Translation from Bulgarian

JOBS MICRO FINANCING INSTITUTION EAD

ANNUAL REPORT OF

THE MANAGEMENT

REPORT OF THE INDEPENDENT

AUDITOR AND

ANNUAL FINANCIAL STATEMENTS

31 December 2015

CONTENTS

MANAGEMENT AND ACTIVITY REPORT

OF JOBS MICRO FINANCING INSTITUTION EAD FOR 2015

General information on the structure and management of the Company

JOBS MICRO FINANCING INSTITUTION EAD (the Company) is a sole-owner joint stock company, entered in the Commercial Register on January 14, 2011, with headquarters and management address at 105 Arsenalski Blvd., Sofia. The subject of its activity is microfinancing, including but not limited to - granting of microcredits, acquisition from third parties and leasing of industrial equipment, cars and other vehicles, as well as other items (financial leasing), purchase and sale of such items, consultancy services, commercial representation and mediation of local and foreign natural and legal persons, performing their activity in the country, as well as any other activity not prohibited by law.

On March 5, 2014, the Management Board of Bulgarian Development Bank AD (MB of BDB AD) annulled a decision of 31.10.2013 regarding the transformation of JOBS MICRO FINANCING INSTITUTION EAD (Jobs MFI EAD) through a merger into Bulgarian Development Bank AD. As a result of this revaluation, it was decided that the relations of BDB AD with the micro-enterprises will be developed through JOBS MFI EAD as an independent specialized subsidiary. In this regard in April 2015 the Board of Directors (BD) of JOBS MFI EAD adopted amendments to its internal regulatory provisions aimed at initiating the activity for direct financing of end customers on behalf of JOBS MFI EAD.

Bodies of the Company:

1. Sole owner of capital

2. Board of Directors (BD)

The sole owner of the Company's capital is Bulgarian Development Bank AD. The sole owner of the Company's capital has a two-tier governance structure. The Supervisory Board is composed of Atanas Katzarchev (Chairman of the SB), Kiril Ananiev (Deputy Chairman of the SB) and Dimitar Dimitrov (Member of the SB). The Board of Directors of Bulgarian Development Bank AD is composed of: Anguel Kirilov Guekov - Chairman of the Management Board and Executive officer, Bilian Lyubomirov Balev - Deputy Chairman of the Management Board and Executive officer, Iliya Vasilev Kirchev - Executive officer and Member of the Management Board.

The Board of Directors of the Company consists of three members and at the date of preparation of this report it includes:

Bilian Lyubomirov Balev - Chairman of the Board of Directors;

Iliya Vasilev Kirchev - Deputy Chairman of the Board of Directors;

Kostadin Bozhikov Munev - Member of the Board of Directors and Executive officer;

In 2015 and at the date of this report the following changes were made to the composition of the Board of Directors of the Company:

On 03.02.2015 the Managing Board of the Bulgarian Development Bank AD took a decision approving the release of Mr. Lachezar Todorov as a member of the Board of Directors (BD) of JOBS Microfinancing Institution and the appointment of Mr. Iliya Kirchev as a member of the BD of the company. On 08.02.2015, at a meeting of the BD of JOBS MFI, Mr. Bilian Balev was appointed Chairman of the BD of the company and he continues to hold this position. The appointed deputy chairman of the BD is Mr. Iliya Kirchev and the Executive director of the company remains Mr. Kostadin Munev.

The change in the Board of Directors of JOBS MFI was entered in the Trade Registry with the Registry agency on 16.02.2015.

The Company is represented by any two members of the Board of Directors acting jointly.

There are no contracts concluded within the meaning of Art. 240, lit. b of the Commerce Act, between the members of the Board of Directors or their affIliyates on one side, and the Company on the other side, that go beyond their normal activities or substantially deviate from the market conditions.

The participation, within the meaning of Art. 247, para. 2, item 4 of the Commerce Act, of members of the Company's Board of Directors in commercial companies as unlimited liability partners, holding more than 25 per cent of the capital of another company, as well as their participation in the management of other commercial companies or cooperatives as procurators, managers or board members is as follows:

The members of the Board of Directors of the Company do not participate in the capital of other companies as unlimited liability partners and do not own more than 25 per cent of the capital of another company.

The members of the Board of Directors of the Company participate in the management of other companies as follows:

Bilian Lyubomirov Balev is the Executive Director and Deputy Chairman of the Board of Directors of Bulgarian Development Bank AD. Mr. Balev is also a partner in Fininvest Ltd. and owns 99% of the company's capital. The Company is a foreign legal entity incorporated and existing under the laws of the United Kingdom of Great Britain and Northern Ireland.

Iliya Vasilev Kirchev is Executive Director and member of the Board of Directors of Bulgarian Development Bank AD. Mr. Kirchev is a member of the management body of the following non-profit entities: Academy 2007 Foundation and "Dr. Hristo Adzharov 2010" Community Center - Plovdiv.

Kostadin Bozhikov Munev and Lachezar Lachezarov Todorov have no participation in other companies or cooperatives within the meaning of Art. 247 par. 2, pt. (4) of the Commerce Act.

As at 31.12.2015, the registered capital of the Company is 7,643,000 /seven million six hundred forty-three thousand/ leva and is distributed into 76,430 / seventy-six thousand four hundred and thirty/ shares with par value of 100 /one hundred / BGN each. The shares are ordinary, materialized, registered and indivisible, each share entitling to one vote. The capital of the Company is fully paid up.

Branches

The Company has no registered branches.

Subsidiaries

JOBS MICRO FINANCING INSTITUTION EAD has no subsidiaries.

Activity overview

In the second quarter of 2015 the company started direct authorization of microcredits and in 2015 48 credit and leasing contracts were concluded and financing was granted to final customers to the amount of BGN 3443 thousand. In addition, 58 loan contracts, amounting to BGN 3179 thousand, were also transferred by BDB AD through assignment agreements.

As of December 31, 2015, the active loan and leasing portfolio of the Company amounted to BGN 8582 thousand, presented based on the amortized debt before impairment and consists of 290 credit and leasing transactions. The Company also has receivables from 16 Non-Profit entities, amounting to BGN 686 thousand before impairment.

The assets of the company as at 31.12.2015 amount to BGN 9125 thousand. Their structure is: cash in the amount of 927 thousand BGN, receivables from banks - 17 thousand BGN, receivables from Non-Profit entities after impairment amounting to BGN 96 thousand, net investment in finance leases of BGN 982 thousand and receivables on loans granted to customers after impairment amounting to BGN 7026 thousand. As of 31.12.2015, the Company owns tangible and intangible assets with carrying amount of

BGN 39 thousand, assets held for sale amounting to BGN 8 thousand, assets under deferred taxes representing BGN 10 thousand deferred asset on tax loss for deduction and other assets of BGN 20 thousand.

The liabilities of the company at the end of 2015 amount to BGN 87 thousand.

The equity of JOBS MICRO FINANCING INSTITUTION EAD amounts to BGN 9,038 thousand, formed from share capital of BGN 7,643 thousand, reserves of BGN 1,301 thousand and a current profit of BGN 94 thousand.

The reported financial result for 2015 is a pre-tax profit of BGN 104 thousand and profit after taxes of BGN 94 thousand.

The total revenues of the company in 2015 amounted to 735 thousand BGN, and the interest income was 654 thousand BGN, which is 89% of the total revenues.

As of 31.12.2015, the number of staff employed under a labor contract is 13 persons.

The Company is exposed to the following risks arising from the use of financial instruments:

1. credit risk

2. liquidity risk

3. market risk

- currency risk

- interest rate risk

Credit risk

The financial assets that potentially expose the Company to credit risk are mainly its receivables under the leasing and credit contracts concluded, as well as the transferred claims from the United Nations Development Program in Bulgaria. The Company is exposed to credit risk in the event that the counterparties fail to meet their obligations.

The policy that the Company has adopted to minimize the risk of default is to make a preliminary assessment of the creditworthiness of its clients and to require additional collaterals under the leasing and credit contracts and transferred claims - insurances on leased assets, registration of leasing contracts in the CSPR, surety, promissory notes and special receivable pledges, as well as mortgages on immovable property and / or pledge of movable property when granting loans.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in servicing its financial obligations. The Company's liquidity risk management approach is to provide sufficient liquidity to service its maturing liabilities under both normal and extraordinary conditions, without leading to additional losses or reputational risks. Liquidity is monitored weekly.

Currency risk

The Company carries out its activity of providing financing in BGN and EUR in the terms of a currency board. While the BGN exchange rate is permanently fixed to the euro by law, the euro is not regarded as a currency bearing currency risk for the cash flows and the financial position of the Company.

Interest rate risk

For the purpose of determining the interest rates on customer lending by the end of 2014, the Company has introduced and applied a methodology for determining a base interest rate that is tied to the cost of the financial resource used for financing, - return on equity, required profit rate and expected loss from the provided funding and maintenance costs that are reviewed quarterly. In 2015, the Company also introduced a new methodology for setting the annual interest rate on the products of JOBS Micro financing Institution EAD, which determines the reference interest rates used to form the annual interest rate on the products provided by the Company in the form of finance leases and loans. The annual interest rate (AIR) of the loan is the interest rate applicable annually to the amount of the loan utilized and not repaid. AIR can be fixed or floating. A fixed interest rate on the loan is a fixed amount valid for the entire period of the loan. Floating interest rate on loans and finance lease contracts is a variable amount, formed as a sum of the reference index and a flat-rate surcharge. The surcharge and the period of determining the interest rate are individualized in the credit or leasing contracts. The reference index is the three-month (3M) EURIBOR or three-month (3M) SOFIBOR. The management believes that the interest rate policy leads to minimization of this risk.

Remuneration received during the year by the members of the Board of Directors

The gross remunerations received by the Board of Directors of the Company during the year amounted to BGN 122667.62.

Significant events occurring after the annual accounting closing

No major events occurred after the year's closing.

Future development and commitment

The management of JOBS MICRO FINANCING INSTITUTION EAD commits to provide stable future development of the activity and growth of the company assets.

