



**CONSOLIDATED
FINANCIAL STATEMENTS**

AS OF DECEMBER 31, 2015

(Unofficial translation of the original in Bulgarian)

CONTENTS:

CONSOLIDATED ANNUAL REPORT ON THE ACTIVITY	PAGE 3
INDEPENDENT AUDITOR'S REPORT	PAGE 8
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	PAGE 11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	PAGE 12
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	PAGE 13
CONSOLIDATED CASH FLOW STATEMENT.....	PAGE 14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	PAGE 15

Name of the Company:	FILKAB AD
Unified Identification Code:	BG115328801
Registered Office:	92 Komatevsko shosse Str., Plovdiv
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CONSOLIDATED ANNUAL REPORT ON THE ACTIVITY

Contents

1. Group's Profile
2. Share Capital of the Parent Company
3. Group's Structure (branch network, subsidiary companies)
4. Parent Company Management Bodies Information
5. Financial Position
6. Future Development Prospects for the Group
7. Environment Protection and Healthy and Safety Working Conditions
8. Management Responsibilities

1. Group's Profile

FILKAB AD (Parent company) is a joint-stock company, registered by decision of the Plovdiv District Court under company file № 2189/1999 and is entered in the Trade Register of the Registry Agency. Main activity of the Parent company and its subsidiary entities (the Group) is trade in cables and wires, electrical and automation equipment, medium-voltage electrical equipment, cable accessories, lighting fixtures, and electrical installation materials. The Group designs and manufactures lighting fixtures, electrical LV-switchboards, complete distribution systems 24kV, concrete complete transformer substations (CCTS).

In the country and the region the Parent company is a leader with its main activity – trade in cables and wires, electrical and automation equipment, medium-voltage electrical equipment, cable accessories, lighting fixtures, and electrical installation materials.

FILKAB Group offers engineering services and performs overall activities – design, manufacturing, delivery, installation, and commissioning of complete electrical and automation projects, lines and facilities; designs and manufactures lighting fixtures, electrical LV-switchboards, complete distribution systems 24kV, concrete complete transformer substations (CCTS); builds substations 110kV and 400kV, cogeneration systems, etc. (alone or through its subsidiary company Engineering EAD).

Among the clients and partners of the Group, there are companies operating in the sphere of electricity generation, transmission and distribution, of the telecommunications sector, companies performing electrical installation, construction, and trade activities, etc. Among those of particular importance are investors and general contractors of substantial and key projects, Bulgarian investors from small and medium-sized businesses, state companies and public associations.

In 2015, Filkab AD completed the process of substantial structural change by separating the production and design activities in two subsidiaries:

- Engineering EAD, which performs the design, manufacturing, supply, installation and commissioning of complete electrical and automation projects, as well as the design and manufacturing of metal cabinets, lighting fixtures, electrical LV-switchboards, complete distribution systems 24kV, and concrete complete transformer substations;
- FILKAB Solar Ltd., which offers engineering services, supply and construction of photovoltaic (PV) systems in various configurations – connected to the grid, autonomous and hybrid, as well as for self-consumption. The systems can be ground- or building mounted – on facades, on horizontal or inclined roofs.

As of the date of preparation of these report, the newly-registered subsidiary in Turkey, FILKAB Solar Enerji A.Ş., in partnership with the Korean manufacturer of PV modules Hanwha Q CELLS Co., Ltd. (NASDAQ:HQCL), completed the work on its first major photovoltaic project in the Republic of Turkey. The PV project Maraş 01 (8 MW) is located in the village of Büyükyapalak, Elbistan District, , and covers an area of over 120 acres. The team of FILKAB AD was responsible for the supply of materials and the construction of the electrical part of the project.

Through its subsidiaries and associated companies (Engineering EAD, FILKAB Solar Ltd., MAKKAB DOOEL – Macedonia, and FILKAB Solar Enerji A.Ş. – Turkey), as well as individually, FILKAB continues to develop actively its activities in the field of renewable energy sources (RES) not only providing equipment and services, but also as an EPC-contractor, offering turnkey solutions for big-scale PV projects in the role of EPC-contractor. So far, the The Parent company has participated as a main contractor and/or subcontractor in a considerable number of projects regarding energy generation from PV sources in Bulgaria, Greece, Romania, Macedonia, Cyprus, and Turkey.

In mid-2015, the Parent company became the sole proprietor of the Romanian SPV (project company) GESPRO Green Energy S.R.L., owner of a PV park (920kWp) near Bucharest. The acquisition has helped for the restructuring of the debt of GESPRO Green Energy S.R.L. to FILKAB, arising upon an agreement for construction of the photovoltaic plant, a major asset of the Romanian SPV.

The economic situation in 2016 will continue to cause changes in the industry in which FILKAB AD operates. The International Monetary Fund forecasts for economic growth in the country of 2.1 percent for 2015 have come true. The economic growth model for 2015 is dominated by the export – i.e. sales abroad are the main reason for the growth last year. That was also the main reason, to a certain extent, in the mid-2015, FILKAB AD to establish FILKAB MIG d.o.o. – a subsidiary company in Serbia through which to operate on the Serbian market. In an effort to expand its activities on the foreign markets and to invest in neighboring countries, it was approved to make investments in a new commercial and warehouse centre on the territory of Macedonia. The investment is performed by the subsidiary of FILKAB AD in Macedonia – MAKKAB DOOEL.

According to the forecasts of the Ministry of Finance, the GDP rate in the country for 2016–2018 will reach growth of 3.6%. In this regard, the Parent company should continue its activities on the diversification of offered products and services from the emerging new areas – energy efficiency solutions, new efficient lighting sources and renewable energy sources – wind, water, sun, bioenergy. FILKAB AD is gaining considerable experience in this direction through its participation in projects as main contractor or subcontractor, thus obtaining know-how, establishing contacts and partnerships with external companies and organisations, working with research institutes, participating in joint manufacturing activities with them, applies with already completed projects for grants from Structural Funds and others.

2. Share Capital of the Parent Company

As of December 31, 2015 the registered share capital of the Parent company is at the total amount of BGN 20 000 thousand and is distributed in 2 000 000 ordinary shares at nominal value of BGN 10 per share. Shareholders are six individuals. In 2015 new shares are not issued or transferred. As of December 31, 2015, the net assets of the Group are at the amount of BGN 43 316 thousand (2014: BGN 42 665 thousand).

3. Group's Structure (branch network, subsidiary companies)

The Parent company has its own branch network across the country. The headquarters and the main warehouse are located in Plovdiv. In Burgas, Sliven, Varna, Sofia and Ruse, the Parent company has representations with large showrooms and warehouses, and in the towns of Veliko Tarnovo, Shumen, and Plovdiv it has its own stores as well.

The Parent company holds shares in the following companies:

№	Name of company of investment based on latest legal registration	Number of shares	Carrying amount of the investment in thousands of BGN	% of equity participation
1	ENGINEERING EAD	10 000	139	100.00%
2	FILKAB SOLAR LTD	3 500	35	70.00%
3	MAK KAB DOOEL, Macedonia	600 000	1 168	100%
4	FILKAB DISTRIBUTIE SRL, Romania	88 000	1 222	71.4%
5	FILKAB SOLAR ENERJI A.Ş., Turkey	100 000	71	100.00%
6	FILKAB MIG DOO, Serbia	5 000	50	51.00%
7	GESPRO GREEN ENERGY S.R.L., Romania	100	1	100.00%
8	ELRESURS LTD, Sofia	200	5	5.00%
9	IKEM JSC	2 000	2	4.00%
Total:			2 693	

4. Parent Company Management Bodies Information

Management bodies of the Parent company are the General Meeting of Shareholders and the Board of Directors (BoD). The Parent company is represented by two Executive Directors.

As of December 31, 2015, the Board of Directors of the Parent company consists of eight members, as follows:

1. Nikola Todorov Avramov, Chairman of the BoD;
2. Ivan Stoykov Kukov, member of the BoD;
3. Vasil Nikolov Madanski, member of the BoD;
4. Rumen Hristov Tsankov, member of the BoD;
5. Margarit Stefanov Georgiev, member of the BoD;
6. Lachezar Manolov Manolov, member of the BoD;
7. Nonka Dimitrova Cherpokova, member of the BoD - Executive Director;
8. Atanas Ivanov Tanchev, member of the BoD - Executive Director.

The operational management of the Parent company is carried out by:

1. Executive Directors;
2. Department Directors;
3. Unit Managers;
4. Analytical Specialists and Administration.

The activity of the Parent company is divided into the following three areas:

1. Trade activity – which is of key importance to the company and is 79% of the total volume;
2. Project activity – in 2015 it covers 21% of the total volume;
3. General operations.

5. Financial Position of the Group

	December 31, 2015	December 31, 2014	Change
Revenue	74 167	70 299	5.5%
Profit/(loss) from operating activities, net	770	(157)	590.4%
Assets	81 297	86 836	-6.4%
Liabilities	37 981	44 171	-14.0%
Equity	43 316	42 665	1.5%
Current assets	53 627	61 249	-12.4%
Current liabilities	35 585	43 911	-19.0%
Обща ликвидност Current liquidity ratio (current assets/current liabilities)	1.51	1.4	7.9%
Бърза ликвидност Quick ratio (receivables+cash/current liabilities)	0.67	0.68	-1.5%
Capital utilization	53.00%	49.13%	8.2%
Return on assets (net income/assets)	1.00%	0.18%	455.6%
Equity profitability (net profit/equity) ratio	2.00%	0.37%	440.5%
Equity to debt ratio (equity/equity+liabilities)	0.53	0.49	8.2%
Debt to equity ratio (equity+liabilities/equity)	1.88	2.04	-7.8%
Assets turnover	0.91	0.81	12.3%
Working capital, net	18 042	17 338	4.1%
Profit margin (net profit/ net revenue)	0.010	0.002	400%

5.1. Financial Instruments, Financial Risk Management

In 2015, the Group has seven bank loans to cover investment and working capital needs. Detailed information on the financial instruments and the financial risk is disclosed in the Notes to the Financial Statements.

6. Future Development Prospects for the Group

Maintaining and expanding the Group's positions on the markets can be achieved by focused work in the following areas:

1. Identifying new potential customers in and out of the country. Attracting new loyal customers, as well as keeping the current ones;
2. Increasing sales through large construction and engineering companies and organisations. Cooperation and joint participation in the implementation of infrastructure and energy projects (water treatment plants, energy projects, new renewable energy sources, reconstruction of railway and public infrastructure, etc.);
3. Maintaining consistent policy with trade companies, loyal to the Group and positioned in key regions, and taking targeted action to assist them;
4. Research, establishment of initial contact and initiation of regular deliveries to investors and contractors in projects financed under the Operational Programmes of the European Structural Funds;
5. Improving the organisational structure and increasing the efficiency of business processes by fully exploiting the opportunities of the new ERP-system to gain competitive advantage in our business sphere;
6. Work permanently on the discovery and implementation of new products and solutions in the trade activities with high profit margins, outstripping competitors on the market;
7. Expanding the region presence of the Group, also through the establishment and investments in subsidiaries with activity which is suitable to the fullest extent to the business environment and the growth opportunities within the respective country.

