Retained earnings from previous periods

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|--|------------------------|------------------------|
| Retained earnings for 2009 | 153 | 153 |
| Retained earnings for 2010 | 2456 | 2456 |
| Uncovered losses 2011 | (318) | (318) |
| Uncovered losses 2016 | (586) | (586) |
| Uncovered losses 2017 | (555) | |
| Total retained earnings from previous periods | 1150 | 1705 |

10.2 Retained earnings for the current period

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|--|------------------------|------------------------|
| Retained earnings for the current period | (356) | (555) |
| TOTAL | 794 | 1150 |

11. Current liabilities

11.1 Liabilities to related parties

There are related party liabilities only to Mathios Refractories A.D. They are in BGN, interest free, and are solely from commercial deals on purchases of production materials, moulds, goods, services and rents of production equipment.

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|----------------------|------------------------|------------------------|
| Mathios Refractories | 1 799 | 1 088 |
| TOTAL | 1 799 | 1 088 |

11.2 Liabilities to financial companies

Credit amount – EUR 115 500.

Purpose – operating resources;

Interest – three months euribor + 5%;

Principal – equal monthly instalments according to payment schedule;

Collateral – corporate guarantee, provided by the mother-company, and collateral pledge on receivables and inventories (**note 2.11 and 2.12**);

Maturity – 31.05.2019

Credit amount – BGN 152 555.

Purpose – operating resources;

Interest – reference rate + 5%;

Principal – equal monthly instalments according to payment schedule;

Collateral – corporate guarantee, provided by the mother-company, and collateral pledge on receivables and inventories (**note 2.11 and 2.12**);

Maturity – 31.05.2019

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|------------------------------------|------------------------|------------------------|
| Credit for operating resources EUR | 163 | 257 |
| Credit for operating resources BGN | - | 120 |
| TOTAL | 163 | 377 |

| Reconciliation of changes in liabilities from financial operations BGN'000 | 01.01.2018 | Changes in cash flows from financial operations | Changes of non-monetary nature | 31.12.2018 |
|---|------------|---|--------------------------------|------------|
| Liabilities to financial companies | 351 | 26 | | 377 |
| Total liabilities from financial operations | 351 | 26 | 0 | 377 |

| Reconciliation of changes in liabilities from financial operations BGN'000 | 01/01/2018 | Changes in cash flows from financial operations | Changes of non-monetary nature | 31/12/2018 |
|---|------------|---|--------------------------------|------------|
| Liabilities to financial companies | 377 | (214) | | 163 |
| Total liabilities from financial operations | 377 | (214) | 0 | 163 |

11.3 Trade and other liabilities

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|-------------------------------------|------------------------|------------------------|
| Liabilities to suppliers | 371 | 435 |
| Advances from clients | 4 | - |
| Tax payables | 17 | 17 |
| Other current liabilities | 2 | 5 |
| EU grants (advance payments) | 153 | 75 |
| TOTAL | 547 | 532 |

As of 31 December the company has liabilities to the following suppliers of raw materials, transportation services, and others:

| Supplier | Supply type | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|----------------------|-----------------------|------------------------|------------------------|
| DALKAFIKI IOAN MARIA | materials purchase | 31 | 36 |
| MERIDIAN | fixed assets | 6 | 33 |
| ROKOS G | materials purchase | 21 | - |
| IDEAL SANDART | materials purchase | 6 | - |
| SIKA BULGARIA | materials purchase | 12 | 12 |
| PALADIUM | work safety eu grants | - | 94 |
| BELPACK | materials purchase | 133 | 92 |
| STROICEM | materials purchase | 89 | 85 |
| KDK TERM | services | 30 | 25 |
| CHEZ BULGARIA | electricity | 11 | 9 |
| TOPLIVO GAS | gas production | 8 | 9 |
| OTHERS | | 24 | 40 |
| TOTAL | | 371 | 435 |

Tax payables are for tax on income, paid to individuals in 2018.

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|------------------------------|------------------------|------------------------|
| Personnel incomes tax | 17 | 17 |
| TOTAL | 17 | 17 |

Other payables are: payables for deliveries – BGN 1 thousand and insurances payables – BGN 1 thousand.

11.4 Liabilities to personnel

The following items are reported under the article "Liabilities to personnel":

| | <u>2018</u> | <u>2017</u> |
|---------------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| Wages and salaries | 56 | 103 |
| Refundable holidays | 17 | 24 |
| Social insurance payables | 31 | 28 |
| TOTAL | 104 | 155 |

At the date of the statement of financial position, the management of the company has determined the potential costs, payable upon release of the staff due to retirement over the next five years: BGN 0 thousand (2017: BGN 0 thousand). The calculation of the amount of these liabilities assumes participation of qualified actuaries in order to determine their present value at the reporting date. At present, the company does not use actuarial services, thus the estimation of the company's management for establishing the value of potential expense could not be defined as reliable. In this respect, provisions for retirement payments are not recognised in the statement of comprehensive income.

Statement of comprehensive income

12. Revenue

12.1 Revenue from contracts with customers

In the statement of comprehensive income for 2018, the revenue from operations of the company is presented as follows:

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| Revenue from sale of production | 3540 | 3707 |
| Revenue from sale of goods | 524 | 302 |
| Revenue from rendering of services | 152 | 195 |
| TOTAL | 4216 | 4204 |

In 2017, revenue is recognised under IAS 18 Revenue, while in 2018 – under IFRS 15 Revenue from contracts with customers – note 2.3.

Moment in time for recognition of revenue

| | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| | BGN'000 | BGN'000 |
| Goods, transferred at specified moment of time | 4064 | 4009 |
| Services, transferred over time | 152 | 195 |
| TOTAL | 4216 | 4204 |

Balance under contracts

| | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| | BGN'000 | BGN'000 |
| Trade receivables from customers | 24 | 20 |
| Trade receivables from related parties | 2 | 24 |
| TOTAL | 26 | 44 |

12.2 Other gains/(losses), net

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|--|------------------------|------------------------|
| <i>Gain/(loss) on a disposal of property, plant and equipment (net)</i> | - | 8 |
| <i>EU funds&Government grants received for staff safety&training</i> | 133 | - |
| TOTAL | 133 | 8 |

The company has made the following operating expenses for 2018:

13. Expense for raw materials and consumables

| | <u>2018</u> BNG'000 | <u>2017</u> BNG'000 |
|---|------------------------|------------------------|
| <i>Main materials</i> | (873) | (1 048) |
| <i>Supplement materials and spare parts</i> | (699) | (685) |
| <i>Materials by ESF grant</i> | (106) | - |
| TOTAL | (1 678) | (1 733) |

14. Administrative and selling expenses

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|---|------------------------|------------------------|
| <i>Advertising,promotions, consulting, fees</i> | (40) | (59) |
| <i>Electricity, gas, water</i> | (167) | (151) |
| <i>Telecommunications and couriers</i> | (5) | (7) |
| <i>Rents</i> | (656) | (750) |
| <i>Trips and car expenses</i> | (37) | (40) |
| <i>Office supplies</i> | (3) | (4) |
| <i>Transport and other sales expenses</i> | (141) | (180) |
| <i>Other administrative expenses</i> | (79) | (115) |
| TOTAL | (1 128) | (1 306) |

15. Employee benefits expense

The expenses for wages and salaries of employees also include the salaries of the management personnel, which are subject to analysis in 19.3.

| | <u>2018</u> BGN'000 | <u>2017</u> BGN'000 |
|---|------------------------|------------------------|
| <i>Expenses for wages and salaries</i> | (1 172) | (1 125) |
| <i>Expenses for social insurance</i> | (189) | (159) |
| <i>Expenses for refundable holidays</i> | (17) | (24) |
| TOTAL | (1 378) | (1 308) |

The number of employees towards 31 December under labour agreements is 77, while it was 78 for 2017.

16. Finance costs

| | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| | BGN'000 | BGN'000 |
| <i>Expense for interests</i> | (17) | (20) |
| <i>Bank fees and commissions</i> | (10) | (9) |
| <i>Net income/loss from foreign currency deals</i> | (6) | (4) |
| <i>Net finance costs</i> | (33) | (33) |

17. Tax expense

The company completes **2018** with negative financial result before taxes – BGN (353) thousand. After transforming the financial result for tax purposes, the company has a nil result for taxation.

