

ASTERION BULGARIA AD

ANNUAL BUSINESS ACTIVITY REPORT AND
SEPARATE FINANCIAL STATEMENT
December 31, 2017

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Board of Directors

Nikolay Kinevski
Todor Stefanov
Biserka Markova-Denkova

Address

1592 Sofia
43, Christopher Columbus Blvd.

Servicing banks:

Piraeus Bulgaria AD
First Investment Bank AD
UniCredit Bulbank AD

Registration codes

UIC: 175248523
VAT ID: BG175248523

Auditor

Audit Company AUDIT VICTORY GROUP OOD
Sofia
2B 6, Prof. Nikola Mihaylov Street

ANNUAL BUSINESS ACTIVITY REPORT
(separate)

Of ASTERION BULGARIA AD

FOR THE 2017 FINANCIAL YEAR

ASTERION BULGARIA AD

Annual business activity report - separate

For the year ended on 31.12.2017

The management presents its annual report and the annual financial statements as of December 31, 2017.

This report have been prepared based on:

- article “100m” of the Public Offering of Securities Act;
- article 39 of the Accountancy Act;
- article 247 of the Commerce Act

and contains information in compliance with:

- Annex No. 10 to article 32, paragraph 1, item 2 of Ordinance No. 2 of 17 September 2003 on the prospectuses for public offering and admission to trade on regulated market of securities and for disclosure of information;
- Article “100m”, paragraph 7 and paragraph 8 of the Public Offering of Securities Act;
- Article 39 and Article 40 of the Accountancy Act;
- article 247 of the Commerce Act

The Annual Activity Report of the Asterion Bulgaria AD presents a commentary and an analysis of the financial statements and other substantial information regarding the financial position and the results achieved from the operations of the parent company and its subsidiaries. The report describes the position and the perspectives for development of the company as well as the main risks it is exposed to.

In terms of the governance of the Company the members of the Board of Directors apply the best world corporate governance practices and make efforts to establish the company as a leader in the implementation of transparent corporate practices in Bulgaria. The business model established by the company is based on major principles, such as ensuring the rights of all shareholders and their equal treatment.

The company also prepares an Annual Consolidated Business Activity Report, including the results of the parent company and its subsidiaries. In order to gain a full understanding of the financial position of the Group as a whole, users of this non-consolidated annual business activity report need to read it together with the consolidated annual report for 2017.

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I. COMPANY INFORMATION

HISTORY

Asterion Bulgaria AD is a holding company registered in the Republic of Bulgaria and it carries out its operations in accordance with the Bulgarian legislation.

The company is registered in company case No. 231 according to the inventory of the Sofia District Court from 2007 with the name Cargomotors EAD and was re-registered in the Commercial Register on 29.05.2008. At the end of 2008, the name of the company was changed to Eurohold Automotive Group EAD, and in 2009 to Avto Union Group EAD. At the end of 2010, due to a change in the shareholder structure, Avto Union Group changed from a sole proprietorship to a joint stock company. On November 13, 2012, the name of the company was changed from Avto Union Group AD to Asterion Bulgaria AD.

SCOPE OF BUSINESS ACTIVITY

Scope of business activity of Asterion Bulgaria AD Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies; Acquisition, management and sale of bonds; Acquisition, evaluation and sale of patents, assignment of licenses for use of patents to companies in which the holding company participates; Financing of companies in which the Company holds a share; funding companies, in which the Company holds a share.

HEADQUARTERS AND REGISTERED ADDRESS

The headquarters and registered address of the company is: Republic of Bulgaria, city of Sofia, 43, Christopher Columbus Blvd. The administrative management is performed at the same address and the main place where the company carries out its activity is located. This is also the official mailing address.

Business address:	city of Sofia, 43, Christopher Columbus Blvd.
Phone	02/ 489 75 56; 02/ 489 75 18
Fax	02/ 965 16 52
E-mail	asterionbg@gmail.com

The scope of activity of the Company has not been changed.

MANAGEMENT BODIES

The management body of Asterion Bulgaria AD is a Board of Directors.

Board of Directors

The composition of the Board of Directors consists of 3 persons. All members of the board are natural persons.

Todor Petrov Stefanov	Chairperson of the Board of Directors
Biserka Markova-Denkova	Member of the Board of Directors
Nikolay Kinevski	Member of the Board of Directors and Chief Executive Officer

The Company is represented by Nikolay Kinevski.

The members of the board of directors may not be changed until the repayment of the debenture loan.