7. Environment Protection and Healthy and Safety Working Conditions

The Group has implemented an integrated system for management of quality, environment and healthy and safety working conditions for which the Parent company has the following certificates: ISO 9001:2008; ISO 14001:2004 and BS OHSAS 18001:2008, issued by the Bureau Veritas Certification.

8. Management Responsibilities

Management acknowledges that an adequate and consistent accounting policy has been applied and that the financial statements as of December 31, 2015 are prepared following the prudence principle in the valuation of assets, liabilities, income and expenses. Management is responsible for the accuracy of its books of account, for the safekeeping of assets and for the prevention and detection of fraud and other errors.

Atanas Tanchev
Executive Director
May 31, 2016
Plovdiv



This document is a translation of the original in Bulgarian,
in case of divergence the Bulgarian original is prevailing.

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
FILKAB JSC**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of FILKAB JSC ("the Parent company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2015, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, endorsed for application by the European Union Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of FILKAB JSC as at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, endorsed for application by the European Union Commission.

Other Reports on regulatory requirements – Consolidated annual report of the activities of the Group according to article 33 of the Accountancy Act

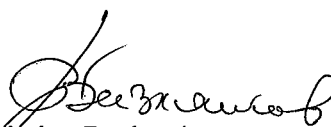
Pursuant to the requirements of the Accountancy Act, article 38, paragraph 4, we have read the enclosed Consolidated annual report of activities of the Group. The Consolidated annual report of the activities of the Group, prepared by the management of the Group, is not a part of the consolidated financial statements. The historical financial information, presented in the Consolidated annual report of the activities of the Group, prepared by the management, is consistent in all material respects, with the financial information, disclosed in the annual consolidated financial statements of the Group as of December 31, 2015 prepared in accordance with International Financial Reporting Standards, endorsed for application by the European Union Commission. The responsibility for the preparation of the Consolidated annual report of the activities of the Group from May 31, 2016, is of the management of the Group.

AndA Consulting Ltd.

Antoaneta Bazlyankova
Managing Director

May 31, 2016
Sofia




Dimitar Bazlyankov
Registered auditor

**CONSOLIDATED
FINANCIAL STATEMENTS
AS OF
DECEMBER 31, 2015**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

	Note №	December 31, 2015	December 31, 2014
Revenue	5	74 167	70 299
Other operating income	6	1 008	527
Change in finished goods and work in progress		(33)	1 356
Capitalized expenses in the cost of property, plant and equipment		-	54
Other adjusting amounts		-	657
Materials expenses	7	(9 617)	(8 887)
Hired services	8	(4 557)	(3 475)
Personnel expenses	9	(5 933)	(5 713)
Depreciation and amortization expenses	10	(1 854)	(2 023)
Cost of goods sold	11	(51 214)	(50 950)
Other expenses	12	(994)	(1 254)
Finance income	13	1 026	298
Finance expenses	13	(1 133)	(1 038)
Profit/(loss) before taxation		866	(149)
Income tax expense	14	(96)	(8)
Net profit/(loss) for the period		770	(157)
Income tax expense			
<i>Items that will not be reclassified in profit or loss</i>			
Actuarial gains/(losses) recognised	26	(7)	135
Deferred taxes on actuarial gains	26	1	(13)
Effect from foreign currency recalculations of the subsidiaries financial statements		(74)	37
Total other comprehensive income for the period, net		(80)	159
Total comprehensive income for the period		690	2
Net profit/(loss) for the period, attributable to:			
Shareholders of the Parent company		800	(65)
Non-controlling interest		(30)	(92)
		770	(157)
Total comprehensive income for the period, attributable to:			
Shareholders of the Parent company		720	94
Non-controlling interest		(30)	(92)
		690	2

Approved for issuance on May 31

Atanas Tanchev
Executive Director



Antoaneta Bazlyankova
Managing Director
AndA Consulting Ltd
May 31, 2016, Sofia



Zdravko Peychev
Compiler

Dimitar Bazlyankov
Registered Auditor

(The accompanying notes from page 115 to page 57 are an integral part of these financial statements)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

	<u>Note №</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
ASSETS			
Non-current assets			
Property, plant and equipment	15	27 315	25 074
Intangible assets	16	246	342
Capital investments	17	7	7
Goodwill		26	26
Deferred tax assets	14	76	138
		27 670	25 587
Current assets			
Inventories	19	29 827	31 390
Trade and other receivables, net	20	22 985	28 908
Cash and cash equivalents	21	815	929
Income tax recoverable	22	-	22
		53 627	61 249
TOTAL ASSETS		81 297	86 836
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	20 000	20 000
Reserves	29	9 161	9 241
Retained earnings		13 719	13 010
		42 880	42 251
Non-controlling interest	2.2, 30	436	414
Total equity		43 316	42 665
Non-current liabilities			
Retirement benefits obligation	26	306	255
Bank loans	24	2 057	-
Finance lease liabilities	25	28	5
Deferred tax liabilities	14	5	-
		2 396	260
Current liabilities			
Trade and other payables	23	14 035	19 390
Bank loans	24	21 517	24 364
Finance lease liabilities	25	15	3
Income tax liabilities	22	18	2
Deferred income	27	-	152
		35 585	43 911
TOTAL EQUITY AND LIABILITIES		81 297	86 836

Approved for issuance on May 31, 2016

Atanas Tanchev
Executive Director

Antoaneta Bazlyankov
Managing Director
AndA Consulting Ltd
May 31, 2016, Sofia



Zdravko Peychev
Compiler

Dimitar Bazlyankov
Registered Auditor

(The accompanying notes from page 15 to page 57 are an integral part of these financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated

	Equity attributable to equity holders of the Parent company				Non- controlling interest	Total equity
	Share capital	Reserves	Accumulated profit	Total		
Balance at January 1, 2014	20 000	9 081	13 795	42 876	506	43 382
Changes in equity for 2014						
Comprehensive income for the period	-	159	(65)	94	(92)	2
Dividends distributed	-	-	(700)	(700)	-	(700)
Bonuses payments	-	-	(19)	(19)	-	(19)
Reserves	-	1	(1)	-	-	-
Balance at December 31, 2014	20 000	9 241	13 010	42 251	414	42 665
Changes in equity for 2015						
Comprehensive income for the period	-	(80)	800	720	(30)	690
Acquisition of subsidiary entities	-	-	(91)	(91)	37	(54)
Sale of share of a subsidiary entity	-	-	-	-	15	15
Balance at December 31, 2015	20 000	9 161	13 719	42 880	436	43 316

Approved for issuance on May 31, 2016

 Atanas Tanchev
 Executive Director

 Zdravko Peychev
 Compiler

 Antoaneta Bazlyankova
 Managing Director
 AndA Consulting Ltd
 May 31, 2016, Sofia

 Dimitar Bazlyankov
 Registered Auditor

(The accompanying notes from page 15 to page 57 are an integral part of these financial statements)

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CONSOLIDATED CASH FLOW STATEMENT
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated

	December 31, 2015	December 31, 2014
A. Cash flows from operating activities (note 31)	4 609	2 841
Income taxes paid	(11)	(28)
Net cash, generated from operating activities:	4 598	2 813
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(1 851)	(897)
Purchase of intangible assets	(4)	-
Proceeds from sale of property, plant and equipment	230	3
Proceeds from government grants (note 27)	-	363
Net cash flow from a business combination (note 34)	87	-
Proceeds from sale of investments	15	-
Net cash, used in investing activities:	(1 523)	(531)
C. Cash flows from financing activities		
Proceeds from borrowings	5 078	7 248
Repayments of borrowings	(7 129)	(7 691)
Payments on a finance lease	(3)	(50)
Interest paid, net	(831)	(799)
Payables of bank charges, commissions and others	(290)	(177)
Proceeds on trade loans granted	85	21
Dividends paid	(448)	(894)
Interest received on trade loans	349	-
Indemnity interest paid on trade transactions	(3)	(18)
Net cash, used in financing activities:	(3 192)	(2 360)
Net decrease in cash and cash equivalents for the period	(117)	(78)
Foreign currency recalculations differences	3	-
Cash and cash equivalents at the beginning of the period	929	1 007
Cash and cash equivalents at the end of the period (note 21)	815	929

Approved for issuance on May 31, 2016

Atanas Tanchev
Executive Director

Antoaneta Bazlyankova
Managing Director
AndA Consulting Ltd
May 31, 2016, Sofia

Zdravko Peychev
Compiler

Dimitar Bazlyankov
Registered Auditor

(The accompanying notes from page 15 to page 57 are an integral part of these financial statements)

**NOTES TO THE
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**for the year ended December 31, 2015***All amounts are in thousands of BGN, unless otherwise stated***1. Legal status and business activity**

FILKAB AD (the Parent company) is a joint-stock company, registered and settled in the Republic of Bulgaria, Unified Identification Code 115328801. The seat and registered office of the Parent company is 92, Komatevsko shosse Str., Plovdiv 4004. As of December 31, 2015 shareholders in the Parent company are six individuals.

Main activity of the Parent company and the subsidiary entities (the Group) is trade in cables and wires, electrical and automation equipment, medium voltage electrical equipment, cable accessories, lighting fixtures and electrical installation materials. The Group offers services for design and manufacture of lighting fixtures, low-voltage electrical switchboards, complete distribution systems 24kV and concrete complete transformer stations (CCTS). The Group continues to actively develop its activities in the field of renewable energy sources (RES) not only providing equipment, but also in the complete construction of photovoltaic power plants, including own development designs for constructions, inverter stations and others.

These financial statements have been approved for issuance by the management of the Group on May 7, 2016.

2. Basis for preparation of the financial statements and accounting principles**2.1. General**

These consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the Interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), adopted by the European Union Commission (the Commission).

During the year is adopted all new and revised IFRS of the International Accounting Standards Board (IASB), adopted by the Commission and Interpretations issued, effective for 2015 and applicable for the activities of the Company. All changes in IFRS, effective for 2015, are approved by the Commission (see note 2.1.1).

These financial statements are consolidated financial statements, prepared in accordance with the accounting and tax legislation in the Republic of Bulgaria and IFRS 10 - Consolidated Financial Statements.

These consolidated financial statements are prepared for general purpose and provide information for the financial position, results and cash flows, generated by the Group for the year ended December 31, 2015.