The main components of the expense on income tax are:

| | <u>2018</u> | <u>2017</u> |
|---------------------------|-------------|-------------|
| | BGN'000 | BGN'000 |
| Temporary tax differences | (3) | 6 |
| TOTAL | (3) | 6 |

The relationship between tax and accounting profit for the period is as follows:

| | <u>2018</u> | <u>2017</u> |
|---------------------------------|--------------|--------------|
| | BGN'000 | BGN'000 |
| <i>Profit/loss before tax</i> | (353) | (561) |
| <i>Temporary tax difference</i> | (3) | 6 |
| <i>Profit after tax</i> | (356) | (555) |

After estimating the net effect from the new temporary tax differences for **2018** and the opposite effect of the temporary tax differences from previous periods the company declares no change in deferred tax expenses for the current year.

| BGN'000 | Depreciation | Compensation for pensions and holidays | Physical persons income | Low capitalisation | Bad receivables | Assets impairments | TOTAL |
|--|--------------|--|-------------------------|--------------------|-----------------|--------------------|-----------|
| January 01, 2017 | 2 | 2 | 2 | 1 | 2 | 0 | 9 |
| <i>Accounted as revenue/expense in the statement of comprehensive income</i> | | | | | | | |
| In the profit for the year | | | 5 | | (1) | 2 | 6 |
| In the other comprehensive income | | | | | | | 0 |
| December 31, 2017 | 2 | 2 | 7 | 1 | 1 | 2 | 15 |
| <i>Accounted as revenue/expense in the statement of comprehensive income</i> | | | | | | | |
| In the profit for the year | | | (6) | | (1) | 4 | (3) |
| In the other comprehensive income | | | | | | | 0 |
| December 31, 2018 | 2 | 2 | 1 | 1 | 0 | 6 | 12 |

18. Yield per share

18.1 Earnings per share

Earnings per share are calculated as the net income available to shareholders is divided by the average number of shares outstanding during the year.

The average number of shares outstanding, used for estimating the earnings per share, as well as the net income available to shareholders, are as follows:

| | <u>2018</u> | <u>2017</u> |
|--|---------------|---------------|
| | <i>BGN</i> | <i>BGN</i> |
| Net income (loss), available to shareholders | (355 327) | (555 238) |
| Average number of shares | 400 000 | 400 000 |
| Earnings per share (BGN for share) | (0.89) | (1.39) |

18.2 Net value per share

The net value per share is calculated by dividing the shareholders' equity by the weight average number of shares.

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|-------------|-------------|
| | | |
| Shareholders equity, thousands BGN | 1 234 | 1 590 |
| Average number of shares | 400 000 | 400 000 |
| Net value per share, BGN | 3.09 | 3.98 |

19. Related parties

19.1 Relation type

Mathios Refractories S.A., Greece – mother-company.
 IKM Company LTD – entity, controlled by key management personnel.
 Mathios GmbH, Germany – entity, controlled by the majority shareholder of the equity.
 IDEAL REFRACTORIES SA, Greece - entity, controlled by the majority shareholder of the equity
 BAU MARKET SA, Greece - entity, controlled by the majority shareholder of the equity

19.2 Transactions with related parties

Transactions with related parties are not subject to specific terms and conditions.

| | <u>2018</u> | <u>2017</u> |
|--------------------|----------------|----------------|
| | <i>BGN'000</i> | <i>BGN'000</i> |
| | | |
| Mother-company | 3224 | 3493 |
| Mother-company | 119 | 125 |
| Mother-company | 140 | 180 |
| Mother-company | 20 | 5 |
| Mother-company | 299 | 359 |
| Mother-company | 316 | 128 |
| Mother-company | 620 | 756 |
| Controlled company | 114 | 27 |
| Controlled company | - | 1 |
| Controlled company | 2 | 2 |

The liabilities to related parties at the date of the financial statement are towards Mathios Refractories S.A., while the receivables from related parties are from IKM Company LTD, as follows:

| | <u>2018</u> | <u>2017</u> |
|---|----------------|----------------|
| | <i>BGN'000</i> | <i>BGN'000</i> |
| Receivables from related parties | 2 | 24 |
| Liabilities to related parties | 1799 | 1088 |

19.3 Transactions with key management personnel

| | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|
| | <i>BGN'000</i> | <i>BGN'000</i> |
| Salaries | (249) | (335) |
| Social insurances | (12) | (13) |
| Total transactions with key management peronnel | (261) | (348) |

20. Financial Instruments

IFRS 9 (2014) reviews classification, valuation and writing-off of financial assets and financial liabilities. It introduces new rules for reporting of hedging and a new model for impairment of financial assets. It replaces entirely IAS 39 Financial instruments: Recognition and valuation.

Classification

IFRS 9 (2014) introduces 3 primary categories for classification of financial assets: valued at amortisation cost, at fair value through other comprehensive income and at fair value through profit and loss.

The company has classified its financial assets and liabilities in compliance with the new standard from 01.01.2018.

The financial assets, held by the company, for which there are no significant effects, include:

- Trade and other receivables, currently classified as "Credits and receivables", are measured at amortised cost, which correspond to the conditions for classification at amortised cost, in compliance with IFRS 9, with balance value of BGN 158 thousand.

In this respect, the requirements of the new IFRS 9 do not provide significant effect on the classification and measurement of the company's financial assets.

There are no effects for financial reporting of financial liabilities of the company, since the new requirements refer only to the financial reporting of financial liabilities, defined at fair value through profit and loss, while it does not have such liabilities. The rules for derecognising liabilities are transferred from IAS 39 Financial instruments: recognition and measurement and are not amended.

❖ Classification of financial assets at the date of initial application of IFRS 9

| Financial assets BGN'000 | Initial classification according to IAS 39 | New classification according to IFRS 9 | Balance value according to IAS 39 | New balance value according to IFRS9 |
|------------------------------------|---|---|--------------------------------------|---|
| • Trade and other receivables | Credits and receivables | Valued at amortisation cost | 51 | 51 |
| • Receivables from related parties | Credits and receivables | Valued at amortisation cost | 24 | 24 |
| • Cash and cash equivalents | Credits and receivables | Valued at amortisation cost | 99 | 99 |
| Total financial assets: | | | 174 | 174 |

❖ Reconciliation of balance values of financial assets according under IAS 39 with balance values under IFRS 9 at the date of transition to IFRS 9

| Financial assets BGN'000 | IAS 39 - balance value at 31.12.2017 | Reclassification | IFRS 9 - balance value at 01.01.2018 |
|---|---|------------------|---|
| Amortisation cost | | | |
| Cash and cash equivalents: | | | |
| Beginning balance: | 99 | | 99 |
| Revaluation | - | | - |
| Ending balance: | 99 | | 99 |
| Receivables from related parties: | | | |
| Beginning balance: | 24 | - | 24 |
| Revaluation | - | - | - |
| Ending balance: | 24 | - | 24 |
| Trade and other receivables | | | |
| Beginning balance: | 51 | | 51 |
| Revaluation | - | | - |
| Ending balance: | 51 | | 51 |
| Total valued at amortisation cost: | 174 | | 174 |

The Company does not report effect from transition from IAS 39 to IFRS 9 in revaluation reserves at fair value and in the balance of retained earnings.

There are no other standards, which are not yet in force and which are expected to provide significant impact on the Company during the current or future reporting periods and on planned future operations.

21. Financial risk management

Structure of the financial assets and liabilities at 31 December by category:

| Financial assets, December 31, 2018 | Credits and receivables BGN'000 | Total BGN'000 |
|---|---|------------------|
| <i>Trade receivables and others</i> | 57 | 57 |
| <i>Trade receivables from related parties</i> | 2 | 2 |
| <i>Cash and cash equivalents</i> | 51 | 51 |
| TOTAL | 110 | 110 |
| | | |
| Financial liabilities, December 31, 2018 | Other financial liabilities BGN'000 | Total BGN'000 |
| <i>Bank loans</i> | 163 | 163 |
| <i>Trade liabilities towards linked persons</i> | 1799 | 1 799 |
| <i>Trade liabilities and others</i> | 526 | 526 |
| TOTAL | 2488 | 2488 |
| | | |
| Financial assets, December 31, 2017 | Credits and receivables BGN'000 | Total BGN'000 |
| <i>Trade receivables and others</i> | 51 | 51 |
| <i>Trade receivables from related parties</i> | 24 | 24 |
| <i>Cash and cash equivalents</i> | 99 | 99 |
| TOTAL | 174 | 174 |
| | | |
| Financial liabilities, December 31, 2017 | Other financial liabilities BGN'000 | Total BGN'000 |
| <i>Bank loans</i> | 377 | 377 |
| <i>Trade liabilities to related parties</i> | 1088 | 1 088 |
| <i>Trade liabilities and others</i> | 515 | 515 |
| TOTAL | 1980 | 1980 |

During its business operations, the company could be exposed to different types of financial risks, most important of which are: market risk (including currency risk, risk of fair value change, and price risk), credit risk, liquidity risk and risk from interest-related cash flows. The general risk management is focused on the forecasted results from certain areas of the financial markets for achieving minimum negative effects, which could reflect on the financial results. Financial risks are currently identified, measured and watched closely with the help of different control mechanisms, so that adequate prices are determined for the products/services of the company and for the attracted landed capital. This also helps to evaluate adequately the market conditions, the investments made by the company, as well as the forms of keeping certain liquidity levels, without allowing unnecessary concentration of a given risk.