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SHARE CAPITAL

The initial court registered capital of Asterion Bulgaria AD amounts to BGN 6,545,500, divided into 6,545,500 ordinary registered dematerialized shares, with one vote, each with a nominal value of BGN 1.

As of the date of preparation of the Activity Report, the capital of the company amounts to BGN 15,145,500, divided into 15,145,500 ordinary registered dematerialized shares, with the right to one vote, each with a nominal value of BGN 1.

The capital of the company is also formed by non-monetary contributions, as follows:

non-monetary contribution made in 2007 of:

- Cargo Express Ltd. - representing 500 shares of the capital, at a total value of BGN 6,545,500, at the time of the contribution;

non-monetary contributions made in 2009 of:

- Eurolease Rent a Car EOOD - representing 6,350 company shares of the capital at a total value of BGN 1,500,000;
- Nissan Sofia AD - representing 2,134,944 ordinary, available, registered, non-preferred voting shares worth BGN 6,500,000;
- Scandinavia Motors EAD - 200 ordinary, available, registered, non-preferred voting shares worth BGN 600,000.

At the end of 2010 Asterion Bulgaria AD sold the above-mentioned companies, as a result of which a receivable in the amount of BGN 18,213 thousand was recorded. As of 31.12.2017, the receivable amounts to BGN 4,331 thousand.

SHAREHOLDING STRUCTURE

As of the end of the financial year, there is one legal entity holding 99.99% of the voting shares.

There are no other legal or natural persons - shareholders who directly own more than 5 percent of the voting shares.

All issued shares are of the same class and give one voting right.

Majority shareholder	Seat and management address:	Number of shares	Participation in the capital
Asterion Capital LLC	USA, Delaware 19803, Newcastle County, Wilmington, Folk Road 910, apt. 201	15,000 499 pcs	99,99 %
TOTAL			99,99 %

The Company has not issued shares which do not represent capital. All shares issued by Asterion Bulgaria AD provide voting rights to their owners during the General Meeting of the Shareholders.

As at the date of preparation of this report, there is no procedure for increasing the capital of the Company.

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II. BUSINESS ACTIVITY REVIEW

BASIC ACTIVITIES:

Asterion Bulgaria AD is registered in the Republic of Bulgaria. Its main activities include:

- acquisition, management, assessment and sale of interest in Bulgarian and foreign companies;
- funding companies, in which the holding company holds a share;
- interest in Bulgarian and foreign companies.

IMPORTANT EVENTS

Asterion Bulgaria AD is an issuer of a debenture loan of EUR 7,500 thousand. On 11.04.2014 a meeting of the General Meeting of Bondholders was held, in which it was decided that the bond issue of Asterion Bulgaria AD with ISIN code BG2100006092 will be extended until 14.04.2019 and the interest rate was changed to 6.25%. The principal will be repaid on each interest payment, as of April 14, 2015 at EUR 350 thousand. The payments are due on 14 April and 14 October, as they have been made so far, before the extension of the commitment.

By decision of the General Meeting of Bondholders, held on 29.12.2010, Avto Union AD became a joint and several debtor on the bond loan issued by Asterion Bulgaria AD and is equally liable with the issuer for all payments on the bond issue - including principal and interest. On March 2, 2011, as additional collateral for the loan, Asterion Bulgaria AD took out insurance guaranteeing the payments on the debenture loan, and on April 14, 2014 - an addendum to the same for extension until April 30, 2019. On 07.03.2011 a contract was concluded between Asterion Bulgaria AD and Raiffeisen Bank /Bulgaria/ EAD, according to which the bank enters the function of "Trustee of the bondholders".

At a general meeting of bondholders, regularly held on 05.12.2016, with an agenda according to an invitation addressed to bondholders, announced on 02.11.2016 in the Commercial Register, a decision was made to change the collateral for the bond issue issued by Asterion Bulgaria AD. The General Meeting of Bondholders decided to delete one of the established collaterals on the bond issue of corporate bonds with ISIN code BG2100006092, issued by Asterion Bulgaria AD, namely deletion of the personal collateral of Avto Union AD, UIC 131361786, as a joint and several debtor. fulfilment of all obligations of the Issuer under the debenture loan, established by virtue of a contract for entering into debt Agreement concluded on 20.01.2011 between the trustee of the bondholders Raiffeisen Bank (Bulgaria) EAD, Asterion Bulgaria AD and Avto Union AD , which will be done by terminating the said contract for entering into debt.

The General Meeting of Bondholders also adopts a decision to assign the Trustee of the bondholders to take appropriate actions to protect the interests of the bondholders, in view of the decision described above.