These consolidated financial statements are prepared on the historical cost basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.1.1. Changes in IFRS
2.1.1.1. Standards and Interpretations effective in the current period

The following new and revised pronouncements, all of which are adopted by the EU Commission, are effective for 2015:

<i>Standard or interpretation, date of revision and effective date</i>	<i>Name of the standard or interpretation</i>	<i>Effect on the Company's activity</i>
Annual Improvements 2011-2013 Cycle, issued by the IASB on December 12, 2013, applicable to annual periods beginning on or after January 1, 2015	Improvements to IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40)	No effect on the Group's financial statements

2.1.1.2. Standards and Interpretations, issued by the International Accounting Standards Board (IASB), adopted by the EU Commission, not yet effective

<i>Standard or interpretation, date of revision and effective date</i>	<i>Name of the standard or interpretation</i>	<i>Date of adoption by the EU Commission</i>
Annual Improvements 2010-2012 Cycle, issued by the IASB on December 12, 2013, applicable to annual periods beginning on or after February 1, 2015	Improvements to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38)	January 9, 2015
Defined Benefit Plans: Employee Contributions issued on November 21, 2013, effective for annual periods beginning on or after February 1, 2015	Amendments to IAS 19	January 9, 2015
Amendments to IAS 1 (issued on December 18, 2014), effective for annual periods beginning on or after January 1, 2016	Disclosure Initiative	December 18, 2015
Annual Improvements 2012-2014 Cycle, issued by the IASB on September 25, 2014, applicable to annual periods beginning on or after January 1, 2016	Improvements to IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34)	December 15, 2015
Amendments to IAS 27, issued on August 12, 2014, effective for annual periods beginning on or after January 1, 2016	Amendments to IAS 27: Equity Method in Separate Financial Statements	December 18, 2015
Amendments to IAS 16 and IAS 38, issued on May 12, 2014, effective for annual periods beginning on or after January 1, 2016	Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	December 2, 2015
Amendments to IFRS 11, issued on May 6, 2014, effective for annual periods beginning on or after January 1, 2016	Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	November 24, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.1.1. Changes in IFRS (continued)
2.1.1.2. Standards and Interpretations, issued by the International Accounting Standards Board (IASB), adopted by the EU Commission, not yet effective (continued)

<i>Standard or interpretation, date of revision and effective date</i>	<i>Name of the standard or interpretation</i>	<i>Date of adoption by the EU Commission</i>
Amendments to IAS 16 and IAS 41, issued on June 30, 2014, effective for annual periods beginning on or after January 1, 2016	Amendments to IAS 16 and IAS 41: Bearer Plants	November 23, 2015

2.1.1.3 Standards and Interpretations, issued by the IASB, expected endorsement by the EU Commission

<i>Standard or interpretation, date of revision and effective date</i>	<i>Name of the standard or interpretation</i>	<i>Status of adoption by the EU Commission</i>
IFRS 9 Financial Instruments (issued on July 24, 2014), effective for annual periods beginning on or after January 1, 2018	Financial Instruments – Classification and Measurement, the standard will supersede completely IAS 39	Endorsement expected in the first half of 2016
IFRS 14, issued in January, 2014, effective for annual periods beginning on or after January 1, 2016	Regulatory Deferral Accounts - applicable to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2016	The endorsement date is yet to be determined
IFRS 15, issued in May, 2014, effective for annual periods beginning on or after January 1, 2017	Revenue from Contracts with Customers - applicable to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2017	Endorsement is expected in Q 2 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 (issued on December 18, 2014), effective for annual periods beginning on or after January 1, 2016	Investment Entities: Applying the Consolidation Exception	Endorsement is expected in Q 2 2016
Amendments to IFRS 10 and IAS 28, issued on September 11, 2014, effective for annual periods beginning on or after January 1, 2016	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.1.1. Changes in IFRS (continued)
2.1.1.4 Impact of the new and revised standards on the financial statements

The more significant amendments to IFRSs issued by the International Accounting Standards Board (IASB) and adopted by the EU Commission that are mandatorily effective for an accounting period that begins on or after 1 January 2015 are, as follows:

Annual Improvements to IFRSs 2011 -2013 Cycle

The Annual Improvements include amendments to a number of IFRSs, which have been summarized below.

IFRS 3 Business Combinations

The subject of the amendment is the scope exceptions for joint ventures. The amendments clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement

The subject of the amendment is the scope of paragraph 52 (portfolio exception). The amendments clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 Investment Property

The amendments are related to the clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether: (i) the property meets the definition of investment property in terms of IAS 40; and (ii) the transaction meets the definition of a business combination under IFRS 3.

With regard to the amendments to IAS 40 Investment Property, the amendments require the assessment of whether the acquisition of an investment property is an asset acquisition or a business combination to be made by reference to IFRS 3. IFRS 3 defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participants. Specifically, IFRS 3 states that a business consists of inputs and processes that have the ability to create outputs. To qualify for the definition of a business, the integrated set of activities and assets should have two essential elements - inputs and processes; outputs are not necessarily required (although businesses usually have outputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.1.1. Changes in IFRS (continued)
2.1.1.4 Impact of the new and revised standards on the financial statements (continued)

In considering whether the acquisition of an investment property is an asset acquisition or a business combination, significant judgement is required taking into account the specific facts and circumstances surrounding each transaction. It is important to distinguish an asset acquisition from a business combination because their respective accounting treatments are very different.

The Group has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2011-2013 Cycle for the first time in the current year. The application of the amendments has had no impact on the disclosures or amounts recognized in the Group's financial statements.

During 2015 the Group has not elected early adoption of standards, revisions and interpretations, effective for future annual periods. The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations would have no material impact on its financial statements in the period of initial application, except for IFRS 9 and IFRS 15, the impact of which has not yet been evaluated.

2.2. Subsidiary companies and consolidation

These financial statements are consolidated financial statements, prepared in accordance with the accounting and tax legislation in the Republic of Bulgaria. The Parent company has control over other entities, therefore pursuant to the Accountancy Act in the Republic of Bulgaria and based on IFRS 10 - Consolidated Financial Statements, it should prepare consolidated financial statements.

A subsidiary is an entity controlled by the another company. Control is presumed to exist when: (i) the investor has power over the investee; (ii) the investor is exposed, or has rights, to variable returns from its involvement with the investee and; (iii) the investor has the ability to use its power to affect its returns.

The acquisition of subsidiaries is reported applying the purchase method. At their acquisition, assets and liabilities of the respective subsidiaries are measured at their fair values at the acquisition date. Any excess of the fair values of the identifiable assets and liabilities of the subsidiary over the cost of acquisition is recognized in profit or loss for the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.2. Subsidiary companies and consolidation (continued)

As of December 31, 2015 and 2014 the Group includes the following subsidiary companies, which financial statements are consolidated:

Subsidiary	Activity	Share as of December 31, 2015 %	Share as of December 31, 2014 %
Engineering EAD	Installation	100.00%	100.00%
Filkab Solar Ltd.	Design and construction of electrical equipment	70.00%	100.00%
Mak Kab DOO, Macedonia	Trade	100.00%	100.00%
Filkab Distribution, Romania	Trade	71.43%	71.43%
Filkab Solar Energy AS, Turkey	Design and construction of electrical equipment	100.00%	100.00%
Filkab MIG, Serbia	Trade	51.00%	-
Gespro Green Energy S.R.L., Romania	Maintenance of PV park	100.00%	-

In 2014 two new subsidiaries Filkab Solar Ltd. and Filkab Solar Enerji A.Ş., Turkey, were registered where the Parent company has participation of 100%. As of December 31, 2014 the registered share capital of Filkab Solar Enerji A.Ş. is distributed into 100 000 shares with a nominal value of TRY 1 each, and from which 25% are paid in. In 2015 the registered share capital is fully paid in.

In 2015 established was a new subsidiary Filkab MIG DOO, Serbia, in which 51% of the share capital are owned by the Parent company, and acquired is the company Gespro Green Energy S.R.L. in Romania, producing solar energy, where 100% of the share capital are owned by the Parent company. Following sale of shares in the subsidiary Filkab Solar Ltd., the participation of the Parent company is reduced to 70%.

Foreign subsidiaries in the Group prepare and present their financial statements in accordance with their national accounting standards. In case of identified differences between reporting of transactions in accordance with IFRS and the applicable national standards, related consolidation adjustments and reclassifications for unification of the accounting policies are performed.

The financial statements of foreign subsidiaries are translated into the presentation currency of the Parent company in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates (see also note 2.4). For the purposes of consolidation the financial statements of the subsidiaries and the separate financial statements of the Parent company are combined on a line by line basis for assets, liabilities, equity, income and expenses.

For the purposes of consolidation eliminated are all intragroup balances as at December 31, 2015 and 2014, transactions performed within the Group, as well as intragroup profits and losses including the unrealized ones. Eliminated is the share owned by the Parent company in the share capital of the subsidiaries with the carrying amount of the investment in the respective company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.2. Subsidiary companies and consolidation (continued)

The results of operations of the subsidiary companies, acquired or left during the respective period are included in the consolidated statement of comprehensive income since the acquisition date and to the date on when the control is lost.

Non-controlling interests, presented in the consolidated financial statements are determined in accordance with IFRS 10 Consolidated Financial Statements and present the portion of net assets of subsidiaries attributable to interests that are not owned directly or indirectly through other subsidiaries of the Parent company. Non-controlling interest as at the date of the business combination is calculated as a share of the fair values of the acquired identifiable assets and liabilities.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Parent company and to non-controlling interests. Total comprehensive income is allocated to the owners of the Parent company and non-controlling interests, even if this results in a negative balance of the non-controlling interests.

Changes in the Parent company's ownership interest in a subsidiary, that do not result in losing control, are reported as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent company.

2.3. Goodwill

The positive goodwill presents the excess of the acquisition cost over the Group's share in the fair values of the identifiable assets and liabilities assumed of the acquired company at the date of the exchange transaction and is recognized as an asset. Where the acquisition cost is lower than the net assets acquired by the Group, the acquirer should reassess the identification and measurement of the identifiable assets acquired and liabilities assumed, and the cost of the business combination and should recognize immediately in the statement of comprehensive income any residual difference after the reassessment.

After its initial recognition, under the requirements of IFRS 3 Business Combinations, effective for annual periods beginning after March 31, 2004, positive goodwill is not amortized. Test for impairment is performed at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.4. Functional and presentation currency, and foreign currency transactions
Functional and presentation currency

Functional currency is the currency in the primary economic environment in which an entity operates and in which mainly generates its cash inflows and outflows. It reflects the underlying transactions, events and conditions that are relevant to the entity.

The Group prepares its financial statements in the national currency of the Republic of Bulgaria - the Bulgarian Lev, adopted by the Group as its functional currency.

These consolidated financial statements are presented in thousand Bulgarian Levs (BGN'000).

Foreign currency transactions

Transactions in foreign currency are initially recorded at the official rate of exchange of the respective national bank as of the date of the transaction. The foreign exchange rate differences, arising upon the settlement of these monetary positions or at restatement of these positions at rates, different from those when initially recorded, are reported in the statement of comprehensive income for the respective period.