Risk management is performed currently under the direct control of the executive director, and the financial experts of the company in accordance with the policy, defined by the Board of Directors, which has developed the main guidelines for the general risk management. Based on those guidelines are developed specific procedures for managing the different types of risk like currency risk, interest-related risk, price risk, credit risk, liquidity risk, as well as for the use of derivative and non-derivative (mainly) instruments.

The different types of risk, to which the company is exposed in its business operations, as well as the adopted approach for managing those risks, are described below:

Market risk

Currency risk

The company makes its trades on the internal and external markets, but is not exposed to considerable currency risk, because all of its operations and trades are in BGN or EUR, which are exchanged at a fixed rate, set by the Bulgarian National Bank by law.

The data from the table below shows the structure of the financial assets and liabilities under types of currency:

| Financial assets, December 31, 2018 | in EUR EUR'000 | in BGN BGN'000 | Total BGN'000 |
|---|-------------------|-------------------|------------------|
| <i>Trade receivables and other</i> | 7 | 50 | 57 |
| <i>Trade receivables from related parties</i> | | 2 | 2 |
| <i>Cash and cash equivalents</i> | 36 | 15 | 51 |
| TOTAL | 43 | 67 | 110 |

| Financial liabilities, December 31, 2018 | in EUR EUR'000 | in BGN BGN'000 | Total BGN'000 |
|---|-------------------|-------------------|------------------|
| <i>Bank loans</i> | 163 | | 163 |
| <i>Trade liabilities to related parties</i> | 1799 | | 1799 |
| <i>Trade liabilities and others</i> | 51 | 475 | 526 |
| TOTAL | 2013 | 475 | 2488 |

| Financial assets, December 31, 2017 | in EUR EUR'000 | in BGN BGN'000 | Total BGN'000 |
|---|-------------------|-------------------|------------------|
| <i>Trade receivables and other</i> | | 51 | 51 |
| <i>Trade receivables from related persons</i> | | 24 | 24 |
| <i>Cash and cash equivalents</i> | 31 | 68 | 99 |
| TOTAL | 31 | 143 | 174 |

| Financial liabilities, December 31, 2017 | in EUR EUR'000 | in BGN BGN'000 | Total BGN'000 |
|---|-------------------|-------------------|------------------|
| <i>Bank loans</i> | 257 | 120 | 377 |
| <i>Trade liabilities to related parties</i> | 1088 | | 1088 |
| <i>Trade liabilities and others</i> | 36 | 479 | 515 |
| TOTAL | 1381 | 599 | 1980 |

Price risk

The management succeeds in minimizing price risk in regard to raw materials by keeping alternative sources of supply for large part of them. Still, there is a risk of price increase for small part of the raw materials, because they have specific production that does not have adequate substitutes. Minimizing price risk of negative changes in prices of goods and services, subject to commercial operations, is achieved by periodic analysis and negotiation of contracted relations as well as actualising the prices towards the market changes.

The company does not keep shares or other securities, which are subject to trading, and it does not have practice to trade with financial instruments, respectively it is not exposed to risks of negative changes in financial markets.

Credit risk

The financial assets of the company are concentrated in two groups: cash (in cash and in bank accounts) and receivables from clients.

Credit risk mainly represents the risk that clients of the company are not able to fully pay and in the usually defined terms the amounts due on trade receivables.

The company does not have significant concentration of credit risk. Its policy is to negotiate credit periods over 30 days only to clients, who have long enough trade history with the company. For all other clients, payments on sales are made mostly through bank wire transfers or in cash at the moment of the sale.

The collectability and the concentration of the receivables are watched currently in accordance with the established company policy. Therefore, the accounting department presents a weekly report to the management about the sales made, payments received, and unsettled invoices with upcoming maturity dates.

Cash funds of the company and the payment operations are concentrated in one bank, which increases the risk for cash and cash equivalents.

The company has developed a model for expected credit losses, in accordance with the requirements of IFRS 9. Based on the model, it estimates a provision for its trade and other current receivables, disclosed in Provision matrix below, which includes:

- a) Grouping clients and counterparties of the Company under geographical factors and under similar business and other characteristics and credit risk.
- b) Provision matrix, based on historic data for percentage of default/overdue on obligations over time frame periods, corrected with additional assumptions and estimates, focused on possible changes in these levels, based on macro-economic or industry specific factors. The management judgment shows the financial component in these receivables is not significant,

at 01.01.2018

| Maturity | Receivable nominal value BGN'000 | Rate of credit loss | Expected credit loss BGN'000 |
|---------------------|---|----------------------------|---|
| Current | 3 | 0.95% | 0.03 |
| Overdue 1-30 days | - | 0.00% | - |
| Overdue 31-60 days | 24 | 0.00% | - |
| Overdue 61-90 days | - | 0.00% | - |
| Overdue 91-120 days | 17 | 0.00% | - |
| Overdue 120 days | 0.06 | 66.67% | 0.04 |
| | 45 | | 0.07 |

at 31.12.2018

| Maturity | Receivable nominal value BGN'000 | Rate of credit loss | Expected credit loss BGN'000 |
|---------------------|---|----------------------------|---|
| Current | 3 | 0.95% | 0.03 |
| Overdue 1-30 days | - | 0.00% | - |
| Overdue 31-60 days | 11 | 0.00% | - |
| Overdue 61-90 days | - | 0.00% | - |
| Overdue 91-120 days | 12 | 0.00% | - |
| Overdue 120 days | 1 | 66.67% | 0.75 |
| | 27 | | 0.78 |

The Company has adopted a policy for maintaining and management cash and cash equivalents in financial institutions in Bulgaria with good reputation and high credit rating. Based on the currently performed preliminary evaluation, the Company does not expect provisioning a significant amount for the loss correction of cash and cash equivalents.

Liquidity risk

The liquidity risk refers to the inability of the company to meet all of its liabilities according to their maturity. It carries conservative policy regarding liquidity, through which it constantly maintains optimal liquidity reserve of cash funds and good capability of financing its commercial operations. The company uses borrowed credit resources as well.

The accounting department informs the management on monthly basis about new liabilities and follows the maturity dates of payments, analyses factual and forecasted cash flows by period, maintains balance between the maturity frames of assets and liabilities.