(Signature)	(Signature)	(Signature)
Bilian Balev	Iliya Kirchev	Kostadin Munev
Chairman of BD	Deputy-Chairman of BD	BD member

Date: 14.03.2015

Round seal of JOBS MICRO FINANCING INSTITUTION EAD, Sofia

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Independent Auditor’s Report

To the sole shareholder

of " Jobs Micro financing Institution" EAD

Report on the financial statements

We have audited the accompanying financial statements of Jobs Micro financing Institution EAD including a statement of financial position as at 31 December 2015, comprehensive income statement, statement of changes in equity and cash flow statement for the year ended on that date, as well as summarized disclosure of the significant accounting policies and other explanatory information.

Responsibilities of the management for the financial statements

The management is responsible for preparing and presenting these financial statements that give a true and fair view in accordance with the International Financial Reporting Standards, as adopted for implementation by the European Union, and for such an internal control system as the management deems necessary to ensure the preparation of financial statements that do not contain any significant misstatements, whether due to fraud or error.

Responsibilities of the auditor

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

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

We believe that the audit performed by us provides sufficient and appropriate basis for our auditor's opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jobs Micro financing Institution EAD as of 31 December 2015, as well as of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for application in the European Union.

Other matters

The financial statement of Jobs Micro financing Institution EAD for the year ended December 31, 2014 was audited by another auditor who had expressed an unmodified opinion on these financial statements on April 3, 2015.

Report on other legal requirements

According to the requirements of Art. 38, para. 4 of the Accountancy Act (effective for 2015), we became acquainted with the content of the attached Activity Report for 2015. In our opinion, the annual activity report submitted by the management is consistent with the financial statements for the year ended 31 December 2015.

(Signature)
Nikolay Garnev
Registered auditor
Manager
Ernst and Young Audit Ltd.

15 March 2017
Sofia, Bulgaria

Oval seal: Audit Company Ernst & Young Audit OOD, reg. No. 108, Sofia

JOBS MICRO FINANCING INSTITUTION EAD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

In thousand BGN

Assets	**Note**	**As at 31.12. 2015**	**As at 31.12.2014**
Cash	12	927	2,176
Deposits in banks	13	17	2,957
Assets held for sale	18	8	12
Receivables under a financial leasing	14	982	1,470
Loans provided	15	7,026	2,185
Other trade receivables	16	96	200
Properties, machines and facilities, intangible assets	17	39	27
Deferred tax assets	11	10	21
Other assets	19	20	25
Total assets		9,125	9,073
Liabilities			
Liabilities to suppliers and other liabilities	20	87	88
Total liabilities		87	88
Equity			
Share capital	21	7,643	7,643
Retained profits		94	77
Reserves		1,301	1,265
Total equity		9,038	8,985
Total liabilities and equity		9,125	9,073

Rectangular seal: Financial statements, for which we have issued an audit report dated 15.03.2016, Ernst & Young Audit Ltd. Manager and registered auditor: (Signature)

Oval seal: Ernst & Young Audit Specialized Audit Company, Sofia, reg. No. 108

The attached notes from page 7 to 43 are an integral part of these financial statements.

BIlian Balev	Kostadin Munev	Petko Marinov
Chairman of the BD	CEO	Accountant General
(Signature)	(Signature)	(Signature)

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JOBS MICRO FINANCING INSTITUTION EAD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2015

In thousand BGN	Note	31.12.2015	31.12.2014
Interest income	6	654	1,216
Interest costs	6	-	(476)
Net interest income	6	654	740
Fees and commissions income	7	54	37
Fees and commissions costs	7	(60)	(195)
Net Fees and commissions costs	7	(6)	(158)
Other operating income	8	27	27
Operating income		675	609
Total administrative costs	10	(599)	(663)
Amortization costs	17	(19)	(17)
Income (costs) from/ for depreciation of loans, leasing and receivables	9	47	156
Profit before tax		104	85
Costs for income tax	11	(10)	(8)
Profit after taxation		94	77
Other comprehensive income		-	-
Total comprehensive income for the year		94	77

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Chairman of the BD	CEO	Accountant General
(Signature)	(Signature)	(Signature)

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JOBS MICRO FINANCING INSTITUTION EAD

STATEMENT OF CHANGES IN EQUITY, FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

In thousand BGN	***Note***	**Share capital**	**Statutory Reserves**	**Additional Reserves**	**Retained profit**	**Total**
Balance as at 1 January 2014		7,643	437	786	418	**9284**
Comprehensive income for the period					77	**77**
Total comprehensive income for the period					77	**77**
Profit for the year						
Total comprehensive income for the period						
Deals with the shareholder reported in						
Equity						
Transfer between reserves based on a decision of the shareholder			42	-	(42)	
Dividends to the shareholder		-	-	-	(376)	**(376)**
Total deals with the shareholder		_	**42**	**-**	**(418)**	**(376)**
Balance as at 31 December 2014	21	**7,643**	**479**	**786**	**77**	**8985**

In thousand BGN	***Note***	**Share capital**	**Statutory Reserves**	**Additional reserves**	**Retained profit**	**Total**
Balance as at 1 January 2015		7,643	479	786	77	**8985**
Comprehensive income						

for the period						
Profit for the year		**-**	**-**	**-**	94	**94**
Total comprehensive income for the period					94	**94**
Deals with the shareholder reported in equity						
Transfer between reserves based on a decision of the shareholder			8	28	(36)	
Dividends to the shareholder		**-**	**-**	**-**	(41)	**(41)**
Total deals with the shareholder			8	**28**	(77)	**(41)**
Balance as at 31 December 2015	21	**7,643**	**487**	**814**	**94**	**9038**

Rectangular seal: Financial statements, for which we have issued an audit report dated 15.03.2016, Ernst & Young Audit Ltd. Manager and registered auditor: (Signature)

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Chairman of the BD	CEO	Accountant General
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JOBS MICRO FINANCING INSTITUTION EAD

CASH FLOW STATEMENT

FOR THE PERIOD 1 JANUARY ENDING ON 31 DECEMBER 2015

In thousand BGN	**Note**	**31.12.2015**	**31.12.2014**
Operating activities			
Profit for the year		94	77
Adjustments for:			
Depreciation costs for loans, leasing and receivables	9	(47)	(156)
Amortization costs	17	19	17
Income tax costs	11	11	8
		77	**(54)**
Changes in:			
- receivables arising from bank deposits	13	2,940	23,449
- receivables under a financial lease	14	522	855
- loans granted	15	(4,824)	979
- other trade receivables	16	100	252
- assets held for sale	18	4	(12)
- other assets	19	5	46
- other liabilities	20	(1)	(27)
Net cash flow from operating activities		(1,177)	25,488
Investment activities			
(Purchase)/sale of properties, machines and facilities and intangible assets	17	(31)	8
Cash flow from investments		(31)	8
Financing activities			
Received/(paid) amounts under short-term attracted funds	-	-	(15680)
Received/(paid) amounts under long-term attracted funds		-	(7838)
Dividends paid to shareholders		(41)	(376)
Cash from financial activities		(41)	**(23,894)**
Net (decrease)/ increase of cash and cash equivalents		**1,249**	**1,602**
Cash and cash equivalents in the beginning of the period	**12**	**2,193**	**591**
Cash and cash equivalents in the beginning of the period	**12**	**944**	**2,193**

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Chairman of the BD	CEO	Accountant General
(Signature)	(Signature)	(Signature)

Round seal: JOBS MICRO FINANCING INSTITUTION EAD, Sofia

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. Status and scope of activity

JOBS MICRO FINANCING INSTITUTION EAD (the Company) was incorporated on 23.12.2010 as a sole-owned joint-stock company, 100% shareholding of Bulgarian Development Bank AD. The registered address of the Company is: 105 Arsenalski Blvd., Sofia. As of 31.12.2015 the registered and paid-in share capital is BGN 7,643,000, divided into 76,430 registered shares with a par value of BGN 100 each.

The subject of activity of JOBS MICRO FINANCING INSTITUTION EAD includes:

financing of micro and small enterprises, including but not limited to - lending, acquisition from third parties and lease of industrial equipment, cars and other vehicles, as well as other property (finance lease), purchase and sale and import of such goods, consultancy services, commercial representation and mediation of local and foreign natural and juridical persons performing their activity in the country, as well as any other activity not prohibited by law.

The management bodies of the Company are:

- Sole proprietor of the capital;
- Board of Directors (BD).

The sole owner of the Company's capital is Bulgarian Development Bank AD. Representative of the sole owner of the Company's capital is the Management Board of Bulgarian Development Bank AD.

On March 5, 2015, the Management Board of Bulgarian Development Bank AD revoked the decision of 31.10.2013 to transform the JOBS MICRO FINANCING INSTITUTION EAD through a merger into Bulgarian Development Bank AD. As a result of this reassessment, the relations between Bulgarian Development Bank AD and the micro-enterprises will be developed through the JOBS MICRO FINANCING INSTITUTION EAD as a separate specialized subsidiary.

The Company is represented by any two members of the Board of Directors, acting jointly.

As at 31 December 2015 the Board of Directors is composed of:

- Bilian Lyubomirov Balev;
- Iliya Vasilev Kirchev;
- Kostadin Bozhikov Munev;

The first Board of Directors was elected for a three-year term. The second Board of Directors was elected for a term of five years and it expires on 14.01.2019.

On 16.02.2015 a change was entered in the Trade registry, whereby Lachezar Lachezarov Todorov was replaced by Iliya Vasilev Kirchev as a new member of the Board of Directors.

As at 31.12.2015, the Company has not opened any branches (2014: no branches).

As of December 31, 2015, the Company has 13 employees under a labor contract (2014: 9 employees).

2.1. Basis for preparation

Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU). The financial statement was approved for publication by the Board of Directors of JOBS MICRO FINANCING INSTITUTION EAD on 14.03.2016.

These financial statements are prepared on a historical cost basis except for:

• Trading tools and other instruments that are measured at fair value through profit or loss, provided that the fair value can be measured properly.

2 Basis for preparation (continued)

Compliance (continued)

• Available-for-sale instruments that are measured at fair value, provided that the fair value can be measured appropriately.

• Assets held for sales that are measured at fair value, provided that the fair value can be measured properly.