As of December 31, 2015 and 2014 the monetary positions denominated in foreign currency are stated at the closing exchange rate of the Bulgarian National Bank (BNB). Since 1999 the Bulgarian Lev is pegged to the EURO at the rate of 1.95583 BGN/EUR. The closing exchange rate of the Bulgarian lev to the Romanian leu (new), Macedonian denar and Serbian dinar (calculated using the closing exchange rate of the Macedonian and Serbian national banks to the euro) and the Turkish lira (new) for the periods, for which these consolidated financial statements are prepared, is as follows:

Foreign currency	December 31, 2015	December 31, 2014
Romanian leu	1 RON = 0.4318 BGN	1 RON = 0.4361 BGN
Macedonian Denar	1 MKD = 0.0314 BGN	1 MKD = 0.0314 BGN
Turkish lira	1 TRY = 0.6143 BGN	1 TRY = 0.6842 BGN
Serbian dinar	1 RSD = 0.0161 BGN	1 RSD = 0.0162 BGN

Translation of foreign operations

Assets and liabilities of foreign operations, including positive goodwill and adjustments to fair value, arising on acquisition, are translated into Bulgarian lev at the exchange rate, effective as at the date of the financial statements. Income and expenses of foreign operations are translated into Bulgarian lev as at the date of transaction. For 2015 and 2014, in accordance with IAS 21 The Effects of Changes in Exchange Rates, an average exchange rate is used for recalculating the foreign operations results.

Exchange rate differences, arising on translation, are recognized as a separate item of equity as reserves from foreign currency adjustments, where they are reported to the disposal of the foreign operation.

For the purposes of presenting these consolidated financial statements, exchange differences arising on a monetary item, that is essentially a part of the net investment of the reporting entity in a foreign operation, are initially recognized as a separate item in equity and are reported as profit or loss after the disposal of the net investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
2.5. Accounting estimates and reasonable assumptions

The preparation of the financial statements in accordance with the IFRS requires management to make certain accounting estimates and reasonable assumptions that affect some of the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on the best estimates of management, taking into account historical experience and analysis of all factors of significance in the circumstances as of the date of the financial statements. The actual results could differ from those estimates, presented in these consolidated financial statements (see also note 4).

3. Definition and valuation of the statement of financial position and statement of comprehensive income items
3.1. Property, plant and equipment and intangible assets

Property, plant and equipment are non-current assets that are held by the Group for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Intangible assets are identifiable non-monetary assets without physical substance.

Property, plant and equipment and intangible assets are recognized and initially carried at cost, including the purchase price, import duties and non-refundable taxes, as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, property, plant and equipment and intangible assets are stated at cost less accumulated depreciation and impairment loss, if any (see also note 3.2).

The acquisition cost of an item of property, plant and equipment and an intangible asset is recognized in the statement of financial position only if: (i) it is probable that future economic benefits associated with the asset; will flow to the Group; and (ii) the acquisition cost of the asset can be reliably measured.

Subsequent costs are capitalized in the carrying amount of the asset, only if they satisfy the recognition criteria mentioned above. All other subsequent costs are recognized in profit or loss for the period as incurred.

Depreciation is charged over the estimated useful lives, using the straight-line method.

The useful life of the assets is defined in terms of the asset's expected utility to the Group, and is a matter of judgment based on the experience with similar assets. The useful life of non-current assets in years is estimated, as follows:

Useful life	2015	2014
Administrative and commerce buildings	25 years	25 years
Machines and equipment	4-8 years	4-8 years
Computers and software	2 years	2 years
Transport vehicles	4- 10 years	4- 10 years
Office equipment	7 years	7 years
Intangible assets	2-7 years	2-7 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

3.1. Property, plant and equipment and intangible assets (continued)

Depreciation of an asset begins in the month, following the month in which the asset is available for use and ceases at the earlier of the date when the asset is classified as held for sale, in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, and the date when the asset is derecognized.

The depreciation method applied to an asset and its estimated useful life are reviewed at least at each financial year-end, and changes are made to reflect the future usage of the asset or the expected pattern of consumption of the future economic benefits embodied in the asset. Such changes, if any, are accounted for prospectively as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Land, assets under construction and fully depreciated assets are not depreciated.

3.2. Impairment of property, plant and equipment and intangible assets

As of the date of preparation of the financial statements, the management of the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication for impairment of these assets. If any such indication exists, the recoverable amount of the respective asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit, to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell the asset and its value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment loss is recognized in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the respective asset in prior periods. A reversal of an impairment loss is recognized in profit or loss immediately.

3.3. Inventories

Inventories are assets held for sale in the ordinary course of business of the Group, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realizable value. Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories in their present location and condition— transportation, customs duties and other similar costs. Net realizable value represents the estimated selling price less all estimated costs to be incurred in completing the production and selling.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

3.3. Inventories (continued)

The costs on conversion of inventories include costs directly attributable to the units of production. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The costs of conversion of each product, which are not separately identifiable, are allocated between the products on a rational and consistent basis.

Upon processing of inventories products are created, having different designation, namely (i) products, manufactured under specific contracts with customers, which are presented as finished goods in the statement of financial position in the item inventories, and (ii) semifinished products intended for further processing for production of finished goods, which are presented as goods in the statement of financial position in the item inventories (see above). Since the manufacturing process of conversion of inventories is aggregated and it is not possible to distinguish the costs of semifinished products manufacturing and the costs for production, the costs are reported gross according to the nature of expenses in the statement of comprehensive income, and the amount representing the cost of semifinished products, manufactured during the reporting period, is reported in the item Other changes in inventories as an adjustment to the reported expenses gross amount. From April 1, 2014 the Parent company uses a new accounting software, where it is possible to distinguish the cost of production of semifinished products from the production costs and the method of gross cost accounting of expenses, mentioned above, is discontinued (see also note 3.12).

Upon consumption, the cost of inventories is defined by application of the weighted average cost method.

3.4. Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognized in the statement of financial position only when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized from the statement of financial position when the contractual rights to the cash flows from the financial asset expire, or the financial asset is transferred and the transfer qualifies for derecognition in accordance with the derecognition requirements of IAS 39 Financial Instruments: Recognition and Measurement. Financial liabilities are removed from the statement of financial position only when they are extinguished – i.e. when the obligation specified in the contract is discharged or cancelled, or expired.

On initial recognition financial assets (liabilities) are measured at fair value plus, in the case of financial assets (liabilities) not reported at fair value through profit or loss, transaction costs, which are directly attributable to the acquisition or issue of the financial assets (liabilities).

For the purposes of subsequent measurement, in the current and prior reporting periods the Group classifies the financial assets and liabilities into the following categories: trade and other receivables and financial assets and liabilities (other than those, reported at fair value through profit or loss). The classification under each category depends on the purpose and term of the respective contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
3.4. Financial instruments (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset or a liability (or group of financial assets/liabilities) and of allocating the interest expense or interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

3.4.1. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are originated when the Group provides cash, goods or services, having no intention to trade the receivable incurred. These receivables are stated at their amortized cost, calculated based on the effective interest rate method. For current receivables, which are expected to be settled within normal credit terms, the amortized cost is approximately equal to their nominal value.

3.4.2. Cash

For the purposes of cash flow presentation, cash represents cash on hand and cash in bank accounts of the Group. For the cash flow statement presentation purposes, cash receipts from customers and cash payments to suppliers are presented as their gross amounts, including value added tax (VAT).

3.4.3. Impairment of financial assets

As of the date of preparation of the financial statements the Group's management assesses whether there is any objective evidence for impairment of all financial assets, except for financial assets reported at fair value through profit or loss. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, resulting in a decrease of the estimated future cash flows. It may not be possible to identify a single, discrete event, rather than a combined effect of several events that may have caused the impairment.

Trade and other receivables

The Group recognizes impairment of trade receivables, whether there is objective evidence, that the Group would not be able to collect all amounts due at their maturity date. The Group considers as indications for potential impairment significant financial problems of the debtor, the probability that the debtor will be a subject to a bankruptcy procedure or non-fulfillment of the contract terms, as well as payment delay for more than 120 days after maturity date. If any of these indications for impairment occurs, the impairment loss is calculated as a difference between the carrying amount and the present value of the expected future cash flows, discounted by the original effective interest rate for similar assets. Current receivables are not discounted if the discounting effect is immaterial. Impairment is recorded by using a separate impairment account, which is shown as a reduction to receivables in the statement of financial position and the impairment expenses are stated as Other expenses in the statement of comprehensive income. If a receivable is non-collectable and there is a recognized impairment loss for it, the receivable is written off by decrease of the respective allowance account. The recovery of the loss from impairment of trade receivables is reported as a decrease of the item, in which the impairment has been previously recorded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
3.4. Financial instruments (continued)
3.4.4. Trade and other payables

Trade and other payables incurred as a result of purchases of goods and services, which are not classified as financial liabilities measured at fair value through profit or loss, are stated in the statement of financial position at amortized cost, calculated based on the effective interest rate. For current payables, which are expected to be settled within normal credit terms, the amortized cost is approximately equal to their nominal value.

3.4.5. Borrowings

Loans are initially recorded at the fair value of the proceeds received, net of transaction costs. After initial recognition, loans are measured at amortized cost, and any difference between the initial cost and maturity cost is recognized in the profit or loss over the loan period, using the effective interest rate method. If no transaction costs have been incurred in negotiating an interest bearing loan, the loan is not subject to amortization. This also applies to bank overdrafts, where the borrower is entitled to multiple utilizations or repayments of the borrowed funds within a pre-determined overdraft limit.

Finance costs, including direct issue costs are included in profit or loss, using the effective interest rate method, except for transaction costs on bank overdrafts, which are recognized in profit or loss on a straight line basis over the overdraft period.

Loans are classified as current liabilities, unless the Group has an unconditional right to defer repayment of the liability for at least twelve months after the end of the reporting period.

3.4.6. Factoring

The Group performs transactions for assignment of trade receivables to a third party, which is a specialized factoring company (factor). Essentially these transactions are factoring of trade receivables with right of recourse.

The Group does not derecognise these financial assets until the cash flows from the end customer are not received, as not all risks and rewards, related to the trade receivables are transferred along with the transfer of the financial assets. Under the terms of the contract with the factor, the Group also recognizes financial liabilities, related to the fees and commissions. These liabilities are recognized at their fair value, as they are not subject to subsequent revaluation due to their short-term nature.

Upon receipt of the cash flows by the factor, the cash flows received are recorded as a current liability. Upon receipt of the cash flows related to trade receivable from the factor, the trade receivable is written off against the financial commitment to factor.

Trade receivables, that are a subject of the factoring agreement, are subsequently measured at their amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

3.4. Financial instruments (continued)

3.4.7. Share capital

The share capital of the Group is presented at historical cost as of the date of its registration.