Maturity analysis

Below are presented financial non-derivative assets and liabilities of the company at the date of the statement of financial position, grouped under remaining maturity, determined against the stipulated maturity and cash flows. The table is prepared based on not discounted cash flows and the earliest date, on which the receivable, respectively the payable has become due. The amounts include principles and interests.

| Financial assets, December 31, 2018 | Up to 1 mth | 1 - 3 mths | 3 - 12 mths | Above 12 mths | Without maturity | Total |
|---|-------------|------------|-------------|---------------|------------------|------------|
| | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 |
| <i>Trade receivables and others</i> | 42 | | | | 15 | 57 |
| <i>Trade receivables from related parties</i> | 2 | | | | | 2 |
| <i>Cash and cash equivalents</i> | | | | | 51 | 51 |
| TOTAL | 44 | 0 | 0 | 0 | 66 | 110 |

| Financial liabilities, December 31, 2018 | Up to 1 mth | 1 - 3 mths | 3 - 12 mths | Above 12 mths | Without maturity | Total |
|---|-------------|------------|-------------|---------------|------------------|-------------|
| | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 |
| <i>Bank loans</i> | | | 163 | | | 163 |
| <i>Trade liabilities to related parties</i> | | | | | 1799 | 1799 |
| <i>Trade liabilities and others</i> | 362 | 164 | | | | 526 |
| TOTAL | 362 | 164 | 163 | 0 | 1799 | 2488 |

| Financial assets, December 31, 2017 | Up to 1 mth | 1 - 3 mths | 3 - 12 mths | Above 12 mths | Without maturity | Total |
|---|-------------|------------|-------------|---------------|------------------|------------|
| | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 |
| <i>Trade receivables and others</i> | 28 | | | | 23 | 51 |
| <i>Trade receivables from related parties</i> | 24 | | | | | 24 |
| <i>Cash and cash equivalents</i> | | | | | 99 | 99 |
| TOTAL | 52 | 0 | 0 | 0 | 122 | 174 |

| Financial liabilities, December 31, 2017 | Up to 1 mth | 1 - 3 mths | 3 - 12 mths | Above 12 mths | Without maturity | Total |
|---|-------------|------------|-------------|---------------|------------------|-------------|
| | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 | BGN'000 |
| <i>Bank loans</i> | | | 377 | | | 377 |
| <i>Trade liabilities to related parties</i> | | | | | 1088 | 1088 |
| <i>Trade liabilities and others</i> | 403 | 37 | 75 | | | 515 |
| TOTAL | 403 | 37 | 452 | 0 | 1088 | 1980 |

Risk of interest bearing cash flows

The company does not have considerable concentration of interest bearing assets, except the free cash funds on current and deposit bank accounts, so that the revenues and the incoming operating cash flows are in large part independent of the market interest levels.

The outgoing cash flows for 2018 are exposed to interest risk of using a bank loan in Euro with variable interest rate, based on the interbank interest rates plus premium.

For the rest of financial liabilities, the company is not exposed to interest risk as they usually are interest-free commercial payables.

| December 31, 2018 | <i>Interest-free</i> | <i>With variable interest</i> | <i>With fixed interest</i> | <i>Total</i> |
|------------------------------|----------------------|-------------------------------|----------------------------|--------------|
| | BGN'000 | BGN'000 | BGN'000 | BGN'000 |
| Financial assets | 110 | | | 110 |
| Financial liabilities | 2325 | 163 | | 2488 |

The funds on current accounts accumulate interest rates according to the tariffs of the respective banks, which are kept relatively constant for longer period of time.

The management of the company follows and analyses its exposition against the changes in interest levels. Different scenarios are simulated, including refinancing, renewing of existing positions and alternative financing. Estimations are made only for significant interest bearing positions.

The interest sensitivity towards 31 December 2018, against changes in interest rate is as follows: In case the interest rate in BGN increases with 1% (100 basis points) and the influence of all other variables is ignored, the annual profit after taxation, respectively the equity, would be lower with 2 thousand Leva (BGN); in case of the opposite change, decrease of 1% (100 basis points), the effect on the profit, respectively the equity, would be increase with the same amount.

The financial assets and liabilities of the company at 31 December 2017, are as shown in the table:

| December 31, 2017 | <i>Interest-free</i> | <i>With variable interest</i> | <i>With fixed interest</i> | <i>Total</i> |
|------------------------------|----------------------|-------------------------------|----------------------------|--------------|
| | BGN'000 | BGN'000 | BGN'000 | BGN'000 |
| Financial assets | 174 | | | 174 |
| Financial liabilities | 1603 | 377 | | 1980 |

The fair value concept presumes realization of the financial instruments through sales, based on the position, assumptions and judgments of independent market participants, to a basic or most advantageous for an asset or liability market. For its financial assets and liabilities, the company accept as a basic market the direct transactions between parties. Especially for the trade receivables and payables, loans and bank deposits, it expects to realize these financial assets and liabilities or through their total refund or respectively by repayment in time. Therefore, they are presented at their amortized cost.

Also, most of the financial assets and liabilities are either short-term (bank deposits, trade receivables and payables, short-term loans) or are presented in the statement of financial position at market value (investments in securities) and their fair value approximates their carrying value.

The Company's management believes that under the circumstances presented in the statement of financial position estimates of the financial assets and liabilities are as reliable, adequate and reliable for the purposes of financial reporting.

No transfers made between level 1, 2 and 3.

22. Capital risk management

The company manages capital risk in order to support its functioning as operating company, which provides the respective return on the invested funds by the shareholders, commercial benefits to other interested parties and participants in its business, as well as to support optimal capital structure in order to reduce expenses for the capital.

The company follows closely the structure of capital based on the debt ratio. It is measurement of a company's financial leverage, calculated as the company's debt divided by its total capital. The net debt capital is defined as difference between all debt (current and noncurrent) as it is shown the financial positions statement and the cash and cash equivalents. The total capital equals the shareholders' equity plus the debt capital.

The table below presents the debt ratios based on the capital structure as of 31 December:

| | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|
| | BGN'000 | BGN'000 |
| Total debt, incl. | 2 613 | 2 152 |
| Bank loans | 163 | 377 |
| Payables towards related parties | 1 799 | 1 088 |
| Cash and cash equivalents | (51) | (99) |
| Net debt | 2 562 | 2 053 |
| Total shareholders' equity | 1 234 | 1 590 |
| Total capital | 3 796 | 3 643 |
| Debt ratio | 0.67 | 0.56 |

23. Going concern

The majority shareholder of Mathios AD declares the operations of the Company are entirely in compliance with and subject to the execution of the adopted long-term Program for development of the Group Mathios Refractories S.A. and to adopted Business plan for **2019**. In this respect, despite the worsening financial ratios, like reported loss of BGN **356** thousand for **2018** and a loss of BGN **555** thousand for **2017**, it does not have plans for limiting operations of the Company or laying off employees.

The shareholders of the Group Mathios Refractories also declare their willingness to provide financial support to the company, in case it is needed.

24. Events after the statement of financial position date

There are no events occurring after the statement of financial position date.

20 February 2019

Issued by


(Katiа Basheva)

Manager

(Ioannis K. Mathios)



Входящ номер : 2225И0102432 , от дата : 26.03.2019 г.

| | |
|---|---|
|  <p>НАЦИОНАЛНА АГЕНЦИЯ ЗА ПРИХОДИТЕ</p> | <p>Образец 1010</p> <p>ГОДИШНА ДАНЪЧНА ДЕКЛАРАЦИЯ</p> <p>по чл. 92 от ЗКПО за данъчния финансов резултат и дължимия годишен корпоративен данък</p> |
|---|---|

| | |
|---|---|
| <p>Териториална дирекция на НАП</p> | <p>ВАЖНО! Ако вече сте подали годишна данъчна декларация за посочения период, но искате да направите корекции в нея, е необходимо да подадете нова данъчна декларация, в която се съдържат всички данни за периода, а не само тези, които промените. Корекции в декларацията може да правите в срока за подаването ѝ и/или еднократно след този срок до 30 септември на основание чл. 75, ал. 3 от ЗКПО.</p> |
| <p>Входящ № и дата</p> | |

| Част I - Данни за декларацията | | | |
|--|--------------------------|------------------|-------------------------------------|
| Данъчна година 2018 ▼ | | | |
| Декларацията се подава: | | | |
| 1. За календарната година - на основание чл.92, ал.1 от ЗКПО <i>Този ред се попълва и от новообразуваните през годишната данъчно задължени лица.</i> | | | <input checked="" type="checkbox"/> |
| 2. За календарната година – при прекратяване с ликвидация или с обявяване в несъстоятелност, когато годишната данъчна декларация за предходната година се подава в срока по чл. 162, ал. 5 от ЗКПО (Посочете датата на заличаване, съответно датата на прекратяване на дейността на място на стопанска дейност или на прекратяване на непersonифицирано дружество или осигурителна каса. Когато е отбелязан този ред, в част II се попълват данните за заличеното прекратеното данъчно задължено лице, като на р.11 се вписват данните на ликвидатора, синдика или представителния място на стопанска дейност, непersonифицирано дружество или осигурителна каса.) | <input type="checkbox"/> | Дата: | <input type="text"/> |
| 3. За последния данъчен период – при прекратяване с ликвидация или с обявяване в несъстоятелност или при прекратяване на преобразуващо се дружество <i>(Отбележете приложимата разпоредба от ЗКПО и посочете съответната дата, от която започва да тече срокът за подаване на декларацията, например – дата на заличаване, дата на прекратяване на дейността на място на стопанска дейност или на непersonифицирано дружество, дата на вписване в търговския регистър на преобразуващото се лице. Когато на този ред е отбелязан чл. 162, ал. 1 или чл. 162, ал. 3, или чл. 162, ал. 4, в част II се попълват данните за заличеното прекратеното данъчно</i> | чл.162, ал. 1 | чл.162, ал. 3 | чл.162, ал. 4 |
| чл.117, ал.1 | | | |
| Дата | | | |