Functional currency and reporting currency

These financial statements are presented in thousands of Bulgarian Leva, which is the functional currency of the reporting unit.

Comparable data

In order to better present the disclosures, the Company's management deemed it necessary and revised the presentation of the previous reporting period for some positions in the statement of financial position and the statement of comprehensive income. The reclassification refers to the published data for 2014 in notes: 2. Fair value of financial assets and liabilities, 4.1 Credit risk, 6. Net interest income, 7. Net fee and commission income, 8. Other income from operations, 10. General and administrative expenses, 14. Financial lease receivables, 15. Loans granted and note 22. Transactions with related parties and companies.

The Company presents its statement of financial position generally by liquidity level. An analysis of the asset recovery or settlement of liabilities within twelve months after the date of the statement of financial position (current) and more than 12 months after the date of the statement of financial position (non-current) is presented in the notes to the financial statements.

Use of estimates and judgments

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expense. The actual results may differ from these estimates.

Estimates and key assumptions are reviewed on an ongoing basis. Adjustments to accounting assumptions are recognized in the period, in which the assumption is adjusted and in all future periods that are affected. Financial information, the preparation of which intrinsically involves high complexity and judgment, as well as the significant accounting estimates made during the preparation of the financial statements are disclosed in (Note 5).

The presentation of a financial statement under the International Financial Reporting Standards requires management to make the best estimates, accruals and reasonable assumptions that have an effect on the reported amounts of assets and liabilities, income and expense and the disclosure of contingent receivables and contingent liabilities at the report date. These estimates, accruals and assumptions are based on the information available at the date of the financial statements, which is why the actual future results could be different. The articles that imply a higher degree of subjective judgment or complexity or where assumptions and estimates are material to the financial statements, are disclosed below.

The receivables under credit agreements and finance lease contracts (presented in the statement of financial position as finance lease receivables) are reviewed for impairment on the basis of the Company's policy. The amounts for impairment losses that the Company pays for specific exposures are calculated based on the most reliable estimate of the management of the present value of future cash flows.

When estimating these cash flows, the management makes assumptions about the debtor's financial position and the net realizable value of the available collateral. Each impaired financial asset is reviewed in its entirety, after which the management of the Company approves the judgment made about the collectability of the cash flows from the financial asset.

2 Basis for preparation (continued)

Fair value of financial assets and liabilities

Fair value is defined as the price that would have been obtained on the sale of an asset or paid on the transfer of an obligation in a typical transaction between market participants at the valuation date. The Company discloses information about the fair value of those financial assets and liabilities for which market information is available and whose fair value is materially different from the reported carrying amount.

Hierarchy of fair value

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments using valuation techniques:

• Level 1 - Level 1 input data are quoted (not adjusted) instruments prices on active markets for identical financial instruments;

• Level 2 - level 2 input data are inputs for an asset or liability, other than the quoted prices included in level 1, that are directly or indirectly available for observation. This category includes instruments valued using: quoted prices of similar assets or liabilities on active markets; quoted prices of identical or similar assets or liabilities on markets that are not considered active; other appraisal techniques where all significant inputs are directly or indirectly available for observation using market data;

• Level 3 - Level 3 input data are unobservable input data for an asset or liability. This category includes all instruments, where the valuation technique does not include observable input data and unobservable input data have a significant impact on the instrument valuation. This category includes instruments that are valued on the basis of quoted prices of similar instruments, where significant unobservable adjustments or assumptions are required to reflect the differences between instruments;

3. Significant accounting policies

Financial instruments

The Company initially recognizes loans and receivables and deposits on the date on which they arise. All other financial assets (including assets measured at fair value through profit or loss) are initially recognized on the trade date, at which the Company became a party to the instrument's contractual terms.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset have expired or the Company transfers the rights to receive the contracted cash flows from the financial asset as part of a transaction, whereby a significant portion of all the risks and rewards of ownership of the financial asset are transferred. Any interest in a transferred financial asset, that is created or retained by the Company, is recognized as a separate asset or liability.

Financial assets and liabilities are netted and the net amount is presented in the statement of financial position when and only when the Company has a legal basis to net the amounts and intends either to settle on a net basis or to realize the asset and settle the liability at the same time.

The Company has the following non-derivative financial assets: loans and receivables from leasing and other receivables.

3. Significant accounting policies (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus all directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less the impairment losses (Note 3: Impairment of Financial Assets).

Financial lease receivables

The leasing activity of the Company is related to the leasing of industrial equipment, transport means, agricultural machinery and others under finance leases. The lease contract is reported as a financial one, when the lessor transfers to the lessee all significant risks and rewards associated with the ownership of the asset.

All other leasing contracts that do not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Minimum lease payments

Minimum lease payments are those payments that the lessee will make or may be required to make during the term of the lease contract. From the point of view of the Company, the minimum lease payments also include the residual value of the asset guaranteed by a non-affiliated third party, provided that that party is financially capable of meeting its guarantee obligation or obligation under the repurchase agreement. In the minimum lease payments the Company also includes the cost of exercising any option that the lessee holds to purchase the asset, and at the beginning of the lease contract it is highly certain that the option will be exercised. Minimum lease payments do not include contingent rentals, as well as service and tax charges that are paid by the Company and subsequently re-invoiced to the lessee.

Beginning of the lease contract and commencement of the term of the lease contract

A distinction is made between the beginning of the lease contract and the commencement of the lease term:

• the beginning of the lease contract is the earliest of the two dates - the date of the lease agreement or the engagement of the parties to the principal terms of the lease contract.

• the commencement of the lease term is the date, from which the lessee can exercise its right to use the leased asset. This is also the date on which the Company initially recognized the leasing receivable.

Initial and consecutive evaluation

Initially, the Company recognizes a finance lease receivable, equal to its net investment that includes the present value of the minimum lease payments and any unguaranteed residual value for the Company. The present value is calculated by discounting the minimum lease payments with the interest rate inherent to the lease agreement. Initial direct costs are included in the calculation of the finance lease receivable. During the term of the lease, the Company charges financial income (interest income under finance leases) on the net investment. Lease payments received are treated as a reduction in the net investment (repayment of principal) and recognition of financial income in a way that ensures a constant rate of return on the net investment.

3. Significant accounting policies (continued)

Financial lease receivables (continued)

Subsequently, the net investment in finance lease contracts is presented net, after deducting the individual and portfolio impairment losses. The determination of the impairment of finance leases is set out below (Note 3: Impairment of Financial Assets).

Impairment of financial assets

A financial asset that is not stated at fair value through the profit or loss, is reviewed at each reporting date in order to assess whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset and that loss event has affected the expected future cash flows from that asset, which can be measured reliably.

Objective proof that a financial asset is impaired, includes default or delay by the debtor, restructuring of the obligation to the Company under conditions that the Company would not otherwise consider, indications that a debtor or issuer will become insolvent, adverse changes in the debtor's payment status.

Financial assets measured at amortized cost

The Company considers the evidence of impairment of financial assets measured at amortized cost (loans, lease receivables and other receivables) for both a specific asset and on a collective level. All individually significant assets are tested for specific impairment.

Those for which there is no specific impairment, are then tested collectively for impairment that has occurred, but has not yet been identified. Assets that are not individually significant, are collectively tested for impairment by grouping together assets with similar risk characteristics.

In assessing the collective impairment level, the Company uses the historical trends of default probability, recovery time and the amount of losses incurred, adjusted by the management's judgment as to whether the current economic and credit conditions are such that the actual losses are likely to be greater or lower than those predicted on the basis of the historical trends.

Impairment loss for a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate. An impairment loss is recognized in the profit or loss and is reflected in an adjustment account decreasing the loans and receivables. When an event occurs after the recognition of the impairment, reduces the impairment loss, such decrease is reflected back through the profit or loss.

Property, Plant and Equipment

Property, plant and equipment are presented in the financial statements at historical cost less the accumulated amortization and impairment losses.

Initial evaluation

Upon initial acquisition, property and equipment are measured at cost, which includes the purchase price, customs duties and all direct costs necessary to bring the asset into a working condition. Direct costs are: site preparation costs, initial delivery and processing costs, installation costs, costs for fees for the parties involved in the project, non-refundable taxes, and other costs.

Subsequent evaluation

The approach chosen by the Company for the subsequent valuation of property and equipment is the acquisition cost model under IAS 16, the cost of acquisition, less the accumulated depreciation and accumulated impairment losses.

Gains and losses on the writing off of property, plant and equipment (determined as the difference between the proceeds and the carrying amount of the asset) are recognized net in the other income/ expenses in the profit or loss statement.

Depreciation method

The Company uses a straight-line method of depreciation of property and equipment. The useful life by group of assets is determined in accordance with: physical wear and tear, equipment specificity, future intentions for use and expected obsolescence and may be presented as follows:

	2015	2014
Buildings	50 years	50 years
Equipment and computers	5 years	5 years
Transport vehicles	5 years	5 years
Industrial inventory	6.7 years	6.7 years

The useful life of assets is reviewed at the end of each year and, if significant deviations from the future asset life expectancy are identified, it is corrected prospectively.

Subsequent costs

Repairs and maintenance costs are recognized as current costs in the period, in which they are incurred. Subsequent expenditures relating to property and equipment, that have the nature of replacement of certain core parts or of reorganization and redevelopment, are capitalized to the carrying amount of the asset and its residual useful life is reviewed at the date of capitalization. At the same time, the non-depreciated part of the replaced components is written off from the carrying amount of the assets and is recognized in the current expense for the restructuring period.

Intangible assets

Intangible assets are presented in the financial statements at their acquisition cost less the accumulated amortization and impairment losses. Software products (software) and licenses for software use are included.

The Company applies a straight-line method of depreciation of intangible assets over a useful life of 5 years. (2014: 5 years).

Intangible assets are written off from the statement of financial position when they are permanently decommissioned and no future economic benefits are expected, or when they are sold. Gains or losses from sales of individual assets of the intangible assets group are determined by comparing the sale proceeds and the carrying amount of the asset at the date of sale.