3.5. Deferred income and prepaid expenses

In the statement of financial position of the Group deferred income and prepaid expenses comprise income and expenses that are prepaid in this period, but refer to future reporting periods - government grants (see also note 3.10), guarantees, insurance, subscriptions, rents and others.

3.6. Income tax

Income tax expense comprises of current income tax and deferred tax.

The tax currently payable is based on the taxable profit (tax loss) for the period, by the application of the effective tax rate according to the tax legislation as of the date of the financial statements. Deferred tax is the income tax expected to be payable (recoverable) on taxable (deductible) temporary differences. Temporary difference is the difference between the carrying amount of an asset or liability and the corresponding tax basis.

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets are recognized for deductible temporary differences, only to the extent that it is probable that sufficient taxable profit will be generated by the Group against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on the information available for the Group at the date of preparation of the financial statements. Deferred tax is recognized in profit or loss, except when it relates to items reported as other comprehensive income, in which case the deferred tax is also reported as other comprehensive income.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the Group might recover the assets.

Deferred tax assets and liabilities are reported net when they are subject to a unified tax regime.

In accordance with the tax legislation enforceable for 2015 and 2014, the tax rate applied for the calculation of the current tax liabilities of the Group is 10%. The enforceable for 2016 tax rate of 10% is applied in the calculation of the amount of deferred tax assets and liabilities as of December 31, 2015. Pursuant to the requirements of the tax legislation for 2015, incomes of the subsidiaries abroad are taxed as follows: Macedonia - 10%; Romania - 16%; Turkey - 20%; Serbia - 15%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
3.7. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of the present value of the minimum lease payments and their fair value at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position of the Group as a finance lease obligation. Lease payments are allocated between principal and interest, so as to achieve a constant interest rate over the remaining liability on the principal. Interest is recognized in profit or loss.

For assets acquired under finance leases depreciation expense is recognized as the Group's policy regarding depreciation of assets acquired under leases, is no different from the policy for other depreciable assets, owned by the Group.

Leases, whereas a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rental costs under operating lease contracts, net of any incentives received by the lessor, are recognized in profit or loss on a straight line basis over the term of the respective lease contract.

3.8. Employee benefits
Defined benefit plans

The governments of the respective countries where the Group operates, are responsible for the security of pensions under defined benefit plans. The entities within the Group have an obligation to transfer monthly installments under these plans for all employees at an amount and over a sum defined in the local regulations, and the contributions are recognized in the income statement at the time of their incurrence. According to all local legislations a guiding principle is the principle of accrual, not the effective salaries payment.

Unused paid annual leaves accruals

According to the legislations in the countries, where the Group has established subsidiaries, the unused paid leave during the year can be used in subsequent reporting periods. Therefore, as of the balance sheet date the Group recognizes as a liability the undiscounted amount of the estimated expenses for unused paid annual leaves, expected to be paid to employees in future reporting periods with respect of their past service.

As of the end of each reporting period the Group recognizes as a liability the undiscounted amount of the estimated expenses for unused paid annual leaves, expected to be paid to employees in future reporting periods with respect of their past service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

3.8. Employee benefits (continued)

Retirement benefits

Legal provisions regarding retirement benefits are different for the countries, where the Group operates. Upon termination of an employee labour contract at retirement in some of the countries, the Group is liable to indemnify the respective employee to certain amount depending on the employee's experience within the Group.

Considering that the average age of employees of the subsidiaries abroad is far from retirement age, and taking into account the conventional staff turnover, management has assessed that the eventual impact of the retirement benefits expenses would have been insignificant. Resulting this assessment, and due to the high uncertainty and remoteness in time, accruals for employee retirement benefits are not recognized in these consolidated financial statements of the Group.

Pursuant the provisions of the Labour Code (LC) enforceable in the Republic of Bulgaria, in these consolidated financial statements provisions are accrued only for the Parent company and for a subsidiary in Bulgaria regarding an employee labour contract termination at retirement. Retirement benefits are at the amount of two gross salaries, if the employee's experience is less than ten years, or six gross salaries, if the employee's experience in the companies is over ten consecutive years.

In accordance with the requirements of IAS 19 Employee benefits, the Group recognizes a retirement benefits liability, which is determined estimated by a licensed actuary using the Projected Unit Credit Method. The current service costs and the interest on the obligation are recognized in profit or loss, and the actuarial gains and losses from adjustments based on experience and changes in the actuarial assumptions are charged or credited directly to equity, in reserve for actuarial recalculations, in the period, in which they arise. The subsequent changes in the reserve for actuarial recalculations are transferred directly in the retained earnings.

The past service costs are recognized as an expense on a straight line basis over the average period, until the benefits become vested. To the extent that the benefits are already vested, immediately following the implementation of or after changes in the retirement benefits plan, the Group recognizes the past service cost immediately.

The amount of the retirement benefits obligation, reported in the statement of the financial position represents the present value of the defined benefits obligation.

According to the requirements of the LC in the Republic of Bulgaria, on early retirement due to disability, the employees are entitled to benefits amounting to two gross monthly salaries, provided that their length of service is at least five years, and they have received no other such benefits during the last five years of service.

3.9. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that a flow of resources embodying economic benefits will be required, to settle the obligation. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, where appropriate, the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

3.10. Government grants

Government grants, (financing, government grants), are assistance by the government, government agencies and similar bodies in the form of transfers of resources to a company in return for future compliance with certain conditions relating to the operating activities of the company. Government grants may be (i) related to assets and (ii) related to income.

Government grants are recognized when there is reasonable assurance that: (i) the company will comply with the conditions attaching to them; and (ii) the grants will be received.

The government grants received by the Parent company are related to assets and the main condition is to purchase, produce or acquire in other manner property, plant and equipment and intangible assets.

Government grants, related to assets are presented in the statement of financial position as deferred income, that are recognized as income on a systematic and rational basis over the useful life of the acquired assets.

The government grants received by a subsidiary are related to income, intended to offset expenses on production of green energy and are recognized in profit or loss for the period, when they fall due.

3.11. Revenue and expenses recognition

Revenues and expenses are accrued when they arise, regardless of the cash receipts and payments. They are reported in compliance with the matching concept.

Revenues are carried at the fair value of the consideration received or receivable, less any discounts allowed by the entity.

Revenue is recognized when the amount of the revenue can be reliably measured and it is probable that future economic benefits will flow to the Group as a result of the transaction, and when all specific criteria for revenue recognition are met. It is considered that the amount of the revenue is not reliably measured until all contingencies related to the contract are dealt. The Group shall exercise judgment regarding the criteria for recognition of revenue based on its previous experience and the substance of each transaction and the class of each client.

Sales of goods

The revenue from sales of goods is recognized when the following conditions have been met:

- The significant risks and rewards of the ownership over the goods are transferred to the buyer;
- The Group has not retained a continuing involvement and effective control over the management of the goods, which usually relates to the ownership of the goods;
- It is possible in the event of the transaction, the Group to receive economic benefits;
- The income and expenses directly attributable to the transaction can be reliably measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

3.11. Revenue and expenses recognition (continued)

Income from services

Revenue, associated with a transaction involving the rendering of services, is recognized by reference to the stage of completion of the transaction at the end of the reporting period. Revenue recognition by reference to the stage of completion of the transaction is called the percentage of completion method, whereby revenue is recognized in the accounting period in which the services are rendered. In case the outcome of the transaction cannot be reliably measured, revenue is recognized to the extent the expenses incurred are recoverable.

Interest income and dividends

Interest income is accrued by application of the effective interest rate method over the outstanding principal.

Dividend income is recognized, when the Group's rights to receive payment is established.

Expenses

Expenses are recognized in the profit or loss, when a decrease of future economic benefits arise, regarding decrease of an asset or increase of a liability, which can be reliably measured.

When the economic benefits are expected to incur during more than one financial period and the corresponding revenue cannot be measured precisely but only indirectly, the expenses shall be recognized based on procedures for rational and systematic allocation.

Interest expenses

Interest expenses are recognized in the period when they arise and are based on the outstanding principle and the applicable effective interest rate.

Other income/expenses

Profit/(loss) from sale of property, plant and equipment is presented as other income/(expenses).

Compensations from third parties regarding impairment or loss of property, plant and equipment, are recognized in profit or loss, when such compensations become payable.

3.12. Comparative information for the current and previous reporting period

As disclosed in note 3.3, from April 1, 2014 the Parent company uses a new accounting software, where it is possible to distinguish the cost of production of semifinished products from the production costs. From this date discontinued is the gross cost accounting of production expenses according their substance in the statement of comprehensive income and their adjustment with the amount, comprising the cost of semifinished products, in item Other changes in inventories. Therefore, as well as because the data presented in items Materials expenses and Other changes in inventories in the statement of comprehensive income is not possible to be recalculated for comparative information purposes, they are not completely comparable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended December 31, 2015

All amounts are in thousands of BGN, unless otherwise stated

3.13. Financial risk assessment and management

3.13.1. Financial risk factors

The Group's activities expose it to a variety of financial risks – market risk (comprising currency risk, interest rate risk and price risk); credit risk and liquidity risk. The Group does not use derivative financial instruments to manage financial risks.

3.13.2. Market risk

Currency risk

The Group performs transactions denominated in foreign currency primarily originated in EUR. As the EUR is fixed to the Bulgarian Lev, the Group is not exposed to currency risk.

Interest rate risk

As the Group has no significant interest bearing assets, the incomes and operating cash flows of the Group are independent from changes in market interest rates. Financial instruments that potentially expose the Group to interest rate risk are primarily the bank loans and finance lease contracts. As the contracted interest rate of the utilized short-term loans is floating, based on EURIBOR or SOFIBOR, plus a markup, the Group is potentially exposed to cash flow risk, while the utilized long-term loans are with a fixed markup, the Group is potentially exposed to fair value risk.

If the interest rates on the loans with floating interest rate during 2015, had been 1 % higher/(lower) with all other variables held constant, the financial result after taxes would have been BGN 236 thousand lower/higher (2014: BGN 244 thousand).

Price risk

The Group does not own any assets, the prices of which are dependent on the international market prices, so it is not exposed to price risk.

3.13.3. Credit risk

Financial assets that potentially expose the Group to credit risk are primarily its trade receivables. The Group has no significant concentration of credit risk in certain clients. Basically, the Group is exposed to credit risk, in case the clients do not meet their payment obligations. The Group's policy is directed to sales of goods on deferred payment to customers having favorable credit reputation, based on assessment of the customer's credit history and creditworthiness, expected sales volumes to the client, client's reputation, reference from contactors and others. For clients on deferred payment credit limits are defined, within which the clients are entitled to purchase goods on deferred payment. The credit limits are monitored by the Parent company's trade directorate on an ongoing basis.