Pursuant to the above, the Trustee of the bondholders has taken actions to terminate the contract for entering into debt, as well as other additional actions, as follows:

- On 06.02.2017, the insurer Euroins Insurance Company AD has given in advance a written declaration-consent with registration No. ЦУ - 1198 / 06.02.2017, to provide insurance coverage under insurance policy No.290000 1758 / 02.03.2011. - Bond loan insurance contract and for signing an addendum to it for policy changes, for providing insurance coverage under the amended bond issue conditions, with ISIN code BG2100006092, issued by Asterion Bulgaria AD, namely providing insurance coverage and after deletion of the personal collateral of Avto Union AD as a joint and several debtor for fulfilment of all obligations of the Issuer under the debenture loan, established by virtue of a contract for entering into debt, concluded on 20.01.2011 between the trustee of the bondholders Raiffeisen Bank (Bulgaria) EAD, Asterion Bulgaria AD and Avto Union AD, by terminating the action under the said contract for entering into debt.

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- On 07.02.2017, between Raiffeisen Bank (Bulgaria) EAD, Asterion Bulgaria AD, Avto Union AD and Insurance company Euroins AD was signed Annex No. 2 to the Debt Agreement dated 20.01.2011. and Annex No. 1 dated 14.04.2014, by which the Parties to the Annex release Avto Union AD from liability for the fulfilment of all obligations undertaken by the company under the issued bond loan and under the contract for entering into debt and the annexes and agree, that Avto Union AD ceases to be a joint and several debtor under the issued bond loan and under the contract for entering into debt and its annexes. In order to protect the interests of the bondholders, the above Annex No. 2 shall enter into force on the date of signing the addendum to the insurance policy No. 290000 1758 / 02.03.2011 - Bond loan insurance contract.

- In implementation of actions for protection of the bondholders, on 07.02.2017 an Addendum to the Insurance Policy No. 290000 1758 / 02.03.2011 was concluded - Bond loan insurance contract between Insurance company Euroins AD, Raiffeisen Bank (Bulgaria) EAD, Asterion Bulgaria AD and Avto Union AD. By signing the above Supplement, the parties agree that the Insurer, represented by Insurance company Euroins AD, provides full insurance coverage for the entire insurance period under Insurance Policy No. 290000 1758 / 02.03.2011 - Bond Loan Insurance Contract, Addendum from 07.04.2014 and the above-mentioned supplement, under the following amended conditions for issue of bonds with ISIN code BG2100006092, issued by Asterion Bulgaria AD - namely providing insurance coverage and after deletion of the personal collateral of Avto Union AD as a joint and several debtor for fulfilment of all obligations of the Issuer under the debenture loan, established by virtue of a contract for entering into debt, concluded on 20.01.2011 between the trustee of the bondholders Raiffeisen Bank (Bulgaria) EAD, the Issuer and Avto Union AD, by terminating the action under the said contract for entering into debt.

INVESTMENT PORTFOLIO

As of December 31, 2017, Asterion Bulgaria AD has a direct controlling interest in 2 subsidiaries:

- iLearn Limited (formerly Avto Union Holding Limited), BVI;
- Bopar Express SRL (formerly Eurohold Automotive - Romania).

III. RESULTS FROM THE ACTIVITY

REVENUES

In 2017 the revenues of Asterion Bulgaria AD are formed from the core business, related to the acquisition and management of participations and finance subsidiaries.

For the period under review from 01.01.2017 to 31.12.2017, the company has no sales revenue. The revenues in the amount of BGN 45 thousand are from written off liabilities with expired statute of limitations. Interest income on loans granted is BGN 191 thousand, and dividend income is BGN 7 thousand. The expenses for carrying out the entire activity of Asterion Bulgaria AD amount to BGN 1,065 thousand, of which BGN 32 thousand for external services, other expenses BGN 5 thousand, interest expenses on loans and accrued interest on a debenture loan in the amount of BGN 1,021 thousand and other financial expenses BGN 7 thousand.

Asterion Bulgaria AD formed a negative financial result for 2017 in the amount of BGN 825 thousand, and for 2016 a positive financial result - BGN 7,015 thousand.

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Structure of income and expenses on non-consolidated basis:

Income	31.12.17		31.12.16	
	BGN thousand	share	BGN thousand	share
Operating income	45	19%	24	0%
Financial income	198	81%	8,420	100%
Total revenue	243	100%	8,444	100%
Expenses				
Operating expenses	37	3%	201	14%
Financial expenses	1,028	97%	1,231	86%
Total expenses	1,065	100%	1432	100%

Given the nature of the business, a major part of revenues and expenses on an unconsolidated basis are financial income and expenses (considered in more detail below).