3. Significant accounting policies (continued)

Impairment of non-financial assets

The reporting values of the non-financial assets of the Company, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date in order to determine whether there are any indications of impairment. In the event that such evidence exists, an estimate of the recoverable amount of the asset is made. For intangible assets with indefinite useful lives or assets which are not yet ready for use, the recoverable amount is determined each year at the same time. An impairment loss is always recognized in the event that the carrying amount of an asset or cash-generating unit (CGU), of which it is an integral part, exceeds its recoverable value.

The recoverable value of an asset or CGU is the higher of its value in use and its fair value, less the costs to sell. In assessing the value in use, future cash flows are discounted to their present value by applying a pre-tax discount rate, reflecting the current market assessments, price of money and the asset-specific or CGU-specific risks. For the purpose of the impairment test, assets that cannot be tested individually, are grouped together into the smallest possible group of assets generating cash receipts from continued use, that are largely independent of the cash receipts from other assets or CGU.

Impairment losses are recognized in the profit or loss. Impairment losses recognized as CGUs are allocated in such a way, as to reduce the reporting values of the unit proportionally.

An impairment loss is restored only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined after deducting depreciation, if an impairment loss had not been recognized.

Foreign Currency Transactions

Transactions executed in foreign currencies are translated in BGN at the rates of the BNB for the day of the transaction. Receivables and liabilities denominated in foreign currencies are revalued on a daily basis. At the end of the year they are revalued in their BGN equivalent at the BNB closing exchange rates, which for the most significant currencies at the date of the statement of financial position are as follows:

Type of currency	31 December 2015	31 December 2014
Euro	1.95583	1.95583

Since 1999, the Bulgarian lev has been linked to the euro, the official currency of the European Union, at a ratio of EUR 1 for BGN 1.95583.

Net foreign exchange gains and losses arising from the revaluation of receivables, payables and transactions in a foreign currency are recognized in the statement of comprehensive income for the period in which they arise.

Provisions

Provisions are recognized when the Company has a present constructive or legal obligation as a result of a past event and it is probable that the repayment / settlement of that liability is related to an outflow of resources. Provisions are measured on the basis of the best estimate of the management at the end of the reporting period of the expenses necessary to settle the liability.

Pension and other payables to the personnel under the social and labor law

Pursuant to the Bulgarian law, the Company is obliged to pay contributions to social security and health insurance funds. The employment relationship with the employees of the JOBS MICRO FINANCING INSTITUTION EAD, in its capacity as an employer, is based on the provisions of the Labor Code.

Short-term earnings

Short-term employee benefits of the Company in the form of remuneration, bonuses and social benefits and allowance are recognized as an expense in the statement of comprehensive income in the period, in which the related work is incurred or the requirements for receipt are met, and as a current liability of their undiscounted amount. Social security and health insurance contributions owed by the Company are recognized as current expense and liability at the undiscounted amount, together and in the period of decrease of the related income to which they relate.

At the end of each reporting period, the Company assesses and accounts for the sum of the expected costs for accruing compensated leave, that is expected to be paid as a result of the unused entitlement to accumulated leave. The assessment shall include an estimate of the cost of the salaries themselves and the cost of contributions to the statutory public and health insurance, that the employer owes on such amounts.

Long-term retirement benefits

According to the Labor Code, the employer is obliged to pay to the staff, which has reached retirement age, a benefit which, depending on the length of service in the enterprise in question, may vary from 2 to 6 gross salaries on the date of termination of the employment relationship. Based on their characteristics, these schemes constitute defined benefit plans.

Severance income

In accordance with the provisions of the Labor Code, the employer has the obligation to pay, upon termination of the employment contract prior to retirement, benefits for: non-respected notice period - the gross salary for one month; due to the Company's closure or the closure of part thereof, lay-offs, reduction in workload and job cessation for more than 15 days, etc. - gross labor remuneration for one month; upon termination of the employment contract due to sickness - compensation amounting to 2 gross monthly salaries; for unused paid annual leave - for the relevant years for the time that is recognized as length of service.

The Company recognizes employee retirement benefit obligations before retirement, when a binding commitment is made on the basis of an announced plan to terminate the employment contract with the persons concerned without being able to cancel it, or upon the formal issue of the documents for voluntary leaving. Termination benefits payable for more than 12 months are discounted and presented in the statement of financial position at their present value.

Taxes

JOBS MICRO FINANCING INSTITUTION EAD charges current taxes under the Bulgarian law. The profit tax is calculated on the basis of the taxable profit for the period, determined in accordance with the rules established by the tax authorities, based on which taxes are paid (refunded). The tax effect associated with transactions or other events reported in the statement of comprehensive income, is also recognized in the statement of comprehensive income and the tax effect associated with transactions and other events reported directly in equity is also directly stated with the equity.

3. Significant Accounting policies (continued)

Taxes (continued)

Deferred tax obligations are recognized for all temporary differences, subject to taxation, unless they arise from initial recognition of an asset or a liability in a transaction, which at the time of the transaction does not affect the accounting or taxable profit (tax loss).

Deferred tax is recognized as income or expense and is included in the net profit for the period, except where those taxes arise from a transaction or an event reported for the same or different period directly in equity. Deferred taxes are charged or deducted directly from equity where such taxes relate to items that are accrued or deducted in the same or different period directly in equity.

Deferred tax receivables are accounted for all temporary differences to be deducted, to the extent that it is probable that taxable profit will be present, from which the appropriate deductions for deferred tax receivables will be made. This does not apply to cases where they arise from the initial recognition of an asset or liability in a transaction that has no impact on the accounting or tax profit (tax loss) at the date of the transaction.

Deferred tax is recognized as income or expense and is included in the net profit for the period except where those taxes arise from a transaction or an event reported for the same or different period directly in equity. Deferred taxes are charged or deducted directly from equity when these taxes relate to items that are accrued or deducted in the same or different period directly in equity.

Cash and cash equivalents

Cash equivalents for the purposes of the cash flow statement consist of cash on current accounts, deposits made available at sight and / or with an original maturity of up to 3 months.

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than through continued use in the Company's operations. These assets were originally accepted by the Company as collateral or were provided under a financial leasing agreement and are acquired as a result of exchange of "debt for property" or seizure from the lessees, who have not repaid their obligations under the contractual terms of the provided financial leasing. Assets classified in this group are available for immediate sale in their current state. Assets classified as held for sale are presented in the statement of financial position at the lower of the carrying amount and their fair value less the estimated direct selling costs.

The assets in this qualifying group are not depreciated.

The Company determines the fair value of the assets held for sale on the grounds of the market-based evidence from an assessment carried out by professionally qualified valuers.

Interest income and expense

Interest income and expense is recognized in the statement of comprehensive income for all financial instruments on an accrual basis, using the effective interest rate method at the time of granting the loan or lease. The effective interest rate method is a method for calculating the depreciable amount of a financial asset or liability and for allocating interest income or expense over the period. Effective interest rate is the percentage that discounts the expected future cash payments or proceeds over the useful life of the financial instrument or, where appropriate, over a shorter period, against the net carrying amount of the financial asset or financial liability.

3. Significant accounting policies (continued)

Interest income and costs (continued)

Interest income includes the interest income received from deposits with banks, interest on loans and leases provided to customers, fees and commissions on loans and leases to clients, which are an integral part of the effective income of the financial instrument.

Interest expense includes interest on borrowings, fees and commissions on borrowings, which are an integral part of the effective interest expense.

The foregone financial income (interest) represents the difference between the gross and the net investment in the lease agreement, the gross investment in the lease agreement being the sum of the minimum lease payments and the unguaranteed residual value, accrued for the lessor. Interest income on lease transactions (financial income) is allocated over the lease term and is recognized based on a fixed periodic rate of return on the lessor's net investment.

Fees and commissions

Fees and commission income and expense that are an integral part of the effective interest rate for a financial asset or liability, are included in the calculation of the effective interest rate.

The other fee and commission income under the “JOBS MICRO FINANCING INSTITUTION EAD Fees and Commissions Tariff” is recognized upon the performance of the relevant services.

Other charges for fees and commissions mainly related to bank services and agent commissions are recognized upon receipt of the relevant services.

Changes in accounting policies

The accounting policies of the Company are consistent with those applied during the previous reporting period. The following amendments to the standards have been adopted since 1 January 2015:

• Annual improvements in IFRS - Cycle 2011-2013, covering minor adjustments to:

-IFRS 3 Business Combinations

-IFRS 13 Fair Value Measurement

- IAS 40 Investment Property

The adoption of the abovementioned amendments to the standards has no effect on the current financial statements of the Company.

3. Significant Accounting Policies (continued)

New standards and interpretations not yet implemented

Below we have presented the published standards that are not yet in force or have not been previously applied by the Company at the date of these financial statements. We have disclosed how we may reasonably expect the disclosures, financial position and operating results to be affected when the Company adopts these standards for the first time. This is expected to happen when they enter into legal force.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Amendments) – Clarification of the Allowable Depreciation Methods

The amendments enter into force for the annual periods beginning on or after 1 January 2016. They clarify the principle of IAS 16 and IAS 38 that the revenue reflects the economic benefits accruing from the operation of the business (part of which is the asset) in general, not the economic benefits of only using the asset. As a result, the depreciation of property, plant and equipment and intangible assets in the income base is unacceptable. These amendments are not expected to have an impact on the Company's future financial statements.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (***Amendments***) - Perennial Crops - The amendments are effective for the annual periods beginning on or after 1 January 2016. Perennial crops will fall within the scope of IAS 16 and will be valued in accordance with the requirements of IAS 16, i.e. it will be possible to choose between the acquisition cost model and the restated value model in a subsequent valuation. The agricultural production from perennial crops (eg. fruit of a fruit tree) will remain within the scope of IAS 41. Government grants for perennial crops will be reported under IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of IAS 41. these amendments are not expected to have an effect on the future financial statements of the Company.

IAS 19 Employee Benefits (Amendment) – Contributions by Employees

The restricted amendment to IAS 19 becomes operative for the annual periods beginning on or after 1 February 2015. It concerns contributions by employees or third parties for defined benefit plans. Its purpose is to simplify the accounting of contributions that are independent of the length of service, such as employee contributions, which are calculated as a fixed percentage of their wages. The amendment is not expected to have an impact on the Company's future financial statements.