3.13.4. Liquidity risk

Liquidity risk is the risk that the Group may have difficulties in paying its financial obligations. To manage this risk the management maintains an optimal level of quick liquid assets (cash and receivables), as well as the potential opportunity to demand additional credit line. The Group aims to make precise cash flow forecasts, which contributes to the effective management of the liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
3.13. Financial risk assessment and management (continued)
3.13.4. Liquidity risk (continued)

The Group's financial liabilities as at the end of the reporting period, are stated in the table below, classified according their contracted maturity. The amounts reported are the contracted non-discounted cash flows. The amounts due within twelve months after the end of the reporting period are approximately equal to their carrying amount, as the discounting effect for them is insignificant.

	Over 1 year	Up to 1 year
December 31, 2015		
Borrowings (note 24)	2 705	21 888
Finance lease liabilities (note 25)	29	19
Trade and other payables (note 23)	-	12 770
Total	2 734	34 677
December 31, 2014		
Borrowings (note 24)	-	24 738
Finance lease liabilities (note 25)	3	6
Trade and other payables (note 23)	-	18 405
Total	3	43 149

3.14. Capital risk management

The primary goal of the Group in capital risk management is to maintain the share capital level in such limits, so that the Group could maintain its normal activities on a going concern basis, as well as to provide returns to its owners.

The capital structure is measured by the gearing ratio, which is a ratio between the net debt and equity. The net debt is calculated as the difference between interest bearing loans and finance lease obligations on one side and cash on the other side. The gearing ratio shows the extent to which the Group finances its activities with equity or with borrowings.

	December 31, 2015	December 31, 2014
Borrowings (note 24)	23 574	24 364
Finance lease liabilities (note 25)	43	8
Cash and cash equivalents (note 21)	(815)	(929)
Net debt	22 802	23 443
Equity	43 316	42 665
Gearing ratio	0.526	0.549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
3.15. Estimates of fair value

Fair value of financial instruments that are not traded on an active market, is determined based on valuation techniques. To determine the fair value of some instruments the discounted cash flows method is applied. The fair values of current trade receivables and liabilities is assessed to be close to their nominal values, as the discounting effect for them is insignificant (see notes 20, 23 and 24).

3.16. Impact of the economic environment in the country

The Bulgarian economy in 2015 is continuing to be characterized by slight economic growth and low investor interest, deflation and unemployment, negative trade balance, uncertain economic environment for the business and the population, combined with high savings and low credit activity. In 2015 the domestic consumption, export and investments are the main drivers of economic growth for the country.

During 2015 the Bulgarian economy continued to register low growth rates around 1.9% to 2% expected for the year. For 2016 analysts expect economic growth of the Gross domestic product (GDP) of Bulgaria from 2.2% to 2.6% with a deflation in consumer prices of 0.2% to 0.7% for 2015, and an inflation rate of 0.8% to 1.7% for 2016, accompanied by a slowly decreasing unemployment. Although slightly better, the forecasts for 2017 are also for a weak economic growth, as the GDP projected in the approved state budget for 2016, is at the rate of 2.1%.

Despite the expected GDP growth for 2015 and 2016, due to its low rate, it will have an insignificant effect on the labor market and employment, which are expected to remain a major problem area. The reported unemployment rate for 2015 slightly decreased to 10%, and for 2016 it is expected to fall just under 9.1%.

In 2015 for the Bulgarian banking sector retained is the steady tendency of declining interest rates on deposits and loans, which is favorable for lending and investment activities; however, the demand for bank loans continues to be low, despite the available cash resources and increased supply.

Future economic development of Bulgaria depends significantly on the economic, financial and monetary measures undertaken by the government and on the tax, regulatory and policy changes. The country's economy is also under the direct influence of the international economic conditions. Due to the sharp decrease in the prices of oil from 2015, retained is the risk for deflation to continue throughout 2016, accompanied by the risks imposed by the migration crisis in the EU zone and the Russian-Ukrainian crisis, uncertainty about the natural gas supplies and delayed economic recovery in the EU.

Management is unable to foresee and estimate reliably all the effects of changes in the Group's operating economic environment over the Group's future financial position. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
3.16. Impact of the economic environment in the country (continued)
Impact on debtors

Debtors of the Group may be adversely affected by the financial and economic environment which could in turn impact their ability to repay the amounts owed. Deteriorating economic conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in its impairment assessments.

4. Critical accounting judgments and sources of estimation uncertainty

The application of the adopted accounting policy requires the Group's management to apply certain accounting estimates and assumptions, which have significant effect on the financial statements. Such judgments rarely are equal to the actual results. Due to their nature the estimations are permanently reviewed and updated taking into account historical experience and analysis of all factors of significance, including expected future events, which the management believes are appropriate given the factual circumstances.

Retirement benefits obligation

Retirement benefits obligation is determined on the basis of actuarial valuation. This valuation requires certain assumptions about discount rates, future salary increases, staff turnover and mortality rates to be made. Due to the long term nature of the personnel benefits on retirement, these assumptions are subject to considerable uncertainty. As of December 31, 2015, the Parent company's defined benefits obligation is at the amount of BGN 306 thousand (2014.: BGN 255 thousand). Additional information about the defined benefits obligation is presented in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
4. Critical accounting judgments and sources of estimation uncertainty (continued)
Useful lives of property, plant and equipment, and intangible assets

Financial reporting of property, plant and equipment, and intangible assets involves the use of estimates of their expected useful life and residual values, that are based on judgments by the management of the Group.

Valuation of inventories

By the acquisition the inventories are recognized at cost comprising all costs of purchase, costs of conversion and other costs incurred in bringing the inventories in their present location and condition— transportation, customs duties and other similar costs.

At the end of each reporting period the inventories are valued at the lower of cost and net realizable value. The net realizable value represents the estimated selling price less all estimated costs to be incurred for the completing of the conversion and sale. The assessment is performed based on the best estimate of the management for the sales prices of the inventories as at the date of preparation of the financial statements.

Impairment of receivables

Allowance for impairment of trade receivables is recognized, whether there is objective evidence, that the Group would not be able to collect all amounts due at their maturity date. Significant financial problems of the debtor, the probability that the debtor will be subject to a bankruptcy procedure or financial reorganization, non-fulfillment of the contract terms or delay in payment are considered by the management, by the determination and classification of individual amount for impairment.

Assessment of the estimated loss from doubtful and uncollectable receivables is performed on an individual basis at the end of each financial year, depending on the overdue period. All doubtful receivables, not collected as at the date of the financial statements and for which indications for impairment existed, are impaired.

Corporate income tax

For its activities the Group is subject to tax audits by the Bulgarian tax authorities. The Group recognizes liabilities for expected tax obligations from future tax audits on the basis of assessment of management whether additional taxes would be due for payment. When the finally payable taxes resulting from such events are different from the preliminary recorded taxes, these differences will be reported as short-term corporate income taxes payable and will affect the deferred taxes for the period in which this difference has occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
5. Revenue

	December 31, 2015	December 31, 2014
Revenue from sale of goods	58 615	57 745
Revenue from sale of finished goods	6 856	8 852
Revenue from rendering of services	8 696	3 702
Total	74 167	70 299

Revenue from sale of goods, is as follows:

	December 31, 2015	December 31, 2014
Cables and wires	37 509	39 141
Electrical and automation equipment	9 184	7 174
Lighting fixtures and electrical materials	5 188	7 095
Transformer substations, complete distribution systems and others	3 073	694
Cable accessories	2 506	2 616
Renewable energy sources	676	678
Other	479	347
Total	58 615	57 745

Revenue from sale of finished goods is, as follows:

	December 31, 2015	December 31, 2014
Construction projects	2 413	1 355
Electrical LV-switchboards	1 692	1 951
Concrete transformer substations	1 351	3 599
Other	1 400	1 947
Total	6 856	8 852

6. Other income

	December 31, 2015	December 31, 2014
Bonuses	503	142
Income from financing	426	211
Waste products	5	2
Surpluses of assets	1	1
Rents	-	109
Provisions for impairment of receivables reversed	-	3
Other	73	59
Total	1 008	527

For 2015 income from government grants at the amount of BGN 152 thousand relate to acquisition of assets and BGN 274 thousand relate to production of green energy. The expenses, that are compensated with the recognized income from government grants, relating to acquisition of assets, are depreciation expenses, and the expenses related to income – operating expenses, associated with electricity production in a photovoltaic park.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
7. Materials expenses

	December 31, 2015	December 31, 2014
Materials for the production process	8 663	7 625
Fuels	528	695
Electricity and water consumption	210	230
Maintenance materials	75	90
Materials for transport vehicles	51	60
Office materials and consumables	34	110
Safety and protective equipment	26	19
Furniture and fittings	14	28
Materials for rental and acquired non-current assets	8	10
Other	8	20
Total	9 617	8 887

8. Hired services

	December 31, 2015	December 31, 2014
Hired services on a subcontractor and for production process	1 899	1 103
Rents	1 021	747
Repairs and maintenance	271	231
Charges	266	198
Consulting services	257	165
Transportation	242	369
Advertizing and promotion	136	124
Insurances	131	132
Notary and legal advisory services	119	84
Communication	67	84
Personnel trainings	6	11
Other	142	227
Total	4 557	3 475

9. Personnel expenses

	December 31, 2015	December 31, 2014
Remunerations	5 038	4 859
Social security expenses	839	816
Expenses on accrued retirement benefits obligation (note 26)	56	38
Total	5 933	5 713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
10. Depreciation and amortization expenses

	December 31, 2015	December 31, 2014
Depreciation of property, plant and equipment (note 15)	1 754	1 914
Amortization of intangible assets (note 16)	100	109
Total	1 854	2 023

For 2015 depreciation and amortization expenses at the amount of BGN 152 thousand are compensated with recognized income from government grants (see also note 6).

11. Cost of goods sold

	December 31, 2015	December 31, 2014
Cables and wires	32 844	35 371
Electrical equipment and automation	8 235	6 490
Lighting fixtures and electrical materials	4 557	5 911
Transformer substations, complete distribution systems and others	2 993	564
Cable accessories	1 893	2 000
Renewable energy sources	614	506
Other	78	108
Total	51 214	50 950

12. Other expenses

	December 31, 2015	December 31, 2014
Business trips – in the country and abroad	272	275
Social expenses	220	203
Taxes, charges and other similar expenses	191	224
Representation expenses	76	59
Shrinkage and waste of inventory	75	44
Loss on sale of property, plant and equipment and materials	74	3
Fines and penalties	30	6
Donations	5	8
Receivables written-off	3	327
Trade bonuses	-	15
Other expenses	48	90
Total	994	1 254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
13. Finance income and expenses

	December 31, 2015	December 31, 2014
Finance income		
Interest income from trade loans	522	-
Interest income from delayed trade payments	8	272
Interest income from deposits in bank accounts	3	16
Total interest income	533	288
Exchange rate differences gains, net	57	3
Other income	436	7
Total	1 026	298

For 2015 other income comprise income from a cession of trade payables at the amount of BGN 419 thousand.