Result of financial activity on an individual basis:

Financial income/expenses	31.12.2017		31.12.2016	
	BGN thousand	share	BGN thousand	share
Financial income, incl.	198	100%	8.420	100%
Income from interest	191	96%	166	2%
Income from transactions in financial instruments	-	0%	8.254	98%
Income from dividends	7	4%	-	
Financial expenses, incl.:	(1.028)	100%	(1.231)	100%
Interest expense on loans granted	(1.021)	99%	(1.031)	84%
Negative difference from trading in financial assets		0%	(192)	16%
Other financial expenses	(7)	1%	(8)	1%
Outcome of the financial activity	(830)		7.189	

NET PROFIT

The result of the company on an individual basis in 2017 is a loss of BGN 0.054 per share.

Profit/Loss	31.12.2017	31.12.2016
	BGN thousand	BGN thousand
Result of the business activity	8	(177)
Outcome of the financial activity	(830)	7.189
Financial outcome before tax	(822)	7.012
Costs/savings for taxes	(3)	3
Net financial result	(825)	7.015
Number of shares (in thousand)	15,145	15,145
Average number of shares (in thousand)	15,145	15,145
Net result per share, BGN	(0.054)	0.463

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FINANCIAL CONDITION ON AN INDIVIDUAL BASE

The amount of non-current assets increased in 2017 compared to 2016, which is due to trade loans granted during the reporting period. The amount of current assets decreased in 2017 compared to 2016, which is due to the collected trade receivables. The total assets of the company increase by 2%.

Dynamics of assets:

ASSETS	31.12.2017		31.12.2016
	*BGN thousand	change	BGN thousand
Non-current assets			
Investments	15.647	-	15.647
Receivables from trade loans granted	4.974	111%	2.353
Trade and other receivables	2.518	(44)%	4.525
Prepaid expenses	2	(80)%	10
	23.141	3%	22.535
Current assets			
Trade and other receivables	1.854	(7)%	1.985
Receivables from trade loans granted	229	536%	36
Prepaid expenses	8	-	8
Financial assets held for trading	8.233	0%	8232
Cash and cash equivalent	71	6%	67
	10.395	1%	10.328
Total assets	33.536	2%	32.863

Dynamics of liabilities:

LIABILITIES	31.12.2017		31.12.2016
	BGN thousand	change	BGN thousand
Non-current liabilities			
Liabilities on bond loans	9.192	(13)%	10.562
Interest-bearing loans and borrowings	2.330	13%	2.054
Trade and other payables	2.383	#DIV/0!	-
	13.905	10%	12.616
Current liabilities			
Liabilities on debenture loans	1.369	-	1.369
Trade and other payables	3.665	12%	3.277
Interest-bearing loans and borrowings	281	(31)%	407
Liabilities for income tax	-	(100)%	53
	5.315	4%	5.106
Capital			
Registered capital	15,145	-	15,145
Reserves	-	(100)%	187
Cumulative loss	(4)	(100)%	(7.206)
Current result	(825)	(112)%	7.015
Equity	14.316	(5)%	15.141
Total equity and liabilities	33.536	2%	32.863

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KEY COEFFICIENTS ON A NON-CONSOLIDATED BASE

Profitability - that is it a basic indicator of the return on the funds invested by the activity carried out. Profit-based indicators are calculated in the following table:

Profitability of own and borrowed capital.

Profitability of assets and liabilities.

Indicators on a non-consolidated basis	31.12.2017	31.12.2016
1. Current profit/loss (before taxes)	(822)	7.012
2. Net profit/loss (after taxes)	(825)	7.015
3. Equity	14.316	15.141
4. Liabilities (non-current and current)	19.220	17.722
5. Liabilities (non-current + current)	33.536	32.863
Financial autonomy ratio (3: 4)	0.74	0.85
Debt factor (4:3)	1.34	1.17
Gross return on equity (1: 3)	(6)%	46%
Net return on equity (2: 3)	(6)%	46%
Gross return on liabilities (1: 4)	(4)%	40%
Net return on liabilities (2: 4)	(4)%	40%
Gross return on assets (1: 5)	(2)%	21%
Net return on assets (2: 5)	(2)%	21%

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CAPITAL RESOURCES

The ratios characterizing the debt and the equity show how the company is financed. As of 31.12.2017, Asterion Bulgaria AD is not substantially changed its capital structure, as the share of equity for 2017 and 2016 years respectively 75% and 85%.