| Част I - Данни за декларацията | |
|---|-------------------------------------|
| Данъчна година 2018 ▼ | |
| Декларацията се подава: | |
| задължено лице, като на р.11 се вписват данните на ликвидатора, синдика или представител на място на стопанска дейност, неперсонифицирано дружество или осигурителна каса.) | |
| 4. За данъка върху разходите – на основание чл.217, ал.1 от ЗКПО | <input checked="" type="checkbox"/> |
| 5. На основание чл. 75, ал. 3 от ЗКПО (еднократно след срока за подаване) | <input type="checkbox"/> |

| Част II - Идентификационни данни за данъчно задълженото лице | | | |
|---|---|---|---|
| 1. ЕИК по ЗТР/ЕИК по БУЛСТАТ 131287108 | | 2. Наименование (посочете наименованието съгласно акта за възникване) МАТИОС | |
| 3. Чуждестранно лице с място на стопанска дейност в България (ако сте отбелязали опцията, попълнете част XI) | | 3.1. Наименование на чуждестранното лице | |
| 4. Вид предприятие | 4.1. Нефинансово предприятие <input checked="" type="checkbox"/> | 4.2. Финансова институция (с изключение на застраховател) <input type="checkbox"/> | 4.3. Застраховател <input type="checkbox"/> |
| 4.4. Неперсонифицирано дружество или осигурителна каса <input type="checkbox"/> | | 4.5. Юридическо лице с нестопанска цел <input type="checkbox"/> | |

| 5. Седалище и адрес на управление | | | |
|---|--------------------------|------------------------|------------------------------------|
| 5.1. Държава БЪЛГАРИЯ | 5.2. Област КЮСТЕНДИЛ | 5.3. Община ДУПНИЦА | 5.4. Населено място гр. ДУПНИЦА |
| 5.5. Улица, №, ж.к., бл., вх., ап. ул. Никола Малашевски №9 | | | 5.6. Пощенски код 2600 |

| 6. Адрес за кореспонденция | | | |
|--|--------------------------|------------------------|------------------------------------|
| <input checked="" type="checkbox"/> Адресът съвпада с този по т. 5 (ако сте отбелязали опцията, не попълвайте тази точка) | | | |
| 6.1. Държава България | 6.2. Област КЮСТЕНДИЛ | 6.3. Община ДУПНИЦА | 6.4. Населено място гр. ДУПНИЦА |
| 6.5. Улица, №, ж.к., бл., вх., ап. ул. Никола Малашевски №9 | | | 6.6. Пощенски код 2600 |

| 7. За контакт | |
|---|-----------------------------------|
| 7.1 Телефон(Код+номер) 0701 - 40094 | 7.2 E-mail mathios_dupnica@abv.bg |

| 8. Данни за представляващия | | |
|-----------------------------|-----------------------|---|
| № | Име, презиме, фамилия | ЕГН/ЛН/ЛНЧ/Служебен № от регистъра на НАП |
| 8.1 | ЙОАНИС МАТИОС | 5908190001 |

| 9. Данни за съставителя на годишния финансов отчет | | | |
|---|--|--|---|
| Съставител на годишния финансов отчет е: | | | |
| 9.1. Физическо лице <input checked="" type="checkbox"/> | 9.1.1 Име, презиме, фамилия Катя Кадринова Башева | 9.1.2. ЕГН/ЛН/ЛНЧ/Служебен № от регистъра на НАП 7408128314 | 9.1.3 Вид на правоотношението със съставителя трудова <input checked="" type="checkbox"/> облигационно, в т.ч. със съдружник, упражняващ личен труд <input type="checkbox"/> |
| | 9.2.1. Наименование | | 9.2.2. ЕИК по ЗТР/ЕИК по БУЛСТАТ |

Част II - Идентификационни данни за данъчно задълженото лице

9. Данни за съставителя на годишния финансов отчет

9.2. Счетоводно предприятие

☐

10. Данни за данъчно задълженото лице, за което се подава декларацията съгласно чл.117 от ЗКПО

Наименование

ЕИК по ЗТР/ЕИК по БУЛСТАТ

11. Данни за представляващия през последния данъчен период по чл. 161 от ЗКПО - ред 1
(данни за лицето, което е задължено да декларира и внесе удържания от имуществото на данъчно задълженото лице дължим данък за последния данъчен период, например ликвидатор, синдик и т.н)

11.1. Физическо лице

11.2. Юридическо лице

11.1.1. Име, презиме, фамилия

11.2.1. Наименование

11.1.2. ЕГН/ЛН/ЛНЧ/Служебен № от регистъра на НАП

11.2.2. ЕИК по ЗТР/ЕИК по БУЛСТАТ

11.3. Постоянен адрес/адрес на управление

11.3.1 Държава

11.3.2 Област

11.3.3. Община

11.3.4. Населено място (гр./с.)

11.3.5. Улица, №, ж.к., бл., вх., ап.

11.3.6. Пощенски код

11.4. Адрес за кореспонденция

☐ Адресът съвпада с този по т. 11.3.

(ако сте отбелязали опцията, не попълвайте тази точка)

11.4.1. Държава

11.4.2. Област

11.4.3. Община

11.4.4. Населено място (гр./с.)

11.4.5. Улица, №, ж.к., бл., вх., ап.

11.4.6. Пощенски код

11.5. За контакт

11.5.1. Телефон

11.5.2. E-mail

Част III – Данни за дейността на данъчно задълженото лице

1. Код на основната дейност

2369

2. Място на стопанска дейност в чужбина

☐

3. Получени доходи от източници в чужбина

☐

4. Преотстъпване на корпоративен данък и/или намаление на счетоводния финансов резултат по реда на глава двадесет и втора от ЗКПО

(Ако сте отбелязали този ред, попълнете ред 4.1)

4.1. Изпълнение на изискването по чл.167, ал.1 от ЗКПО

(този ред се попълва на основание чл.167, ал.2 от ЗКПО)

5. Прилагане на чл. 189 от ЗКПО - държавна помощ за регионално развитие

6. Дейността, свързана с първоначалната инвестиция, се осъществява в съответната община за период от поне 5 години след годината на завършване на първоначалната инвестиция съгласно чл. 189, ал. 1, т. 4 от ЗКПО в сила до 31.12.2013 г. и/или чл. 189, т. 3, б. „в“ от ЗКПО в сила от 01.01.2016 г.

(Изпълнението на това условие се декларира след завършване на първоначалната инвестиция. В случаите на преобразуване на данъчно задълженото лице този ред се попълва от правопреемника. В случай че сте отбелязали този ред, попълнете ред 6.1)

6.1. Година на завършване на първоначалната инвестиция, по отношение на която е налице задължение за продължаване на дейността за период поне 5 години след годината на завършване на първоначалната инвестиция (Тези данни се декларират на основание чл.189, ал. 1, т. 4 от ЗКПО в сила до 31.12.2013 г. и/или чл. 189, т. 3, б. „в“)

| Част III – Данни за дейността на данъчно задълженото лице | | |
|---|--|--------------------------|
| от ЗКПО в сила от 01.01.2016 г. При повече от една първоначална инвестиция за периода от 2007 г. до годината, за която се подава настоящата декларация, добавете допълнителни редове.) | | |
| 6.1.1 | | |
| 7. Дейността по чл. 189б, ал. 1 (производство на непреработена растителна и животинска продукция) продължава да се осъществява за период от поне три години след годината на преотстъпване (Тези данни се декларират на основание чл. 189б, ал. 2, т. 3 от ЗКПО. В случаите на преобразуване на данъчно задълженото лице този ред се попълва от правопреемника. В случай че сте отбелязали този ред, попълнете ред 7.1) | | <input type="checkbox"/> |
| 7.1. Година на преотстъпване на корпоративен данък, по отношение на която е налице задължение за продължаване на дейността за период поне 3 години след годината на преотстъпване (При повече от една година на преотстъпване за периода от 2010г. до годината, за която се подава настоящата декларация, добавете допълнителни редове.) | | |
| 7.1.1 | | |