IFRS 9 Financial Instruments

IFRS 9 becomes effective for the annual periods beginning on or after January 2018, allowing earlier application. The final version of IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous amendments to IFRS 9. The Standard introduces new requirements for classification and measurement, impairment and hedge accounting. The standard has not yet been adopted by the EU. The Company is yet to analyze and evaluate the effects of this standard on its future financial position and performance.

IFRS 11 Joint Agreements (Amendment): Accounting for Acquisition of Joint Venture Participation

The amendment enters into force for the annual periods beginning on or after January 1, 2016. Instructions were added regarding reporting of the acquisition of participation in a joint venture that is a business within the meaning of IFRS. The amendment is not expected to have an impact on the Company's future financial statements.

3. Significant accounting policies (continued)

New standards and interpretations not yet applied (continued)

IFRS 10, IFRS 12 and IAS 28: Investment Firms: Applying the Exemption from the Preparation of Consolidated Financial Statements (Amendments)

The amendments are effective for the annual periods beginning on or after 1 January 2016. They clarify that the exemption from the presentation of consolidated financial statements applies to a parent that is a subsidiary of an investment firm that assesses all subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that does not meet the definition of an investment firm and provides services to support the business of an investment firm in the group is subject to consolidation. All other subsidiaries of an investment firm are measured at fair value. The amendments in IAS 28 allow an investment firm that applies the equity method, to maintain fair values in respect of the subsidiaries of its associates or joint ventures. The amendments have not yet been adopted by the EU. They are not expected to have an impact on the Company's future financial statements.

IAS 1 Presentation of Financial Statements: Disclosures (Amendments)

The amendments enter into force for the annual periods beginning on or after January 1, 2016. They encourage the companies to exercise professional judgment in the selection of information to be disclosed and the manner in which it is presented and clarify the existing requirements of IAS 1. The amendments concern materiality, consistency of notes, interim amounts and breakdowns, accounting policies and the presentation of components of the other comprehensive income related to investments reported under the equity method. The Company will analyze the effects of these amendments upon the submission of its future financial statements.

IFRS 14 Deferrals on regulatory activities

The standard becomes effective for the annual periods beginning on or after January 1, 2016. The purpose of this interim standard is to contribute to the comparability of the statements of entities that carry out regulated activities and, in particular, regulated-price activities. Such activities could be the supply of gas, electricity, water. IFRS 14 requires the effects of regulated prices to be presented separately and provides for exemptions when the IFRS is first applied. The standard has not yet been adopted by the EU. As the Company has adopted IFRSs and does not carry out regulated activities, the new standard is not expected to have an impact on its future financial statements.

IFRS 15 Revenue from contracts with customers

The standard becomes effective for the annual periods beginning on or after January 1, 2018. IFRS 15 introduces a five-step model that is applicable to the revenue under contracts with customers (with few exceptions), regardless of the type of transaction or activity in question. The standard will also apply to the recognition and measurement of gains and losses on the disposal of certain non-financial assets arising from non-regular activities (such as property, plant and equipment or intangible assets). More detailed disclosures will be required, including allocation of the transaction consideration between the individual performance obligations, information on individual performance obligations and key judgments and assessments. The standard has not yet been adopted by the EU. The Company will analyze and evaluate the effects of adopting this standard on its financial position or performance.

3. Significant accounting policies (continued)

New standards and interpretations not yet applied (continued)

IFRS 16 Leasing

The Standard enters into force for the annual periods beginning on or after 1 January 2019. IFRS 16 requires the beneficiaries to account for most leases in the balance sheet and to apply a single model for accounting for all leases, with some exceptions. The reporting process applicable for lessors does not change in substance. The standard has not yet been adopted by the EU, the Company will analyze and assess the effects of adopting this standard on its financial position or performance.

IAS 27 Separate Financial Statements (Amendment)

The amendment enters into force on 1 January 2016. It allows the use of the equity method in accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. Since the Company does not report investments in subsidiaries, jointly controlled entities and associates, the amendment will have no impact on its financial position and operating results.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution with an Investor and its Associate or Joint Venture Acting as Transaction Parties

The amendments address the identified discrepancy between the requirements of IFRS 10 and IAS 28 in the sale or lease of assets with parties to the transaction investor and its associate or joint venture. Full profit or loss is recognized when the transaction is business-related and part of the profit or loss when the transaction concerns non-business assets. The amendments enter into force for the annual periods beginning on or after 1 January 2016. The amendment has not yet been adopted by the EU and the Company does not expect the effects of this amendment to have an effect on its financial position or performance.

Annual improvements in IFRS - Cycle 2010-2012

In the 2010-2012 cycle of the draft annual IFRS Improvement, the IASB has published amendments to seven standards that will become effective for the annual periods beginning on or after 1 February 2015. A summary of the amendments to the relevant standards is presented below:

• IFRS 2 Share-based income - the definitions of 'vesting conditions' and 'market conditions' have been changed. Definitions of "performance condition" and " service provision for a certain period" have been introduced;

• IFRS 3 Business Combinations - explanations are provided regarding the reporting of contingent consideration in relation to a business combination;

• IFRS 8 Operating Segments - Additional disclosures are required regarding the management's estimates, made in respect of the grouping of operating segments and clarifications are provided on the reconciliation of the total amount of segment assets with the total assets of the reporting entity;

• IFRS 13 Fair Value Measurement - Specifies the interaction with IFRS 9 in respect of short-term receivables and payables;

• IAS 16 Property, Plant and Equipment - The amendment requires, in the case of a revaluation of a fixed tangible asset, its fair value to be adjusted appropriately according to the revalued carrying amount, until the cumulative depreciation is calculated as the difference between the book value and the carrying value of the asset, after deduction of the accumulated impairment losses;

• IAS 24 Related-Party Disclosures - It is clarified that a management company that provides key management personnel to the reporting entity is considered a related party. Accordingly, it is necessary to disclose the remuneration / outstanding obligation for the performance of management services;

• IAS 38 Intangible Assets - the same as in IAS 16 above.

The Company will analyze and assess the effect of the amendments on its future financial statements.

3. Significant accounting policies (continued)

New standards and interpretations not yet applied (continued)

Annual improvements in IFRS - Cycle 2012-2014

In the 2012-2014 cycle of the draft annual IFRS Improvement, the IASB published amendments to four standards that will enter into force for 2016 financial year. A summary of the amendments to the relevant standards is presented below:

• IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - it is clarified that a change in the manner in which the asset is disposed of (sale or distribution among the owners) is not considered as a new asset release plan but constitutes a continuation of the original plan;

• IFRS 7 Financial Instruments: Disclosures - examples of continued participation in a financial asset and the required disclosures in a condensed interim financial report are specified;

• IAS 19 Employee Benefits - explanations are provided regarding the parameters determining the discount rate for the calculation of long-term payables.

• IAS 34 Interim Financial Reporting - it is clarified that required disclosures have to be included in the interim financial statements or, by reference, can be traced to other interim information (such as a management report) that should be available to users under the same conditions and at the same time.

The Company will analyze and assess the effect of the amendments on its future financial statements.

4. Disclosure of the financial risk management policy

In the ordinary course of its business, the Company is exposed to various financial risks. These risks are identified, measured and monitored using various control mechanisms in order to be managed and to avoid concentration of unjustified risk. The risk management process is essential for the Company's profitability and its existence. The main risks the Company is exposed to are credit, market, liquid and operational risk.

Risk Management Structure

The main units responsible for direct risk management are:

Board of Directors - Adopts rules and procedures for risk management. Controls the risk factors for the Company's activities and takes decisions within the limits of its powers. It also analyzes credit transactions worth more than BGN 100 000 from the point of view of credit risk management upon their authorization;

Credit Committee – it carries out current monitoring and analyzes the credit and leasing portfolio of the Company in terms of credit risk, incl. by individual transactions;

Credit Board - analyzes credit and leasing transactions from the point of view of credit risk management upon their authorization and / or renegotiation;

Operational Management (Executive officer and member of the BD) - organizes the activities for implementation of the Risk Management Rules adopted by the Board of Directors. Creates a work organization that ensures compliance with the specified risk limits and levels. Controls the compliance of the procedures used for risk analysis, measurement and assessment by the relevant employees with the internal regulatory documents adopted by the Board of Directors.

4. Disclosure of the financial risk management policy (continued)

Risk Management Structure (continued)

Risk Management Department - Develops and implements a risk management system. Prepares and submits to the Board of Directors periodic reports in order to assess the risks in the activity, incl. compliance with the limits, and reports to the operating management of the Company. Performs initial and ongoing verification of the risk assessment methods. Controls the incoming data necessary for risk assessment according to the applicable confidence and sufficiency method.

Measurement and management of major risks

The Board of Directors of the Company has adopted internal rules, procedures and methodologies for measuring the various risks that are based on historical experience, statistics and models, good international practices in the field of microfinance.

The risk control and management is in line with the Company's mission to provide microfinance to local micro and small businesses. This impacts the Company's market strategy, as well as the level of risk that can be assumed. The Board of Directors of the Company adopts limits on the admissible concentration of the risks to which the Company is exposed.

4.1 Credit risk

Credit risk is the risk that customers / counterparties will not be able to fully repay the amounts owed to the Company within the agreed terms.

The management of the specific credit risk is carried out by the Credit Council and the Credit Committee of the Company and is monitored by the Board of Directors. The credit risk management function ensures the application of appropriate policies and rules and their compliance with the associated procedures and controls for ongoing monitoring of each financing transaction. The risk exposure of the loan and lease portfolio is managed by analyzing the ability of the counterparties to meet their payment obligations and by setting appropriate credit limits. Credit risk is partially reduced also by accepting different types of collateral.

4. Disclosure of the Financial Risk Management Policy (continued)

4.1. Credit risk (continued)

The unutilized funds under approved financing transactions in the form of loans or finance leases represent commitments of the Company. With respect to the credit risk, the Company is potentially exposed to a loss amounting to the total sum of the financing, which was not provided. However, the probable amount of the loss is lower than any unutilized funds, since most of this type of commitment imply requirements to maintain certain credit standards on the part of each client.