	December 31, 2015	December 31, 2014
Finance expenses		
Interest expenses on bank loans	831	832
Interest expenses on retirement benefits provisions (note 26)	6	13
Interest expenses on a finance lease	1	1
Total interest expenses	838	846
Bank charges, commissions and other expenses, net	295	192
Total	1 133	1 038

14. Income tax

Income tax expense comprises current income tax expense and deferred income tax expense in accordance with IAS 12 Income Taxes.

	December 31, 2015	December 31, 2014
Current income tax	28	11
Deferred tax	68	(10)
Income tax from previous periods	-	7
Total tax expense	96	8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
14. Income tax (continued)

Net deferred tax assets arising from tax effects on the taxable and deductible temporary differences are, as follows:

	December 31, 2015	December 31, 2014
Property, plant and equipment	(39)	(34)
Accruals	(5)	-
Deferred tax liabilities, total	(44)	(34)
Receivables and inventory	42	103
Tax losses carried forward	26	33
Retirement benefits provisions	31	26
Provisions on personal income	10	6
Unused paid annual leaves liabilities	6	4
Deferred tax assets, total	115	172
Deferred tax assets and liabilities, to be settled net	76	138
Deferred liabilities	(5)	-

For 2015 deferred taxes recognized directly in equity are at the amount of BGN 1 thousand (2014: BGN 13 thousand, see also the Statement of Comprehensive Income).

The reconciliation of the tax expense to the accounting profit, and a recalculation of the effective tax rate as at December 31, 2015 and 2014 are provided in the table below:

	December 31, 2015	December 31, 2014
Accounting profit/(loss)	866	(149)
Income tax at the applicable tax rate of 10%	87	(15)
Tax effect on permanent differences	6	5
Tax effect from income from financing	(15)	(21)
Taxes from previous periods	-	7
Tax effect from consolidation adjustments	(10)	(20)
Tax effect from tax assets unrecognized during the current period	28	52
Total income tax expense	96	8
Effective tax rate	11.09%	(5.37 %)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
15. Property, plant and equipment

	Lands	Buildings	Machines, and equipments	Trans- port vehicles	Computers and other assets	Assets under construction	Total
Cost of acquisition							
Balance at January 1, 2014	5 380	18 118	8 518	5 316	1 748	2 574	41 654
Additions	-	-	26	130	67	714	937
Disposals	-	-	-	(95)	-	-	(95)
Transfers	-	406	16	-	-	(422)	-
Differences from foreign currency recalculations	-	-	(1)	1	-	-	-
Balance at December 31, 2014	5 380	18 524	8 559	5 352	1 815	2 866	42 496
Additions	-	38	69	166	42	1 571	1 886
Disposals	(59)	-	-	(275)	(14)	(104)	(452)
Asset from business combination	492	221	1 934	-	-	45	2 692
Differences from foreign currency recalculations	(2)	-	2	-	-	(3)	(3)
Balance at December 31, 2015	5 811	18 783	10 564	5 243	1 843	4 375	46 619
Depreciation							
Balance at January 1, 2014	895	4 008	5 489	3 717	1 471	-	15 580
Depreciation	161	729	537	299	188	-	1 914
On disposal	-	-	-	(72)	-	-	(72)
Balance at December 31, 2014	1 056	4 737	6 026	3 944	1 659	-	17 422
Depreciation	132	758	463	276	125	-	1 754
Depreciation from business combination	2	13	221	-	-	-	236
On disposal	-	-	-	(94)	(14)	-	(108)
Balance at December 31, 2015	1 190	5 508	6 710	4 126	1 770	-	19 304
Carrying amount							
At January 1, 2014	4 485	14 110	3 029	1 599	277	2 574	26 074
At December 31, 2014	4 324	13 787	2 533	1 408	156	2 866	25 074
At December 31, 2015	4 621	13 275	3 854	1 117	73	4 375	27 315

Assets acquired in 2015 and 2014 include mainly buildings, machinery, equipment and transport vehicles.

The Parent company has entered into contract for a government grant with the Bulgarian Small and Medium Enterprises Promotion Agency to the Ministry of Economy, Energy and Tourism of the Republic of Bulgaria, financed through the Operational programme "Development of the competitiveness of the Bulgarian economy 2007 – 2013". In 2013 under the project on the contract the Parent company has acquired computer equipment at the amount of BGN 73 thousand, for which the financing under the government grant contract is received in 2014 (see also note 27).

Property, plant and equipment with carrying amount of BGN 21 483 thousand (2014: BGN 8 135 thousand) serve as a collateral under bank loans utilized by the Group (see also note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
16. Intangible assets

	Software	Other intangible assets	Total
Cost of acquisition			
Balance at January 1 and December 31, 2014	648	127	775
Additions	4	-	4
Balance at December 31, 2015	652	127	779
Amortization			
Balance at January 1, 2014	220	104	324
Amortization	99	10	109
Balance at December 31, 2014	319	114	433
Amortization	91	9	100
Balance at December 31, 2015	410	123	533
Carrying amount			
At January 1, 2014	428	23	451
At December 31, 2014	329	13	342
At December 31, 2015	242	4	246

As disclosed in note 15 above, the Parent company has entered into contract for a government grant under the Operational programme "Development of the competitiveness of the Bulgarian economy 2007 – 2013". In 2013 under the project the Parent company has acquired software at the amount of BGN 402 thousand, for which the financing under the government grant contract is received in 2014 (see also note 27).

17. Capital investments

As at December 31, 2015 the Group holds minority interest in the capital of two Bulgarian trade companies:

Company	December 31, 2015		December 31, 2014	
	BGN'000	Participation %	BGN'000	Participation %
Elresurs Ltd.	5	5%	5	5%
Ikem AD	2	4%	2	4%
Total	7		7	

Investments in trade companies are presented at cost of acquisition in accordance with the requirements of IAS 27, as these investments are not quoted in an active market and their fair value cannot be reliably determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
18. Financial instruments by category

As of December 31, 2015 and 2014 the Group has no financial instruments, that are reported through profit or loss.

Financial assets

	December 31, 2015	December 31, 2014
Trade and other receivables (note 20)	22 731	28 657
Cash and cash equivalents (note 21)	815	929
Total	23 546	29 586

Financial liabilities

	December 31, 2015	December 31, 2014
Trade and other payables(note 23)	12 770	18 405
Bank loans (note 24)	23 574	24 364
Finance lease liability (note 25)	43	8
Total	36 387	42 777

19. Inventory

	December 31, 2015	December 31, 2014
Goods	27 056	29 011
Work in progress	1 716	1 669
Materials	795	370
Finished goods	260	340
Total	29 827	31 390

At the end of 2012 a review of the net realizable value of the goods and finished products was performed, resulting in an identified excess over the cost for certain items at the amount of BGN 479 thousand, therefore impairment is charged to profit and loss for the period. In 2015 and 2014 a portion of the impairment was reversed at the amount of BGN 37 thousand and BGN 57 thousand, respectively.

As of December 31, 2015 inventories at the amount of BGN 15 295 thousand (2014: BGN 18 384 thousand) are pledged as a collateral on bank loans utilized by the Group (see also note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
20. Trade and other receivables, net

	December 31, 2015	December 31, 2014
<i>Trade receivables, gross</i>	21 147	27 825
<i>Impairment</i>	(547)	(704)
Trade receivables, net of impairment	20 600	27 121
Trade loans granted and interest receivables	718	-
Deposits granted	660	750
Advances granted	406	506
Receivables from related parties (note 33)	212	112
Refundable taxes, other than income taxes	156	87
Court receivables	55	58
Prepaid expenses	43	106
Other receivables	135	168
Total	22 985	28 908

The carrying amount of trade and other receivables, denominated in original currency is, as follows:

	December 31, 2015	December 31, 2014
Bulgarian lev (BGN)	13 354	15 594
Euro (EUR)	5 907	11 023
Romanian lei (RON)	697	845
Macedonian denar (MKD)	2 261	1 376
United States dollar (USD)	57	56
Turkish lira (TRY)	525	14
Serbian denar (RSD)	76	-
British pound (GBR)	108	-
Total	22 985	28 908

Receivables from related parties are disclosed in note 33.

Group's policy regarding the monitoring of receivables and indications for impairment is disclosed in note 3.4.3. Trade receivables, that are overdue up to 3 months after their maturity date, are not considered non-performing.

The movement of the impairment of trade receivables is, as follows:

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	704	932
Written-off	(157)	(225)
Reintegrated	-	(3)
Balance at the end of the period	547	704

As of December 31, 2015 trade receivables of the Group at the amount of BGN 625 thousand serve as a collateral to bank loans utilized by the Group (see also note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
20. Trade and other receivables, net (continued)

As at December 31, 2015 financial assets held by the Group comprise trade and other receivables. To determine their fair value the Group uses the discounted cash flows method. As these financial instruments are short-term and with a negligible short defer of maturity, their carrying and fair values are approximately equal. Carrying and fair values of long-term financial instruments are approximately equal. The Group classifies its financial assets in Level 2 - inputs, other than quoted prices included within Level 1, that are either directly or indirectly observable.

21. Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash in bank accounts	751	828
Cash on hand	64	101
Total	815	929

As at December 31, 2015 cash on bank accounts of the Group at the amount of BGN 53 thousand serve as a collateral on bank loans utilized by the Group (see note 24).

22. Income taxes refundable/(payable)

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	20	3
Corporate income tax accrued	(28)	(11)
Offset against other taxes	(21)	-
Corporate income tax paid	11	28
Balance at the end of the period, including:	(18)	20
Income taxes refundable	-	22
Income taxes payable	(18)	(2)

23. Trade and other payables

	December 31, 2015	December 31, 2014
Payables to suppliers	11 606	15 303
Advances received from customers	988	2 494
Payables on taxes	709	491
Payables to employees and social securities payable	556	494
Guarantees	72	64
Dividends payable (note 32)	-	448
Other	104	96
Total	14 035	19 390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
23. Trade and other payables (continued)

Payables to related parties are disclosed in note 33.

As at December 31, 2015 financial liabilities of the Group comprise trade and other payables. To determine their fair value the Group uses the discounted cash flows method. As the financial liabilities are short-term and with a negligible short defer of maturity, their carrying and fair values are approximately equal. The Group classifies its financial liabilities in Level 2 - inputs, other than quoted prices included within Level 1, that are either directly or indirectly observable.

24. Borrowings

As at December 31, 2015 and 2014 the Group has bank loans received, as follows:

	December 31, 2015	December 31, 2014
Short-term loans	21 517	24 364
Long-term loans	2 057	-
Total	23 574	24 364

All short-term bank loans received by the Group are at a floating interest rate and a fixed markup. The interest rate is bound to 1-month and 3-month EURIBOR and to 1-month SOFIBOR, therefore the interest rates are updated on an ongoing basis. The bank loans terms can be renegotiated after one year of their allocation, after a respective financial analysis by the bank-creditor.