| Част IV - Образци и документи, които се подават заедно с декларацията | | |
|---|---|-------------------------------------|
| № | Вид (поставете отметка срещу наименованието на съответния образец или документ само когато го прилагате към декларацията) | |
| 1 | Образец 1011: Приложение № 1 за ползване на данъчни облекчения под формата на преотстъпване на корпоративен данък или чрез признаване за данъчни цели на счетоводни разходи за дарения или стипендии | <input type="checkbox"/> |
| 2 | Образец 1012: Приложение № 2 за печалби (доходи), обложени в чужбина, за които се прилага метод за избягване на двойното данъчно облагане | <input type="checkbox"/> |
| 3 | Годишен отчет за дейността | <input checked="" type="checkbox"/> |
| 3.1 | Вх. № и дата на годишния отчет на дейността Вх.№ 12983392/19.03.2019 г. | |
| 4 | Не е налице задължение за подаване на годишен отчет за дейността (отбележете, ако данъчно задълженото лице не е осъществявало дейност по смисъла на Закона за счетоводството, но подава годишна данъчна декларация например за да декларира задължение за корпоративен данък, възникнало в резултат на преобразуване на счетоводния финансов резултат за данъчни цели, или други данни. Този ред се отбелязва и когато декларацията се подава на някое от основанията, посочени в част I, р. 3) | <input type="checkbox"/> |
| 5 | Други (посочете броя на документите) | <input type="checkbox"/> |

| Част V - Определяне на данъчния финансов резултат и дължимия корпоративен данък | | | |
|---|--|-------|------------|
| № | ПОКАЗАТЕЛИ | ШИФЪР | СУМА |
| 1 | 2 | 3 | 4 |
| 1 | ОБЩО ПРИХОДИ (посочват се приходите по отчета за приходите и разходите / отчета за доходите) | 0100 | 4497718.34 |
| 1.1 | в т.ч. нетни приходи от продажби (посочват се нетните приходи от продажби по смисъла на § 1, т. 49 от ДР на ЗКПО във връзка с § 1, т. 11 от ДР на Закона за счетоводството) | 0110 | 4170515.76 |
| 2 | ОБЩО РАЗХОДИ (посочват се разходите по отчета за приходите и разходите / отчета за доходите) | 0200 | 4850311.00 |
| СЧЕТОВОДЕН ФИНАНСОВ РЕЗУЛТАТ (р.1 - р.2) /Ако получената разлика е > 0, попълнете ред 3.1; Ако получената разлика е ≤ 0, попълнете ред 3.2/ | | | |
| 3.1 | СЧЕТОВОДНА ПЕЧАЛБА | 0310 | |
| 3.2 | СЧЕТОВОДНА ЗАГУБА | 0320 | 352592.66 |

| Част V - Определяне на данъчния финансов резултат и дължимия корпоративен данък | | | | | | | |
|--|--|-------|-----------|-----|---|-------|-----------|
| Приходи и разходи, които се изключват при определяне на счетоводния финансов резултат за данъчно преобразуване | | | | | | | |
| 4 | Общо приходи, които се изключват при определяне на счетоводния финансов резултат за данъчно преобразуване | 0400 | 0.00 | | | | |
| 5 | Общо разходи, които се изключват при определяне на счетоводния финансов резултат за данъчно преобразуване | 0500 | 0.00 | | | | |
| СЧЕТОВОДЕН ФИНАНСОВ РЕЗУЛТАТ ЗА ДАНЪЧНО ПРЕОБРАЗУВАНЕ <i>(p.1 - p.4) - (p.2 - p.5)</i> <i>/Ако получената разлика е >0, попълнете ред 6.1; Ако получената разлика е <=0, попълнете ред 6.2/</i> | | | | | | | |
| 6.1 | ПОЛОЖИТЕЛЕН | 0610 | | | | | |
| 6.2 | ОТРИЦАТЕЛЕН | 0620 | 352592.66 | | | | |
| ПРЕОБРАЗУВАНЕ НА СЧЕТОВОДНИЯ ФИНАНСОВ РЕЗУЛТАТ | | | | | | | |
| № | А. УВЕЛИЧЕНИЯ | ШИФЪР | СУМА | № | Б. НАМАЛЕНИЯ | ШИФЪР | СУМА |
| 1 | Годишни счетоводни разходи за амортизации (чл.54, ал.2) | 7010 | 140626.10 | 1 | Годишни данъчни амортизации (чл.54, ал.1) - вж. помощна справка „Амортизируеми активи“, публикувана на интернет страницата на НАП - www.nap.bg | 8010 | 132901.15 |
| 2 | Счетоводна балансова стойност на отписаните активи от счетоводния амортизационен план (чл.66, ал.1) | 7020 | 0.00 | 2 | Данъчна стойност на отписаните активи от данъчния амортизационен план (чл.66, ал.2) | 8020 | 0.00 |
| 3 | Разходи от последващи оценки на активи и пасиви (чл.34), в т.ч.: | 7030 | 57630.19 | 3 | Приходи от последващи оценки на активи и пасиви (чл.34), в т.ч.: | 8030 | 0.00 |
| 3.1 | разходи от последващи оценки и от отписване на вземания като несъбираеми (чл. 34) | 7031 | 844.75 | 3.1 | приходи от последващи оценки на вземания (чл. 34) | 8031 | 0.00 |
| 4 | Признаване за данъчни цели на непризнати приходи от последващи оценки на активи и пасиви (чл.35) | 7040 | 0.00 | 4 | Признаване за данъчни цели на непризнати разходи от последващи оценки на активи и пасиви (чл.35 и 37), в т.ч.: | 8040 | 22022.00 |
| | | | | 4.1 | от последващи оценки и от отписване на вземания (чл.37) | 8041 | 8280.77 |
| 5 | Разходи, представляващи доходи на местни физически лица по ЗДДФЛ и разходи за задължителни осигурителни вноски, свързани с тях (чл.42, ал.1, 5 и 8) | 7050 | 7832.98 | 5 | Признаване за данъчни цели на непризнати разходи по чл.42, ал.1, 5 и 8 (чл.42, ал.3 и 6, изречение първо) | 8050 | 64014.02 |
| | | | | 6 | Приходи/сума, с която са намалени счетоводните разходи, отчетени по повод на задължения за неизплатени доходи по чл.42, ал.1 и на задължения за невнесени задължителни осигурителни вноски по чл.42, ал.5 (чл.42, ал.4 и ал.6, изречение второ) | 8060 | 0.00 |
| 6 | Разходи за лихви от прилагане на режима на слаба капитализация (чл.43, ал.1) - вж. помощна справка "Регулиране на слабата капитализация", публикувана на интернет страницата на НАП - www.nap.bg | 7060 | 0.00 | 7 | Признаване за данъчни цели на непризнати разходи за лихви от прилагане на режима на слаба капитализация (чл.43, ал.2) - вж. помощна справка "Регулиране на слабата капитализация", публикувана на интернет страницата на НАП - www.nap.bg | 8070 | 0.00 |
| 7 | Разходи от липси и брак съгласно чл.28, в т. ч.: | 7070 | 2614.86 | 8 | Приходи, възникнали по повод на непризнати по чл. 28 липси и брак на активи (чл.29) | 8080 | 0.00 |
| 7.1 | разходи от липси на дълготрайни и краткотрайни | 7071 | 0.00 | | | | |