CAPITAL STRUCTURE

	Non-consolidated data	
	31.12.2017	31.12.2016
1. Equity	14.316	15.141
2. Long-term liabilities	13.905	12.616
3. Short-term liabilities	5.315	5.106
4. Total liabilities (2 + 3)	19.220	17.722
Financial autonomy ratio (1: 4)	0.74	0.85
Debt factor (4:1)	1.34	1.17

IV. IMPORTANT EVENTS AFTER THE DATE OF THE ANNUAL FINANCIAL STATEMENT

The Board of Directors of Asterion Bulgaria AD is not aware of any significant or material events that occurred after the reporting date of the financial statements.

V. ENVIRONMENTAL PROTECTION

Asterion Bulgaria AD, as a holding company does not carry out independent commercial and manufacturing activities. In this sense, the Company's efforts are focused on the environmental impact which the subsidiaries provide, in the performance of their current activities.

VI. RESEARCH AND DEVELOPMENT

Asterion Bulgaria AD, as a holding company does not carry out independent scientific - research and development.

VII. INFORMATION REQUIRED UNDER THE COMMERCIAL ACT

1. Number and nominal value of the acquired and transferred during the year own shares, the part of the capital they represent, as well as price for the acquisition or the transfer

In 2017 the Company did not purchase own shares and own shares were not transferred, respectively the Group does not have own shares.

2. Number and nominal value of own shares and the part of the capital they represent

The Company does not own any own shares.

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3. Information for the amount of the remunerations of each of the members of the management and control bodies for the reporting financial year paid by the Group and its subsidiaries.

Asterion Bulgaria AD has not paid remuneration to the members of the Board of Directors, nor compensation in kind during the specified period.

Asterion Bulgaria AD, as well as its subsidiaries, does not set aside amounts for payment of pensions, retirement compensations or other similar indemnities to the members of the board of directors.

The members of the Board of Directors are appointed under a management contract. Existing contracts between the members of the managing bodies and the Company are valid until retirement from service.

4. Shares of the company owned by the members of the Management and Supervisory Boards

The members of the Board of Directors do not own shares in the capital of Asterion Bulgaria AD.

5. Rights of the members of the boards to acquire shares and bonds of the Company

The members of the BD of the company may freely acquire shares of the capital, as well as Company bonds on a regulated securities market by observing the provisions of the Measures Against Market Abuse with Financial Instruments Act and the Public Offering of Securities Act.

For the benefit of the board of directors, employees or third parties, no options for the acquisition of shares by the company have been issued.

6. The participation of the members of the boards in business companies as unlimited partners, the holding of more than 25 percent of the capital of another Company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members

Board of Directors

Name:	Todor Petrov Stefanov
Position:	Chairperson of the Board of Directors
Office address:	City of Sofia, 43, Christopher Columbus Blvd.
Information about activities performed outside of the company, which are of importance to the company	As of December 31, 2017, there are no data on activities performed outside of the company, which are of importance to the company

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Data for all other participations as a member of a management/ supervisory body and/or a shareholder/partner in the last 5 years	<p><u>Current:</u></p> <p>ET Fani - M - Todor Stefanov - sole trader Association "Child Protection - Triaditsa" - Chairman of the Management Board Association "Children's Center for Educational, Cultural and Sports Activities - Triaditsa" - Member of the Management Board; Association "Sports Club Special Olympics - Triaditsa" - a member of the Management Board; Association "Judo Club - Triaditsa" - Chairman of the Management Board; Association "Sports Club Triaditsa" - Chairman of the Management Board; Association "National Basketball Association" - member of the Management Board; Association FC Triaditsa Association - Executive Director; Association "Bulgarian Sports Dance Federation" - Member of the Management Board; National Chitalishte "Dimitar Dinev - 1937" - Chairman of the Management Board; Orthodox Church "St. First Martyr and Archdeacon Stefan" - member of the Church Board. Association "Sports Club Levski" - Member of the Management Board</p> <p><u>Terminated:</u></p> <p>As of 31.12.2017, there are no data for terminated participations as a member of a management/control body and/or a partner during the last 5 years.</p>
Relative professional experience	Todor Stefanov holds a master's degree in sports management from NSA "Vasil Levski" - city of Sofia. He specialized in international economic relations at the University of National and World Economy - city of Sofia. In the period 1990-1999, he held various administrative positions in the field of trade and agriculture. For the period 1999-2007, he was deputy mayor of the Triaditsa region, responsible for culture, education and sports. Since 2008 he has been the head of the coordination department of agencies, offices and representative offices in Insurance company Euroins AD.
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	There is no data for bankruptcy, management by a receiver in bankruptcy or liquidation, to which the person as a member of the management or supervisory bodies was related in the last 5 years
Coercive administrative measures and punishments	During the last five years the person no coercive administrative measures or administrative penalties have been imposed in connection with his activity; not convicted of fraud; has not been deprived by a court of the right to participate in the management and/or control bodies of other companies.