Bank loans granted to the Group are secured by a mortgage on property, plant and equipment, pledge of inventories, trade receivables and cash funds (see also notes 15, 19, 20 and 21).

Financial liabilities held by the Group as of December 31, 2015 include interest bearing loans. To determine their fair value the Group uses the discounted cash flows method. The Group classifies its financial liabilities in Level 2 - inputs, other than quoted prices included within Level 1, that are either directly or indirectly observable.

25. Finance lease liabilities

As at December 31, 2015 the Group has liabilities under finance lease contracts for acquisition of transport vehicles.

The fair value of the finance lease liabilities is approximately equal to the present value of the minimum lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
25. Finance lease liabilities (continued)

	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Finance lease liabilities				
Up to one year	18	4	15	3
Between two and five years	30	5	28	5
Less: Interest on leases	(5)	(1)	-	-
Present value of finance lease liabilities	43	8	43	8
Less: Present value of finance lease liabilities up to one year			(15)	(3)
Present value of finance lease liabilities over one year			28	5

26. Retirement benefits obligation

Movement of the retirement benefits obligation, recognized in the statement of financial position is, as follows:

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	255	358
Expenses on current length of service	56	38
Interest expenses	6	13
Benefits paid	(18)	(19)
Actuarial gain, arising from changes in the financial assumptions	(1)	(17)
Actuarial (gain)/loss, arising from adjustments due to experience	8	(118)
Balance at the end of the period	306	255

For the years ended December 31, 2015 and 2014 expenses on current length of service are included in the personnel expenses.

Retirement benefits obligation liability as at December 31, 2015 and 2014 includes:

	December 31, 2015	December 31, 2014
Benefits on attainment of retirement age	305	254
Benefits on early retirement	1	1
Total	306	255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
26. Retirement benefits obligation (continued)

The amounts, recognized in the statement of comprehensive income, regarding retirement benefits obligation are, as follows:

	December 31, 2015	December 31, 2014
Expenses on current length of service	56	38
Interest expenses	6	13
Expenses, recognized in profit or loss	62	51
Actuarial gain, arising from change in the financial assumptions	(1)	(17)
Actuarial (gain)/loss, arising from adjustments due to experience	8	(118)
Actuarial (gain)/loss, recognized in other comprehensive income	7	(135)
Total	69	(84)

The movement of the reserve on retirement benefits obligation is, as follows

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	173	51
Actuarial (gain)/loss, recognized in other comprehensive income, gross	(7)	135
Deferred taxes, directly recognized in equity	1	(13)
Balance at the end of the period	167	173

Provision is accrued upon adoption of the following basic financial assumptions:

	December 31, 2015	December 31, 2014
Discount rate	2.5%	3.5%
Future remunerations increase	5%	5%
Future remunerations increase for the following four years	5%	5%
Future remunerations increase after the fifth year	4%	4%

The demographic actuarial assumptions used are based on the following:

- data for the personnel turnover for the Company for the last three years;
- mortality rate data for the overall mortality of the population of Bulgaria, according to data of the National Statistical Institute for the period from 2011 to 2013.

Personnel turnover is, as follows:

Age	December 31, 2015	December 31, 2014
18 – 30 years	4%	4 %
31 – 40 years	3%	3 %
41 – 50 years	2%	2 %
51 – 60 years	1%	1 %
over 60 years	0%	0 %

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
26. Retirement benefits obligation (continued)

Under the provisions of the present Collective Labour Contract and pursuant to the Labour Code of the Republic of Bulgaria, the employees are entitled to retirement benefits amounting to two gross monthly salaries on attainment of retirement age or six gross monthly salaries if the length of service is in companies from the group for the last 10 consecutive years.

Defined benefit plan exposes the Group to the following actuarial risks:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate of Bulgarian government securities, denominated in BGN, with maturity up to 10 years, and the data for the following periods is received by data interpolating.
Interest risk	A decrease in the interest rate of the Bulgarian government securities will increase the defined benefit plan liability.
Longevity risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan's liability.

A sensitivity analysis based on reasonably possible changes in the respective assumptions, at the end of the reporting period, assuming all other assumptions held constant is, as follows:

	Less 1 %	Assumptions and results used	Plus 1 %
Discount rate	1.5%	2.5%	3.5%
Amount of the liability (BGN thousand)	353	306	268
Difference (BGN thousand)	47	-	(38)
Difference (%)	15%	-	(12%)
Salary growth	3.00%	4.00%	5.00%
Amount of the liability (BGN thousand)	268	306	353
Difference (BGN thousand)	(38)	-	47
Difference (%)	(12%)	-	15%
Probability of early retirement	1.53%	2.4%	3.40%
Amount of the liability (BGN thousand)	308	306	303
Difference (BGN thousand)	2	-	(3)
Difference (%)	1%	-	(1%)
Mortality assumption	-1 year	Mortality rate	+ 1 year
Amount of the liability (BGN thousand)	302	306	309
Difference (BGN thousand)	4	-	3
Difference (%)	(1%)	-	1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
26. Retirement benefits obligation (continued)

The sensitive analysis presented above may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above calculations the projected unit credit method is used, the same as that applied in calculating the retirement benefit obligation liability, recognized in the statement of financial position.

27. Deferred income

In 2013 the Parent company has entered into contract for a government grant with the Bulgarian Small and Medium Enterprises Promotion Agency to the Ministry of Economy, Energy and Tourism of the Republic of Bulgaria, financed through the Operational programme "Development of the competitiveness of the Bulgarian economy 2007 – 2013".

The movement of the government grants is, as follows

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	152	-
Government grants received	-	363
Recognized income from government grants	(152)	(211)
Balance at the end of the period	-	152

28. Share capital

The share capital is presented at nominal value, according to the court decision for registration. As of December 31, 2015 and 2014 the share capital fully paid in at the amount of BGN 20,000 thousand is distributed into 2 000 000 shares with a nominal value of BGN 10 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
29. Reserves

	Legal reserves	Other reserves	Actuarial gain	Reserve from foreign currency translations	Total
Balance at January 1, 2014	2 040	7 330	51	(340)	9 081
Changes in equity for 2014					
Comprehensive income for the period	-	-	122	37	159
Reserves allocated	-	1	-	-	1
Balance at December 31, 2014	2 040	7 331	173	(303)	9 241
Changes in equity for 2015					
Comprehensive income for the period	-	-	(6)	(74)	(80)
Balance at December 31, 2015	2 040	7 331	167	(377)	9 161

Reserve from foreign currency translations is resulting from translation of the financial statements of the subsidiary entities abroad into the presentation currency of the Parent company.

Regarding establishment and use of the retirement benefit reserve (actuarial gain and loss) see notes 3.8 and 26.

Changes in the reserve from foreign currency translations include:

	December 31, 2015	December 31, 2014
Balance at the beginning of the period	(303)	(340)
Effect from recalculation of the net assets at the closing exchange rate as of the end of the period	(70)	40
Effect from translation of the statement of comprehensive income at average exchange rate for the period, and of the statement of financial position at closing exchange rate as of the end of the period	(4)	(3)
Balance at the end of the period	(377)	(303)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
30. Non-controlling interest

	December 31, 2015	December 31, 2014
Filkab Distribution, Romania	393	414
Filkab Solar Ltd. Bulgaria	43	-
Total	436	414

31. Cash flows from operating activities

	December 31, 2015	December 31, 2014
Profit/(Loss) before taxation for the period	866	(149)
Adjustments for:		
Depreciation and amortization	1 854	2 023
Receivables written-off and impairment reversed	3	324
Income from financing	(152)	(211)
Retirement benefit provision accrued	56	38
Carrying amount of disposals of property, plant and equipment	344	23
Loss from sale of property, plant and equipment, and materials	74	3
Interest expenses and charges, net	583	743
	3 628	2 794
Changes in working capital, including:		
Trade and other receivables	5 761	5 034
Inventory	1 563	(1 804)
Trade and other payables	(6 343)	(3 183)
Cash flows generated from operating activities	4 609	2 841

32. Dividends

Based on a decision of the General meeting of the shareholders of the Parent company from March 2014, dividends are distributed from the accumulated profit at the amount of BGN 700 thousand, proportional to the shareholdings. In 2015 dividends are not distributed.

Dividends are reported as a decrease in retained earnings in the statement of changes in equity for 2014. As of December 31, 2015 the dividends are fully paid (see note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
33. Related parties transactions

The subsidiary entities, that are controlled by the Parent company and included in the consolidation, are disclosed in note 2.2.

In 2015 and 2014 the Parent company performed transactions with the following related parties:

Related party	Nature of relationship
Management of the Company	Ключов управленски персонал
Consortium Filkab - Engineering	Consortium between the Parent company and a subsidiary entity
Poly Bolkans Ltd.	Company with participation of key management personnel

Related parties transactions relate mainly to: purchase-sale of goods and remunerations paid.

During 2015 and 2014 the transactions with related parties are, as follows:

Related party	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Sale of goods and services	Sale of goods and services	Purchase of goods and services	Purchase of goods and services
Consortium Filkab - Engineering	642	477	-	-
Poly Bolkans Ltd.	161	-	-	-

Към 31 декември 2015 и 2014 година неуредените разчети със свързани лица са, както следва:

Related party	December 31, 2015	December 31, 2015	December 31, 2014	December 31, 2014
	<i>Receivables</i>	<i>Payables</i>	<i>Receivables</i>	<i>Payables</i>
Consortium Filkab - Engineering	119	-	110	-
Poly Bolkans Ltd.	30	-	2	-
Key management personnel	63	-	-	-
	212	-	112	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the year ended December 31, 2015
All amounts are in thousands of BGN, unless otherwise stated
34. Business combination

As disclosed in note 2.2, in 2015 the Parent company has acquired 100% of the shares in the share capital of Gespro Green Energy S.R.L., Romania. The result from the business combination is, as follows:

	May 12 2015
ASSETS	
Property, plant and equipment	2 456
Trade and other receivables, net	25
Cash and cash equivalents	88
TOTAL ASSETS	2 569
LIABILITIES	
Trade and other payables	1 398
Loans	1 261
TOTAL LIABILITIES	2 659
NET LIABILITIES	(90)
Cash payments on the acquisition	1
LOSS FROM BUSINESS COMBINATION	(91)

Net cash flow from the business combination is presented in the table below:

	May 12 2015
AQUIRED NET LIABILITIES TOTAL	(90)
Group's share	(90)
Cash payments on the acquisition	(1)
Cash and cash equivalents received	88
NET CASH FLOW PRESENTED IN THE CASH FLOW STATEMENT	87

35. Events after the date of the financial statements

As at the date of issuance of these consolidated financial statements, renegotiated are the maturity terms for repayment of revolving loans from three Bulgarian banks, at the total limit of EUR 10 240 thousand from February - May 2016 – to February - May 2017.