Част V - Определяне на данъчния финансов резултат и дължимия корпоративен данък

| | | | | | | | |
|-----|---|------|-----------|------|--|------|-----------|
| | активи с изключение на материални запаси (чл.28, ал.1) | | | | | | |
| | разходи от липси и брак на | | | | | | |
| 7.2 | материални запаси (чл.28, ал.2) | 7072 | 2179.08 | | | | |
| 7.3 | разход за ДДС съгласно чл. 28, ал. 4. | 7073 | 435.78 | | | | |
| | последващи разходи, отчетени по повод на | | | | | | |
| 7.4 | вземане, възникнало в резултат на непризнати липси и брак на активи (чл.28, ал.5) | 7074 | 0.00 | | | | |
| | Разходи, непризнати за | | | | | | |
| 8 | данъчни цели съгласно чл. 26, в т. ч.: | 7080 | 19348.70 | | | | |
| | разходи, несвързани с дейността и/или които не са документално обосновани (чл. 26, т. 1 и 2) | 7081 | 19266.23 | 9 | Приходи, възникнали по повод на непризнати за данъчни цели разходи по чл. 26, т. 6 (чл. 27, ал. 1, т.2) | 8090 | 0.00 |
| 8.2 | разходи за начислени глоби, конфискации, санкции и лихви за просрочие (чл.26, т.6) | 7082 | 82.47 | | | | |
| | | | | | Сума на погасените задължения, за които е приложен чл.46, ал.1 през предходна година (чл.46, ал.3, т.1) | 8100 | 0.00 |
| 9 | Сума на задълженията (чл.46, ал.1) | 7090 | 0.00 | | Приходи, отчетени по повод отписване на задължения, за които е приложен чл.46, ал.1 през предходна година (чл.46, ал.3, т.2) | 8110 | 0.00 |
| | | | | | Вж. помощна справка "Пренасяне на данъчни загуби", публикувана на интернет страницата на НАП - www.nap.bg | 8120 | 0.00 |
| | | | | | Припадаване на данъчна загуба, в т.ч.: | | |
| | | | | 12.1 | данъчна загуба от източник в страната | 8121 | 0.00 |
| | | | | 12.2 | данъчна загуба от източник в чужбина при прилагане на метода "освобождаване с прогресия" | 8122 | 0.00 |
| | | | | 12.3 | данъчна загуба от източник в чужбина при прилагане на метода "данъчен кредит" | 8123 | 0.00 |
| 10 | Други увеличения на счетоводния финансов резултат - вж. помощна справка "Други увеличения и намаления на счетоводния финансов резултат по реда на ЗКПО", публикувана на интернет страницата на НАП - www.nap.bg | 7100 | 16982.87 | 13 | Други намаления на счетоводния финансов резултат - вж. помощна справка "Други увеличения и намаления на счетоводния финансов резултат по реда на ЗКПО", публикувана на интернет страницата на НАП - www.nap.bg | 8130 | 31481.38 |
| 7 | ВСИЧКО УВЕЛИЧЕНИЯ (от ред 1 до ред 10) | 0700 | 245035.70 | 8 | ВСИЧКО НАМАЛЕНИЯ (от ред 1 до ред 13) | 0800 | 250418.55 |

ДАНЪЧЕН ФИНАНСОВ РЕЗУЛТАТ
(р. 6.1 или р. 6.2 + р. 7 от колона А – р. 8 от колона Б)

| Част V - Определяне на данъчния финансов резултат и дължимия корпоративен данък | | | | |
|---|---|--|------|-----------|
| /Ако получената разлика е >0, попълнете ред 9.1; Ако получената разлика е ≤0, попълнете ред 9.2/ | | | | |
| 9.1 | ДАНЪЧНА ПЕЧАЛБА | 0910 | | 0.00 |
| 9.2 | ДАНЪЧНА ЗАГУБА | 0920 | | 357975.51 |
| 10 | ДАНЪЧНА СТАВКА | 1000 | | 10% |
| 11 | ПОЛАГАЩ СЕ КОРПОРАТИВЕН ДАНЪК (р. 9.1 x р. 10) | 1100 | | 0.00 |
| 12 | ПОЛАГАЩ СЕ КОРПОРАТИВЕН ДАНЪК при прилагане на методи за избягване на двойно данъчно облагане (р. 3 или ред 5 от справка 1 на образец 1012 - Приложение № 2) | 1200 | | 0.00 |
| 13 | ПРЕОТСТЪПЕН КОРПОРАТИВЕН ДАНЪК | 1300 | | 0.00 |
| 14 | ГОДИШЕН КОРПОРАТИВЕН ДАНЪК след преотстъпването (р. 11 или р. 12 – р. 13) | 1400 | | 0.00 |
| 15 | НАПРАВЕНИ АВАНСОВИ ВНОСКИ ЗА ГОДИНАТА (Попълнете този ред след установяване на точния размер на внесените авансови вноски за годината чрез преглед на данъчно-осигурителната сметка или чрез поискване на информация от НАП.) | 1500 | | 0.00 |
| ВНЕСЕН КОРПОРАТИВЕН ДАНЪК ПРЕЗ ГОДИНАТА в случаите при прекратяване с ликвидация или с обявяване в несъстоятелност | | | | |
| 16 | (На този ред се посочва внесеният през 2018 г. данък при прекратяване, който на основание чл. 160, ал. 2 (отм.) от ЗКПО се приспада от дължимия годишен корпоративен данък за годината на прекратяването. Попълнете този ред след установяване на точния размер на внесения данък чрез преглед на данъчно-осигурителната сметка или чрез поискване на информация от НАП.) | 1600 | | 0.00 |
| РАЗЛИКА ЗА ВНАСЯНЕ/НАДВНЕСЕН ДАНЪК (р. 14 – р. 15 – р. 16) | | | | |
| РАЗЛИКА ЗА ВНАСЯНЕ | | | | |
| 17.1 | (Този ред се попълва, когато получената разлика е положителна величина.) | 1710 | | 0.00 |
| НАДВНЕСЕН ДАНЪК | | | | |
| 17.2 | (Този ред се попълва, когато получената разлика е отрицателна величина или нула.) | 1720 | | |
| Забележка: Надвнесеният данък ще послужи за погасяване на данъчни задължения по реда на чл. 169, ал. 4 от ДОПК, ако не е отбелязан ред 18. | | | | |
| Възстановяване по реда на раздел I от глава шестнадесета на ДОПК В случай, че на този ред сте отбелязали отметката, посочете банкова сметка на данъчно задълженото лице, по която да бъде възстановен данъка: | | | | |
| 18 | ЕИК по ЗТР/БУЛСТАТ | | | |
| Банка | | | IBAN | BIC |
| ЗАДЪЛЖЕНИЕ ЗА ИЗВЪРШВАНЕ НА АВАНСОВИ ВНОСКИ, ВИД И ОБЩ РАЗМЕР НА ОПРЕДЕЛЕНИТЕ (ДЕКЛАРИРАНИТЕ) АВАНСОВИ ВНОСКИ ЗА ГОДИНАТА | | | | |
| (Тази информация се попълва за целите на определяне на лихва по чл. 89 от ЗКПО.) | | | | |
| 19.1 | Месечни – съгласно чл. 84 от ЗКПО | Да <input checked="" type="checkbox"/> | 1910 | 0.00 |
| 19.2 | Тримесечни – съгласно чл. 85 от ЗКПО | Да <input type="checkbox"/> | 1920 | |
| 19.3 | Тримесечни – съгласно чл. 118 или чл. 147 от ЗКПО | Да <input type="checkbox"/> | 1930 | |
| | | Дата, на която изтича срокът за внасяне на първата тримесечна авансова вноска след преобразуването | | |
| 19.4 | Тримесечни – съгласно чл. 83, ал. 3 от ЗКПО | Да <input type="checkbox"/> | 1940 | X |
| 19.5 | Данъчно задълженото лице не е задължено да извършва авансови вноски и не е приложило чл. 83, ал. 3 от ЗКПО | Да <input type="checkbox"/> | 1950 | X |
| СУМА, ВЪРХУ КОЯТО СЕ ДЪЛЖИ ЛИХВА ПО ЧЛ. 89 ОТ ЗКПО | | | | |
| (Този ред не се попълва, ако е отбелязан ред 19.4 или 19.5) | | | | |

| Част V - Определяне на данъчния финансов резултат и дължимия корпоративен данък | | |
|---|--|-----------|
| 20.1 | За месечни авансови вноски: $p. 14 - (p. 19.1 + 0,2 \times p. 19.1)$ Ако получената разлика е отрицателна величина или нула, на този ред се записва нула. | 2010 0.00 |
| 20.2 | За тримесечни авансови вноски : $0,75 \times p. 14 - (p. 19.2 + 0,2 \times p. 19.2)$ или $0,75 \times p. 14 - (p. 19.3 + 0,2 \times p. 19.3)$ Ако получената разлика е отрицателна величина или нула, на този ред се записва нула. | 2020 0.00 |