Maximum exposure to credit risk

The exposure to credit risk, arising from financial assets recognized in the financial position statement, is as follows:

In thousand BGN	2015	2014
Financial asset		
Cash	927	2,176
Bank deposits	17	2,957
Financial lease receivables	982	1,470
Granted loans	7,026	2,185
Receivables from customers and other trade receivables	96	200
	9,048	8,988

Exposure to credit risk, arising from contingent obligations, reported off the balance sheet, as follows:

In thousand BGN	2015	2014
Unutilized authorized loans	340	-
	340	-
Maximum credit risk exposure	9,388	8,988

Percent of the exposure, subject to an agreement requiring collateral:

In thousand BGN

Type of credit exposure	Major collateral type	2015	2014
	1. Real estate mortgage 2. Special pledge on movable property 3. Receivables pledge, surety by third solvent parties, promissory note	100	100

Credits and advance				
	1.	Own assets		
Financial lease	2.	Promissory note, surety, registration of the Lease agreement in the SPR, etc.	100	100

4. Disclosure of the Financial Risk Management Policy (continued)

4.1. Credit risk (continued)

Credit risk – concentration

The company management carries out current monitoring of the credit risk from concentration of financial assets both by economic sectors and by groups of related parties. Due to its mission, the statute of the company states that at the end of each financial year, the average amount of exposures by remaining amount in the loan portfolio of the company shall not exceed EUR 25000.

The financial assets of the company (financial leasing, loans and receivables) classified by economic sectors, are:

In thousand BGN

Sectors	**2015**	%	**2014**	%
Agriculture, hunting, forestry and fisheries	3,000	37.02%	1,774	46.02%
Mining industry	12	0.15%	21	0.55%
Processing industry	1,435	17.71%	388	10.06%
Construction	197	2.43%	80	2.08%
Trade, repair and maintenance of motor vehicles and motorcycles, of personal and household goods	1,378	17.00%	537	13.93%
Hotels and restaurants	597	7.37%	41	1.06%
Transport, storage and communications	905	11.16%	631	16.37%
Education	-	-	39	1.01%
Administrative and support activities	131	1.62%	28	0.72%
Culture, sport and entertainment	172	2.12%	9	0.23%
Professional activities and scientific research	46	0.57%	-	-
Financial and insurance activities	43	0.53%	58	1.50%
Other activities serving the public and individuals	188	2.32%	249	6.47%
Total	**8,104**		**3,855**	

Loans and receivables quality

The Company has internal rules and procedures for risk assessment of each counterparty. The assessment is based on a methodology covering current financial information, forecasts, the intended use of the funds, the manner of servicing the exposures and the status of the accepted collateral. Receivables from the provided financing are classified into four risk groups, depending on the results of the assessment. The adopted classification groups are as follows: "Regular", "Under Supervision", “defaulting” and "loss." The Classification of risk exposures falls within the competence of the Credit Committee and is performed monthly. It also requires financial information from the clients every year, which is then analyzed based on the internal methodology by the Risk Management Department.

All the funding provided to customers is secured. The accepted collaterals for the finance leases provided are primarily leased assets, personal guarantees and promissory notes. The usual practice of the Company is to require an initial installment from the lessees of at least 20% of the purchase price of the leased asset.

4. Disclosures of the Financial Risk Management Policy (continued)

4.1. Credit risk (continued)

Value of the financial asset portfolio of the company by types of financial assets:

In thousand BGN	**Receivables under a financial lease**		**Loans provided**		**Receivables from clients and other trade receivables**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Depreciated on an individual basis								
Observed	9	33	16	85	33	95	58	213
Defaulting	-	28	6	-	-	72	6	100
Loss	282	284	454	247	584	484	1,320	1,015
Gross value	291	345	476	332	617	651	1,384	1,328
Depreciation	(283)	(308)	(105)	(250)	(588)	(583)	(976)	(1,141)
Book value	8	37	371	82	29	68	408	187
Depreciated on the basis of								
regular	999	1,470	6,816	2,156	69	136	7,884	3,762
Gross value	999	1,470	6,816	2,156	69	136	7,884	3,762
Depreciation	(25)	(37)	(161)	(53)	(2)	(4)	(188)	(94)
Book value	974	1,433	6,655	2,103	67	132	7,696	3,668

Average effective interest rate on financial assets:

	2015	2014
Lease	13.53%	14.63%
Loans	8.57%	14.18%

Receivables under financing granted in the form of a financial lease, according to the type of leased asset:

In thousand BGN	**2015**	%	**2014**	%
Machines, facilities and industrial equipment	593	60.33%	868	59.05 %
Freight and light commercial vehicles	247	25.11%	426	28.98%
Computers and other electronics	12	1.26%	-	0%
Cars	5	0.53%	9	0.61%
Other	125	12.77%	167	11.36%
	982		1,470	

4. Disclosure of the Financial Risk Management Policy (continued)

4.1. Credit risk (continued)

Loans receivable according to type of accepted collateral:

All loans granted are secured by fixed tangible assets. The Company accepts as main collateral special pledge on movable property (machines and equipment, facilities, vehicles, materials, etc.), real estate mortgage, bank guarantees, money pledges, securities pledge and as additional collateral - a special receivables pledge, guarantee by solvent third parties, promissory note, going-concern pledge, other eligible collateral provided by the applicable legislation. In each loan agreement the Company requires coverage of the full amount of the loan with the security amount of the collateral.

4.2. Market risk

Market risk is the risk of negative changes in interest rates, exchange rates between different currencies and in the market price of financial instruments. These changes affect the profitability of the Company.

Interest rate risk

Interest rate risk is the probability of a potential change in the net interest income or net interest margin and the market value of equity due to a change in the overall market interest rates.

For the purpose of determining interest rates on client financing by the end of 2014, the Company has introduced and applies a methodology to determine a base interest rate that is tied to the cost of the financial resource used for financing - return on equity, required profit rate, expected loss resulting from the funding and cost of maintenance, which are reviewed on a quarterly basis.

In 2014 the Company also introduced a new methodology for setting the annual interest rate on the products of JOBS MICRO FINANCING INSTITUTION EAD, which determines the reference interest rates used to form the annual interest rate on the Company's financial leasing and loan products. The annual interest rate (AIR) on the loan is the interest rate applicable annually to the amount of the loan utilized and not repaid. AIR can be fixed or floating. A fixed interest rate on the loan is a fixed amount valid for the entire period of the loan. The floating interest rate on loans and finance lease contracts is a variable amount, formed as a sum of a reference index and a flat-rate surcharge. The surcharge and the interest rate are individualized in the credit or leasing contracts. The reference index is the three-month (3M) EURIBOR or the three-month (3M) SOFIBOR.

The Company monitors the movements in foreign currencies, inconsistencies in interest rates and the maturity structure of its assets and liabilities.

The Company's interest and risk exposure includes the Company's assets and liabilities at book value according to the interest rates set in the contracts and their sensitivity to interest rate behavior.

The Company is exposed to various market risks. The market risk is associated with the probability of future changes in the prevailing market conditions that would have a material impact on the Company's financial position.

4. Disclosure of the Financial Risk Management Policy (continued)

4.2. Market risk (continued)

In thousand BGN 31 December 2015	with floating interest %	with fixed interest %	non-interest bearing	total
Financial assets				
Cash	-	927	-	927
Bank deposits	-	17	-	17
Financial lease receivables	982	-	-	982
Granted loans	4,399	2,627	“	7,026
Receivables from customers and other trade receivables	-	-	96	96
Total financial assets	5,381	3,571	96	9,048
Financial liabilities				
Liabilities to suppliers and other trade liabilities			87	87
Total financial liabilities	-	-	87	87
Total interest rate exposure	5,381	3,571	9	8,961

In thousand BGN 31 December 2014	with floating interest %	with fixed interest %	non-interest bearing	total
Financial assets				
Cash	-	2,176	-	2,176
Bank deposits	-	2,957	-	2,957
Financial lease receivables	1,470	-	-	1,470
Granted loans	2,185		-	2,185
Receivables from customers and other trade receivables	-	-	200	200
Total financial assets	3,655	5,133	200	8,988
Financial liabilities				
Liabilities to suppliers and other trade liabilities	-	-	88	88
Total financial liabilities	-	-	88	88
Total interest rate exposure	3,655	5,133	112	8,900

4. Disclosure of the Financial Risk Management Policy (continued)

4.2. Market risk (continued)

Analysis of the interest sensitivity and risk

The table below shows the financial instruments of the company, presented by book value, categorized by the earlier of the two – the date of change in the interest rate under the contract or the maturity date.

In thousand BGN *31 December 2015*	Within 1 month	1-3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	**Total**
Financial assets								
Cash	927							**927**
Bank deposits	17	-	-	-	-	-		**17**
Receivables under a								
financial lease	982				-	-		**982**
Granted loans	4,511	156	202	363	1,794	-	-	**7,026**
Receivables from								

customers and other trade receivables	-	-	-	-	-	-	96	**96**
Total financial assets	**6,437**	**156**	**202**	**363**	**1,794**	-	**96**	**9,048**
Financial liabilities								
Liabilities to suppliers and other trade liabilities	-	-	-	-	-	-	87	**87**
Total financial liabilities	-	**-**	-	**-**	**-**	-	**87**	**87**
Total interest rate exposure to sensitivity	**6,437**	**156**	**202**	**363**	**1,794**	-	**9**	**8,961**

4. Disclosure of the financial risk management policy (continued)

4.2. Market Risk (continued)

Analysis of the interest rate sensitivity and risk (continued)

In thousand BGN *31 December 2014*	Within 1 month	1-3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Total
Financial assets								
Cash	**2,176**	-	-	-	-	-	-	**2,176**
Bank deposits	-	**2,957**	-	-	-	-	-	**2,957**
Financial lease receivables	**1,470**	-	-	-	-	-	-	**1,470**
Granted loans	**2,185**	**-**	-	-	**-**	-	-	**2,185**
Receivables from customers and other trade receivables			-	-	-	**-**	**200**	200
Total financial assets	**5,831**	**2,957**	**-**	**-**	**-**	**-**	**200**	**8,988**
Financial liabilities								
Liabilities to suppliers and other trade liabilities							**88**	**88**
Total financial liabilities	-	-	-	-	-	**-**	**88**	**88**
Total interest rate exposure To sensitivity	**5,831**	**2,957**	**-**	**-**	**-**	**-**	**112**	**8,900**

Currency risk

The currency risk is the risk of a negative impact from variations in the prevailing exchange rates on the financial standing and cash flows of the company as a result of open currency positions. The company provides funding only in BGN and EUR. Since the BGN is tied to the EUR, there is no open significant currency risk for the company.