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Name:	Biserka Georgieva Markova - Denkova
Position:	Deputy – Chairman of the Board of Directors
Office address:	City of Sofia, 43, Christopher Columbus Blvd.
Information about activities performed outside of the company, which are of importance to the company	As of December 31, 2017, there are no data on activities performed outside of the company, which are of importance to the company
Data for all other participations as a member of a management/ supervisory body and/or a shareholder/partner in the last 5 years	<p>Current:</p> <ul style="list-style-type: none"> ♦ Double Com EOOD - sole owner of the capital; ♦ Italtech Service - Bulgaria EOOD - manager and sole owner of the capital; ♦ East Rent a Car EOOD - manager and sole owner of the capital; <p>Terminated:</p> <p>Double Com EOOD - manager until March 27, 2013</p>
Relative professional experience	Biserka Markova - Denkova graduated from Higher Pedagogical Institute - Blagoevgrad, and has a bachelor's degree from Sofia University. St. Kliment Ohridski - Teacher Information and Training Center - Sofia in preschool pedagogy. She has worked in the field of print media for many years.
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	There is no data for bankruptcy, management by a receiver in bankruptcy or liquidation, to which the person as a member of the management or supervisory bodies was related in the last 5 years
Coercive administrative measures and punishments	During the last five years the person has not been imposed coercive administrative punishments. During the last five years the person has not been convicted for frauds; in his capacity of a person in charge he has not been involved either directly or through related parties in insolvency, liquidation or management proceedings by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the management and/or control bodies of other companies.

Name:	Nikolay Hristov Kinevski
Position:	Executive member of the Board of Directors
Office address:	City of Sofia, 43, Christopher Columbus Blvd.
Information about activities performed outside of the company, which are of importance to the company	As of December 31, 2017, there are no data on activities performed outside of the company, which are of importance to the company
Data for all other participations as a member of a management/ supervisory body and/or a shareholder/partner in the last 5 years	<p>Current:</p> <ul style="list-style-type: none"> ♦ Eurolease Taxi EOOD - manager <p>Terminated:</p> <ul style="list-style-type: none"> ♦ Basketball Club - Black Sea EAD - Executive Director until 14.10.2011 ♦ Evroauto OOD - manager until 25.10.2016.

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For the year ended on 31.12.2017

Relative professional experience	Nikolay Kinevski holds a master's degree in sports management from NSA "Vasil Levski" - city of Sofia. In the period from 2002 to 2008 he was the manager of the sports hall "Triaditsa", and from 2008 to the present he is the manager of the transport company "Eurolease Taxi" EOOD.
Information about insolvency, receivership or liquidation, with which the person in his capacity of a member of the management or supervisory bodies was connected in the last 5 years	There is no data for bankruptcy, management by a receiver in bankruptcy or liquidation, to which the person as a member of the management or supervisory bodies was related in the last 5 years
Coercive administrative measures and punishments	During the last five years the person has not been imposed coercive administrative punishments; he has not been convicted for frauds; in his capacity of a person in charge he has not been involved either directly or through related parties in insolvency, liquidation or management proceedings by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the management and/or control bodies of other companies.

7. Contracts entered into in 2017 with the members of the Management Board and the Supervisory Board or persons related to them, which go beyond the usual activity of the Company or materially depart from the market conditions

No agreements that fall outside of the usual scope of the business activity of the company or deviate significantly from the market conditions have been signed with the company by the members of the Management Board and Supervisory Board or related to them parties.

8. Number of persons employed:

As of 12/31/2017, no employees have been employed in Asterion Bulgaria AD. The holding does not employ temporary workers.

Since the establishment of Asterion Bulgaria AD until now there are no trade unions of employees. As of the date of preparation of this document, no agreements or other arrangements have been reached with the employees of Etropal Trade OOD for their participation in the capital of the company.

9. Conflict of interests

There is no information about any conflict of interests resulting from the fulfilment of obligations of the aforementioned persons to the Company or any other private interests they may have. No agreements between shareholders, customers, suppliers and/or other persons exist by virtue of which members of the Board of Directors or other employees of the company have been elected/ appointed. There are no restrictions in terms of the company's shares held by the members of the Board of Directors and the disposition therewith.