| Част VI – Деклариране на взаимоотношения със свързани лица | | |
|---|---|------------|
| (Свързани лица са тези по § 1, т. 3 от ДР на ДОПК. Юрисдикции с преференциален данъчен режим са тези по смисъла на § 1, т. 64 от ДР на ЗКПО.) | | |
| № | ПОКАЗАТЕЛИ | СУМА |
| 1 | Общ размер на счетоводните приходи от взаимоотношения със свързани лица, в т.ч.: | 3598304.32 |
| 1.1 | - с лица от юрисдикции с преференциален данъчен режим | 0.00 |
| 2 | Общ размер на счетоводните разходи от взаимоотношения със свързани лица, в т.ч.: | 1254967.22 |
| 2.1 | - с лица от юрисдикции с преференциален данъчен режим | 0.00 |
| 3 | Вземания от свързани лица – салдо (остатък) към 31 декември на съответната година, в т.ч.: | 2320.29 |
| 3.1 | - от лица от юрисдикции с преференциален данъчен режим | 0.00 |
| 4 | Задължения към свързани лица – салдо (остатък) към 31 декември на съответната година, в т.ч.: | 1799299.93 |
| 4.1 | - към лица от юрисдикции с преференциален данъчен режим | 0.00 |
| <p>Забележка: Не се попълват данни за: свързани лица по § 1, т. 3, б. „а“, „б“, и „л“ от ДР на ДОПК. Това са:</p> <ul style="list-style-type: none"> сдружения, роднините по права линия, по съребрена - до трета степен включително; и роднините по сватовство. Изключението не се прилага само при взаимоотношения между търговски предприятия (ЕТ) на посочените лица. работодател и работник; лицата, едното от които е направило дарение на другото. <p>Не се попълват данни за лица, наети по трудови правоотношения по смисъла на § 1, т. 26 от ДР на Закона за данъците върху доходите на физическите лица.</p> <p>Не се смятат за свързани лица за целите на декларирането търговските дружества с над 50 на сто държавно или общинско участие и държавните предприятия по чл. 62, ал. 3 от Търговския закон само поради обстоятелството, че имат общ принципал – държавата/общината, включително когато принципалът е едно и също министерство. За предприятията по предходното изречение всички останали критерии за свързаност, установени в § 1, т. 3 от ДР на ДОПК, се прилагат по общия ред.</p> | | |

| Част VII – Деклариране на извършено скрито разпределение на печалбата | |
|---|------|
| (Тази част се попълва от данъчно задължени лица, които през годината са извършили скрито разпределение на печалбата по смисъла на § 1, т. 5 от ДР на ЗКПО) | |
| Общ размер на сумите, представляващи скрито разпределение на печалбата | 0.00 |
| В тази справка се посочва общият размер на сумите с характер на скрито разпределение на печалбата, включително и разходите, представляващи скрито разпределение на печалбата, които се включват в сумата, посочена на ред 10, колона А от част V. | |

Част VIII - Данък върху разходите

(Тази част се попълва на основание чл. 217, ал. 1 и 5 от ЗКПО)

| № | Вид разход | Данъчна основа | Данъчна ставка | Дължим данък | Необлагаеми разходи |
|---|---|----------------|----------------|--------------|---------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | По чл.204, ал.1, т.1 - представителни разходи | 3518.04 | 10% | 351.80 | x |
| 2 | По чл.204, ал.1, т.2 - социални разходи, предоставени в натура | 794.10 | 10% | 79.41 | 0.00 |
| 3 | По чл. 204, ал. 1, т. 4 – разходи в натура, свързани с предоставени за лично ползване активи и/или с използване на персонал | 0.00 | 10% | 0.00 | x |

Част IX – Деклариране на направен избор за облагане на доходите в натура, представляващи разходи в натура

(Разходи в натура са тези по смисъла на § 1, т. 83 от ДР на ЗКПО. Тази част се попълва на основание чл. 24, ал. 3 от Закона за данъците върху доходите на физическите лица (ЗДДФЛ) във връзка с чл. 217, ал. 3 от ЗКПО.)

Когато не е попълнена тази част, облагането на доходите в натура се извършва по реда на ЗДДФЛ.

| | | | | |
|---|------|----|----|---|
| 1. Избор за облагане по реда на ЗКПО за | 2019 | г. | Да | X |
| 2. Избор за облагане по реда на ЗКПО за | 2018 | г. | Да | |

Забележки: 1. На ред 1 се посочва годината, следваща годината, за която се отнася годишната данъчна декларация, когато е избран редът по ЗКПО за облагане на доходите в натура, представляващи разходи в натура.

2. Ред 2 се попълва от лица, които са новоучредени през годината, за която се отнася годишната данъчна декларация, когато за тази година е избран редът по ЗКПО за облагане на доходите в натура, представляващи разходи в натура. Този ред се попълва и от лица, които за предходната година не са били задължени и не са подали годишна данъчна декларация, когато за годината, за която се отнася настоящата декларация, е избран редът по ЗКПО за облагане на доходите в натура, представляващи разходи в натура.

Част X – Деклариране на вида и размера на авансовите вноски

(Тази част се попълва на основание чл. 87а, ал. 1 от ЗКПО. Лицата, които са освободени от авансови вноски и не са избрали да правят такива съгласно чл. 83, ал. 3 от ЗКПО, не попълват тази част.)

| | | |
|---|---|--|
| 1. Месечни вноски <input checked="" type="checkbox"/> | 2. Тримесечни вноски <input type="checkbox"/> | 3. Тримесечни вноски на основание чл. 83, ал. 3 <input type="checkbox"/> |
| 4. Размер на определената месечна/тримесечна авансова вноска | 0.00 | лв. |
| 5. Преотстъпване на авансови вноски на основание чл. 91 от ЗКПО | | |
| 6. Размер на определената месечна/тримесечна авансова вноска след преотстъпване в резултат на прилагане на чл. 91 от ЗКПО | 0.00 | лв. |

Забележки: 1. В случай че на ред 1.1 от част V е посочена сума в размер над 3 000 000 лв., се отбелязва т. 1;
2. В случай че на ред 1.1 от част V е посочена сума в размер от 300 000,01 лв. до 3 000 000 лв. включително, се отбелязва т. 2;

3. В случай че сте избрали да приложите чл. 83, ал. 3 от ЗКПО и на ред 1.1 от част V е посочена сума в размер до 300 000 лв. включително, се отбелязва т. 3.

4. В случай че прогнозният данъчен финансов резултат е отрицателна или нулева величина, не се попълват т. 4 и/или 6.

5. Когато декларацията се подава на основание чл. 75, ал. 3 от ЗКПО, тази справка следва да се попълни по идентичен начин, както е била попълнена във вече подадената годишна данъчна декларация, във връзка с която се подава настоящата коригираща декларация. Ако са налагат корекции на вида или размера на вече декларираните авансови вноски, същите се извършват чрез подаване на декларация по чл. 88 от ЗКПО.

Част XI – Идентификационни данни за собствениците, акционерите или съдружниците в чуждестранно юридическо лице, извършващо стопанска дейност в страната чрез място на стопанска дейност

(Тази част се попълва на основание чл. 92, ал. 7 от ЗКПО. Не се посочват идентификационни данни за собствениците, акционерите или съдружниците в чуждестранното юридическо лице и за размера на тяхното участие, когато размерът на това участие е под 10 на сто.)

| Собственик/Акционер/Съдружник 1 | | | | |
|---|------------------------------|---|----------------------|----------------------|
| 1. Име/наименование | | 2. Идентификационен номер в държавата, на която лицето е местно | | |
| <input type="text"/> | | <input type="text"/> | | |
| 3. Адрес в държавата, на която собственикът, акционерът или съдружникът е местно лице | | | | |
| 3.1. Държава | 3.2. Населено място (гр./с.) | 3.3. Област/район | 3.4. Пощенски код | |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | |
| 3.5. Улица | 3.6. № | 3.7. Етаж | 3.8. Ап. | 3.9. Квартал |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 4. Размер на участието (в %) | | | | <input type="text"/> |

Национална агенция за приходите обработва и защитава личните Ви данни, съобразно изискванията на Закона за защита на личните данни (ЗЗЛД) и Регламент (ЕС) 2016/679 на Европейския парламент и на Съвета от 27 април 2016 г. Повече подробности за ангажиментите на Националната агенция за приходите, в качеството ѝ на администратор на лични данни, можете да намерите в „Политика по защита на личните данни в Националната агенция за приходите“, публикувана на интернет адрес: www.nap.bg или да се свържете с нас на имейл адреса на Информационния център на НАП: infocenter@nra.bg и телефон: 0700 18 700