4. Disclosure of the Financial Risk Management Policy (continued)

4.2. Market risk (continued)

The following table summarizes the company exposure to currency risk. It includes the financial instruments and contingent liabilities and commitments of the company at book value, categorized by type of currency.

In thousand BGN

As at 31 December 2015	in EUR	In BGN	Total
Financial assets			
Cash	**86**	**841**	**927**
Bank deposits	**-**	**17**	**17**
Financial lease receivables	**-**	**982**	**982**
Granted loans	**134**	**6,892**	**7,026**
Receivables from customers and other trade receivables	-	**96**	**96**
Total financial assets	**220**	**8,828**	**9,048**
Financial liabilities			
Liabilities to suppliers and other trade liabilities	-	**87**	**87**
Total financial liabilities	-	**87**	**87**
Net balance - sheet currency position	**220**	**8,741**	**8,961**
Contingent liabilities and commitments	-	**340**	**340**

4. Disclosure of the Financial Risk Management Policy (continued)

4.2. Market Risk (continued)

As at 31 December 2014	**IN EUR**	**In BGN**	**Total**
Financial assets			
Cash	28	2,148	2,176
Bank deposits	2,940	17	2,957
Financial lease receivables	-	1,470	1,470
Granted loans	-	2,185	2,185
Receivables from customers and other trade receivables	-	200	200

Total financial assets	2,968	6,020	8,988
Financial liabilities			
Liabilities to suppliers and other trade liabilities	-	88	88
Total financial liabilities	-	88	88
Net balance - sheet currency position	2,968	5,932	8,900
Contingent liabilities and commitments	-	-	-

4.3. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current and potential liabilities when they become due without incurring unacceptable losses.

In the process of liquidity management, the Company takes into account its available financial resources, forthcoming receipts from clients and expected receipts from financing, comparing them with the commitments related to the negotiated transactions and pending payments under concluded loan agreements. The conformity and controlled non-conformity of maturity terms and interest rates of assets and liabilities is a key issue in the management of the Company's liquidity.

Percentages of the ratio of liquid assets to the Company's liabilities:

	2015	**2014**
	%	%
As at 31 December		
Mean value for the period	3736%	2267%
Highest for the period	6846%	5832%
Lowest for the period	1085%	114%

4. Disclosure of the financial risk management policy (continued)

4.3. Liquidity Risk (continued)

Financial assets and liabilities of the company grouped by residual risk by the due date at book value:

In thousand BGN

As at 31 December 2015	**Within 1 month**	**1-3 months**	**3-12 Months**	**1-5 years**	**More than 5 years**	**Total**
Financial liabilities						
Cash	927	-	-	-	-	927
Bank deposits	17	-	-	-	-	17
Financial lease receivables	52	43	247	640	-	982

Loans granted	374	310	1,768	3,932	642	7,026
Receivables from customers and other trade receivables	60	1	6	8	21	96
Total financial assets	**1,430**	**354**	**2,021**	**4,580**	663	**9,048**
Financial liabilities						
Obligations to suppliers and other trade liabilities	**87**	**-**	**-**	**-**	-	**87**
Total financial liabilities	**87**	**-**	**-**	**-**	**-**	**87**
Difference in maturity limits of assets and liabilities	**1,343**	**354**	**2,021**	**4,580**	**663**	**8,961**

As at December 31, 2015 the financial liabilities have terms within 1 month from the date of the statement of financial position and their undiscounted value is equal to the book value.

4. Disclosure of the financial risk management policy (continued)

4.3. Liquidity risk (continued)

In thousand BGN

As at 31 December 2014	**Within 1 month**	**1-3 months**	**3-12 Months**	**1-5 years**	**More than 5 years**	**Total**
Financial liabilities						
Cash	2,176	-	-	-	-	2,176
Bank deposits	-	2,957	-	-	-	2,957
Financial lease receivables	58	108	378	926	-	1,470
Loans granted	82	153	535	1,313	102	2,185
Receivables from customers and other trade receivables	74	18	56	52	-	200
Total financial assets	**2,390**	**3,236**	**969**	**2,291**	102	**8,988**
Financial liabilities						
Obligations to suppliers and other trade liabilities	**88**	**-**	**-**	**-**	-	**88**
Total financial liabilities	**88**	**-**	**-**	**-**	**-**	**88**

Difference in maturity limits of assets and liabilities	**2,302**	**3,236**	**969**	**2,291**	**102**	**8,900**

As at December 31, 2014 the financial liabilities have terms within 1 month from the date of the statement of financial position and their undiscounted value is equal to the book value.

4.4. Equity Management

The main objective of the company in the process of equity management is to maintain its level within limits, sufficient for further development of the business and attainment of the objectives and volumes set out upon its establishment – provision of funding opportunities for micro and small enterprises and in compliance with the commitments under the concluded agreements. Pursuant to Ordinance No. 26 of BNB, the minimum required capital for the activity performed by the company is 1000 thousand BGN. The registered capital of the company is 7643 thousand BGN.

5. Application of estimates

The table shows the balance sheet and fair values of financial assets and financial liabilities, including their levels in the hierarchy of fair values.

31 December 2015		Book value			Fair Value			
	Note	Loans and receivables	Other	Total	Level 1	Level 2	Level 3	Total
Financial assets which are not stated at fair value								
Cash	12	927	-	927	-	927	-	**927**
Bank deposits	13	17	-	17	-	17	-	**17**
Granted loans	15	7,026	-	7,026	-	7,986	-	**7,986**
Receivables from customers and other trade receivables	16	96		96		651	-	**651**
		8,066	-	**8,066**	-	**9,581**		**9,581**

Type of financial instrument	Fair value as at 31.12.2015	Level of fair value	Assessment technique	Significant non-observable income data	Interconnection between key non-observable incoming data and fair value

Loans granted	7,986	Level 2	Discounted cash flows Future cash flows are assessed based on the published interest rates by new business for December 2014 by BNB, without making adjustments thereto	not applicable	not applicable

4. Application of estimates (continued)

Fair value of financial assets and liabilities, which are not stated at fair value, but disclosure at fair value is required

Type of financial instrument	**Fair value as at 31.12.2015**	**Level of fair value**	**Assessment technique**	**Significant non-observable income data**	**Interconnection between key non-observable incoming data and fair value**
Receivables from customers and other trade receivables	652	Level 2	Discounted cash flows Future cash flows are assessed based on the published interest rates by new business for December 2014 by BNB, without making adjustments thereto	not applicable	not applicable

5. Application of estimates (continued)

The table shows the book and fair values of financial assets and financial liabilities, including their levels in the hierarchy of fair values.

31 December 2014 In thousand BGN	Book value				Fair value			
		Loans and receivables	Other	Total	Level 1	Level 2	Level 3	**Total**
Financial assets which are not stated at fair value	Note							
Cash	12	2,176	-	2,176	-	2,176	-	**2,176**
Bank deposits	13	2,957	-	2,957	-	2,957	-	**2,957**
Granted loans	15	2,185	-	2,185	-	2,490	-	**2,490**
Receivables from customers and other trade receivables	16	200	-	200		226		**226**
		7,518	-	**7,518**	-	**7,849**		**7,849**

Fair value of financial assets and liabilities, which are not stated at fair value, but disclosure at fair value is required

Type of financial instrument	**Fair value as at 31.12.2014**	**Level of fair value**	**Assessment technique**	**Significant non-observable income data**	**Interconnection between key non-observable incoming data and fair value**
Loans granted	2,490	Level 2	Discounted cash flows Future cash flows are assessed based on the published interest rates by new business for December 2014 by BNB, without making adjustments thereto	not applicable	not applicable

Fair value of financial assets and liabilities, which are not stated at fair value, but disclosure at fair value is required

Type of financial instrument	Fair value as at 31.12.2014	Level of fair value	Assessment technique	Significant non-observable income data	Interconnection between key non-observable incoming data and fair value
Receivables from customers and other trade receivables	226	Level 2	Discounted cash flows Future cash flows are assessed based on the published interest rates by new business for December 2014 by BNB, without making adjustments thereto	not applicable	not applicable

5. Net interest income

In thousand BGN	**2015**	**2014**
Interest income		
Income from interest under loans	397	389
Income from loan default	29	22
Income from financial lease interest	171	286
Income from financial lease default	29	16
Interest on deposits and others	28	503
	654	1,216
Interest costs		
Costs for interest under bank loans	-	(039)
Costs for interest for borrowed funds from international institutions	-	(337)
	-	(476)
Net interest income		
including	654	760
Interest under individually depreciated loans and leasing	-	1

7. Net costs for fees and commissions

In thousand BGN	**2015**	**2014**
Income from fees and commissions		
Income from registration fees at the CAT, CTI and other	54	37
Costs for fees and commissions		
	54	37
Agency commissions	(57)	(101)
Bank fees	(3)	(94)
	(60)	(195)
Net costs for fees and commissions	(6)	(158)

8. Other operating income

In thousand BGN	**2015**	**2014**
Other income	27	27
	27	**27**

As at December 31, 2015, the other operating income consists of BGN 18 thousand from rent of the company offices in Burgas, Pleven and Plovdiv, provided for use to BDB AD, BGN 4 thousand income from the realization of seized leased assets, BGN 2 thousand income from booked seized leased asset, BGN 1 thousand awarded legal advisor fee and BGN 2 thousand other income (2014: BGN 16 thousand income from renting the company offices in Burgas, Pleven and Plovdiv, provided for use to the BDB AD, BGN 8 thousand income from realization of seized leased assets, BGN 3 thousand income the sale of fixed assets).