10. Presence of company branches

The company has no registered branches in the country and abroad.

11. The planned economic policy in the next year, incl. expected investments and development of the staff, the expected income from investments and development of the Company, as well as the forthcoming transactions of material importance for the Company's activity.

The efforts of the management of Asterion Bulgaria AD will be focused on carrying out activities that will ensure the fulfilment of the undertaken commitments for collateral and repayment of the bond issue.

ASTERION BULGARIA AD

Annual business activity report - separate
For the year ended on 31.12.2017

VIII. INFORMATION REGARDING THE GOOD CORPORATE GOVERNANCE PROGRAM AND ITS IMPLEMENTATION

Asterion Bulgaria AD program applies to implement internationally recognized standards of good corporate governance in compliance with POSA. This program regulates the guidelines and principles of good corporate governance in Bulgaria Asterion AD, in accordance with internationally recognized standards and in compliance with Bulgarian laws and regulations.

The Corporate Governance Program complies with the current legislation and the Internationally Recognized Standards for Good Corporate Governance in order to protect the rights of shareholders and bondholders. The Board of Directors of the Company has adopted the practice for public disclosure of any information substantial for the Company, within the term and of the type determined by law.

To increase the confidence of shareholders, bondholders and other stakeholders Company applies the - best practices in corporate governance. The program is based on basic principles such as guaranteeing the rights of all investors and their equal treatment.

The company provides periodic and incidental information to the FSC and the public. Asterion Bulgaria AD prepares unconsolidated and consolidated annual financial statements and disclose them within the statutory deadline and order the FSC and the public. The interim non-consolidated and consolidated reports for each quarter of the financial year are also submitted to the FSC and the public in accordance with the procedure provided by the law. The disclosed information is accessible, accurate and comprehensive, and the materials are presented in a way understandable to any investor.

Asterion Bulgaria AD disseminate information to the public through the system X3NEWS based on the contract with the Financial Markets Service EOOD. The Board of Directors of the Company believes, that is created prerequisites for sufficient transparency in its dealings with bondholders, financial media and analysts in the capital market.

IX. REPORT ON THE OBSERVANCE OF THE RECOMMENDATIONS SET OUT IN THE NATIONAL CODE OF GOOD CORPORATE GOVERNANCE

Company's policy for transactions with stakeholders and related parties

The company has developed and applies rules for transactions with interested and related parties. The Board of Directors monitors the transactions carried out by the company or its subsidiaries, which could have a significant impact on the company or in the aggregate lead to a significant change in its position.

Management Bodies

Asterion Bulgaria has a one-tier management system, whereas the managing and supervisory functions of the Company are performed by one body – the Board of Directors, which is in charge of the adoption of resolutions. The Board of Directors is a collective managing body, which is responsible for the overall governance of the joint stock company.

The members of the Board of Directors of Asterion Bulgaria, according to the requirements of POSA, notify the Financial Supervision Commission (FSC) and BSE - Sofia: about the legal entities in which they directly or indirectly hold at least 25 percent of the votes in the general meeting or on which they have control; about the legal entities in whose managing or supervisory bodies they participate, or whose procurists (administrators) they are; about the existing or future transactions they are aware of and believe that might be considered stakeholders.

ASTERION BULGARIA AD

Annual business activity report - separate
For the year ended on 31.12.2017

Information disclosure policy

The Board of Directors of Asterion Bulgaria AD treats all shareholders equally with regard to disclosure of information. The Company shall publish at least periodic reports and notifications of inside information within the meaning of Article 4 of the Market Abuse of Financial Instruments Act, within the terms and with content, in accordance with the requirements of the Public Offering of Securities Act. Asterion Bulgaria AD has entered into agreement with Service Financial Markets OOD (specialized financial media X3News as at Bulgarian Stock Exchange - Sofia) for disclosure of regulated information within the meaning of the Public Offering of Securities Act to the general public, the regulated market of bonds and FSC. The information is available at the relevant e-mail addresses of the media – <http://x3news.com>.

X. ADDITIONAL INFORMATION AS PER APPENDIX No. 10 OF ORDINANCE No. 2 OF FSC

1. Information given in value and quantity on the main categories of goods, products and/or services provided, indicating their share in the issuer's sales revenue as a whole and the changes occurring during the accounting financial year.

As a holding company, the main activity of Asterion Bulgaria AD is acquisition, management, valuation and sale of participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, cession of licenses for the use of patents to companies, in which the company participates; financing of companies, in which the company participates.