9. Loan, leasing and receivables depreciation

	Financial lease 2015	**2014**	**Loans granted 2015**	**2014**	**Receivables from customer and other trade receivables 2015**	**2014**	**Total 2015**	**2014**
Balance as at 1 January	(345)	(376)	(303)	(239)	(587)	(798)	(1,235)	(1,413)
Depreciation for the year:	(10)	(38)	(249)	(131)	(33)	(115)	(292)	(284)
Accrued depreciation								
Restored depreciation	44	59	266	56	29	325	339	440
Written off depreciation	3	10	20	11	1	1	24	22
Balance as at 31 December	(308)	(345)	(266)	(303)	(590)	(587)	(1,164)	(1,235)

10. General and administrative costs

In thousand BGN	2015	2014
Staff remuneration and social security	317	373
Management costs	129	139
Communications and IT services	47	49
office and office equipment maintenance	29	22
Taxes and State Fees	10	11
Audit, legal and advisory services	8	6
Advertising and representative events	10	1
Hired services	10	32
Business trips	7	7
Rent	32	23
	599	663

In thousand BGN	2015	2014

Staff costs include:

Salaries	273	327
Social security contributions	44	46
	317	373

10. General and administrative costs (continued)

As at 31.12.2015 the company employs 13 people (2014 – 9).

The management costs include salaries and social security contributions for the Board of Directors of the company, as well as paid leave of the CEO.

11. Taxation

In thousand BGN	**2015**	**2014**
Costs for current taxes	-	_
Deferred tax expense as a result of temporary differences	11	**8**
Total current tax expense	**11**	**8**

In thousand BGN	**2015**	**2014**
Accounting profit	**104**	**85**
Tax at current tax rate (10% for 2015, 10% for 2014)	**(10)**	(8)
Other tax changes	(1)	-
Total tax expenses	**(11)**	**(8)**
Effective tax rate	**11.3%**	**9.4%**

The deferred income tax expense relates to the following items in the statement of financial position:

In thousand BGN	Assets		Liabilities	
	2015	**2014**	**2015**	**2014**
Property and equipment	-	-	-	2
Provisions for staff remuneration	**(1)**	**(2)**	-	-
Effect of a recognized asset on tax loss	(9)	**(21)**	-	-

Net tax (assets) / liabilities	**(10)**	**(23)**	-	2

11. Taxation (continued)

Changes in the temporary differences throughout the year are recognized in the comprehensive income statement and in the equity statement, as follows:

In thousand BGN	**2015**	**2014**	**Changes in the profit and loss**
Property and equipment	-	2	(2)
Provisions for staff remuneration	(1)	**(2)**	**1**
Effect of a recognized asset on tax loss	(9)	(21)	**12**
	(10)	**(21)**	**11**

Upon the recognition of deferred tax assets we took into account the probability individual differences to have a reverse manifestation in the future and the possibilities for the company to generate sufficient tax profit.

12. Cash and equivalents

In thousand BGN	**2015**	**2014**
Current accounts	927	2,176
Cash	**927**	**2,176**
Bank deposits at sight and with original maturity of up to 3 months	17	17
Cash and cash equivalents in the cash flow statement	**944**	**2,193**

13. Bank deposits

In thousand BGN	**2015**	**2014**
Bank deposits with original maturity over 3 months	-	2,940
Bank deposits with original maturity up to 3 months	17	17
Total bank deposits	**17**	**2,957**

The main parameters of bank deposits are presented in the table below (the amounts are in thousand BGN)

Bank	Deposit amount – principal	Currency	Date of conclusion	Maturity date	Term	Book value as at 31.12.2015
Bulgarian Development Bank AD	17	BGN	07.12.2015	06.01.2016	1 month	17

14. Receivables under financial leases

The net investment in a financial lease is calculated as the difference between the gross investment in the financial lease, decreased by the unrealized financial income and the depreciation accrued.

In thousand BGN	2015	2014
Financial lease receivables, gross	1,451	2,100
Unrealized financial income	(161)	(285)
Net minimum lease payments	1,290	1,815
Depreciation	(308)	(345)
Financial lease receivables, net	982	1,470

Financial lease receivables are distributed as follows:

In thousand BGN	2015	2014
With a repayment deadline of up to 1 year	450	685
With a repayment deadline of 1 year to 5 years	840	1,130
Net minimum lease payments	1,290	1,815
Depreciation	(308)	(345)
Financial lease receivables	982	1,470

As at the date of the financial statements, the interest accrued is 8 thousand BGN (2014: 13 thousand BGN)

15. Granted loans

In thousand BGN	2015	2014
With a repayment deadline of up to 1 year	2,544	939
With a repayment deadline of 1 year to 5 years	4,081	1,409

With a deadline over 5 years	667	139
Total granted loans	7,292	2,488
Depreciation	(266)	(303)
Total granted loans after depreciation	7,026	2,185

As at the date of the financial statement, the interest accrued amount to 37 thousand BGN (2014: 22 thousand BGN)

16. Other trade receivables

In thousand BGN	2015	2014
Receivables from Business centers	686	786
Receivables under a deferred payment agreement	-	1
Depreciation	(590)	(587)
Total	96	200

17. Properties, machines and equipment, intangible assets

In thousand BGN	**Equipment and Computers**	**Industrial inventories**	**Transport vehicles**	**License and Software**	**Total**
Reported value					
As at 1 January 2014	31	4	**29**	44	**108**
Acquired	-	-	-	-	**-**
Decommissioned	-	-	(22)	-	(22)
As at 31 December 2014	**31**	**4**	**7**	**44**	**86**
As at I January 2015	31	4	7	44	**86**
Acquired	-	-	31	-	**31**
Decommissioned	-	-	-	-	-
As at 31 December 2015	**31**	**4**	**38**	**44**	**117**
Accumulated depreciation					
As at 1 January 2014	(14)	(2)	**(19)**	(21)	**(56)**
Depreciation costs for the					
Year	(6)	**-**	(2)	(9)	**(17)**

Depreciation of decommissioned	-	-	14	-	14
As at 31 December 2014	**(20)**	**(2)**	**(7)**	**(30)**	**(59)**
As at 1 January 2015	**(20)**	**(2)**	**(7)**	**(30)**	**(59)**
Costs for depreciation for the year	(6)	(1)	**(3)**	(9)	**(19)**
Depreciation of decommissioned	-	-	-	-	-
As at 31 December 2015	**(26)**	**(3)**	**(10)**	**(39)**	**(78)**
Book value					
As at 31 December 2015	**5**	**1**	**28**	**5**	**39**
As at 31 December 2014	**22**	**3**	**-**	**14**	**27**

At the end of 2015 and 2014, fully depreciated assets which are still in use include 2 cars with a total acquisition value of BGN 7800.

18. Assets held for sale

The assets held for sale are not used and the company does not plan to use them in its activities. These assets are announced for sale for the purpose of selling them by the end of the next calendar year.

In thousand BGN	**2015**	**2014**
Assets held for sale in the beginning of the period	12	-
Acquired	3	33
Written off	(7)	(21)
Assets held for sale in the end of the period	8	12

19. Other assets

In thousand BGN	**2015**	**2014**

Other receivables	20	25
	20	25

Other receivables constitute deferred costs to the amount of BGN 14 thousand, BGN 2 thousand receivables from clients under an assignment agreement and other receivables of BGN 4 thousand (2014: deferred costs of BGN 18 thousand and other receivables of BGN 7 thousand).

20. Obligations to suppliers and other obligations

In thousand BGN	**2015**	**2014**
Customers under advance payments and other liabilities to customers	24	26
Liabilities to suppliers	7	**7**
Staff liabilities	15	14
Other liabilities	41	41
Total	**87**	**88**

The staff liabilities include: accruals for paid leave and social security contributions thereon for the employees, including under management and control agreements as at 31 December 2015 and 31 December 2014.

The other obligations include BGN 17 thousand, constituting management guarantees by the members of the Board of Directors, social security liabilities of BGN 16 thousand and BGN 8 thousand VAT to be paid to the budget (2014: BGN 18 thousand, constituting management guarantee by the members of the Board of Directors, social security liabilities of BGN 11 thousand, 11 thousand BGN VAT for payment to the budget and BGN 1 thousand other liabilities).

21. Share capital

The registered and fully paid capital as at 31 December 2014 amounts to 7 643 thousand BGN. The shares have a nominal value of BGN 100 each and as at 31.12.2015 the value of the main capital is also BGN 7643 thousand. As at 31 December 2015 the share capital is 100% property of the Bulgarian Development Bank AD.

22. Deals with related parties and companies

Balances with related parties in the statement of financial standing include:

Assets

Company/ person	*Type of balance*	2015	2014
Bulgarian Development Bank AD	Cash in current accounts and deposits with an original term of up to 3 months	942	2193
Bulgarian Development Bank AD	Other assets	-	5

Total		942	2,198

Liabilities

Company/ person	***Type of balance***	2015	2014
Key managerial staff	Other liabilities	17	16
Key managerial staff	Unused leave of the management	5	3
Total		22	19

Costs

22. Transactions with related parties and companies (continued)

Company/ person	***Type of balance***	2015	2014
Bulgarian Development Bank AD	Costs for fees and commissions	(2)	(3)
Bulgarian Development Bank AD	Interest costs	-	(139)
Bulgarian Development Bank AD	Administrative costs	(8)	-
Key managerial staff	Management costs	(129)	(148)
Total		(139)	(290)

Income

Company/ person	***Type of balance***	2015	2014
Bulgarian Development Bank AD	Interest income	1	1
Bulgarian Development Bank AD	Other income	**33**	49
Total		34	**50**

Contingent liabilities and commitments to related parties:

Company/ person	***Type***	2015	2014
Bulgarian Development Bank AD	Bank guarantee obtained	1	**1**
Total		**1**	**1**

23. Events after the reporting date

There are no events after the reporting date which require adjustments or additional disclosures in the financial statements as at 31 December 2015 and as at 31 December 2014.

I, the undersigned, Asya Todorova Mihaylova, do hereby certify that this is a true and correct translation I made from Bulgarian into English of the document "ANNUAL REPORT OF THE MANAGEMENT, REPORT OF THE INDEPENDENT AUDITOR AND ANNUAL FINANCIAL STATEMENTS - 31 December 2015" attached hereto. The translation contains 55 pages.

Sworn translator:

Asya Todorova Mihaylova