The company does not perform independent commercial and manufacturing activity. The revenues of Asterion Bulgaria are formed from financial activity.

2. Information on revenue broken down by category of activity, internal and external markets as well as information on the sources of supply of materials necessary for the production of goods or the provision of services reflecting the degree of dependence on each individual seller or buyer/user, in case the relative share of any of them exceeds 10 per cent of the costs or revenues from sales, information is provided for each person separately, about his share in the sales or purchases and his relations with the issuer.

The company does not perform independent commercial and manufacturing activity. The revenues of Asterion Bulgaria AD are formed from financial activity.

3. Information on large transactions and transactions that are essential for the issuer's business.

In 2017, such transactions have not been concluded.

4. Information on transactions concluded during the reporting period between the issuer and related parties.

As of the date of preparation of the Activity Report there are no transactions or proposals for transactions with related parties which are of considerable importance for the issuer or any of its subsidiaries, which are uncommon or have unusual conditions.

In 2017, no transactions were made within the holding between the parent company and the subsidiaries. All transactions are made under the “at arm’s length” rule. Transactions between the holding and the subsidiaries are typical, where the intragroup loans manage the liquidity of the individual companies and conduct an investment policy.

As of December 31, 2017, Asterion Bulgaria AD has no loans granted to related parties or taken by related parties.

ASTERION BULGARIA AD

Annual business activity report - separate
For the year ended on 31.12.2017

5. Information on events and indicators with an unusual nature for the issuer which have a significant impact on its activities

During the reporting period there were no events, which were unusual for the company and which have a considerable impact on its activity and its revenues and expenses.

6. Information about off-balance sheet transactions during the reporting period

The Company does not have any off-balance sheet deals.

7. Information about shareholdings of the issuer, its main investments in the country and abroad.

As of December 31, 2017, Asterion Bulgaria AD has a shareholding in the following subsidiaries:

Company	Share in capital %	2017 BGN thousand
I Lern Limited	100	15,646
Bopar Express SRL	99	1
		<u>15,647</u>

8. Information about the contracts concluded by the issuer, its subsidiary or parent company as borrowers, loan agreements.

Liabilities on non-bank loans

Company	Creditor	Agreed interest	Currency	Current exposure	Maturity
Asterion Bulgaria AD	Eurolease Auto EAD	7.5%	EUR	1,050,000	25.10.2019
Asterion Bulgaria AD	Starcom Holding AD	5,2%	BGN	276,095	23.01.2019

Liabilities on debenture loans

Company	Currency	Current amount	Agreed interest	Maturity
Asterion Bulgaria AD	EUR	5,400,000	6.25%	14.04.2019

9. Information about the contracts concluded by the issuer, its subsidiary or parent company as lenders, loan agreements.

Receivables from non-bank loans

Company	Debtor	Agreed interest	Currency	Current exposure	Maturity
Asterion Bulgaria AD	Avto Union AD.	4.1%	BGN	4,235,712	24.04.2019
Asterion Bulgaria AD	Euroautoservice EOOD	5.0%	BGN	16,257	29.09.2019
Asterion Bulgaria AD	Kamalia Trading Ltd.	5.0%	BGN	738,349	29.09.2019

ASTERION BULGARIA AD

Annual business activity report - separate
For the year ended on 31.12.2017

10. Information on the use of funds from new issue of securities made during the reporting period.

During the reporting period until 31.12.2017, the company has not made a new issue of securities.

11. Comparison between the achieved actual financial results presented in the financial statements for the financial year and previously published forecasts.

The company has not published forecasts for the reporting 2017.

12. Analysis and evaluation of the policy on financial resources management, indicating the abilities for servicing the obligations, the possible threats and measures that the company has taken or is about to take to mitigate the risks.

The main activity of every holding is the effective management of the cash resources accumulated in the entire structure and respectively the distribution thereof depending on the needs of the individual subsidiaries. The holding policy in this area is to carry out financing both along the line – “subsidiaries – parent”, and along the line “subsidiary – subsidiary”. The management of the free financial resources of subsidiaries is carried out in accordance with the regulatory requirements and for the purpose of achievement of good profitability under the conditions of reasonable assumption of risk.

13. Assessment of the possibilities for realization of the investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of the financing.

In 2017 Asterion Bulgaria AD did not perform any investment activity.

14. Information about changes that occurred during the reporting period in the main management principles of the Issuer and its economic group.

During the reporting period there were no changes in the economic group of Asterion Bulgaria AD.

15. Information on the main features of the internal control system and the risk management system applied by the issuer in the process of preparing the financial statements.

Asterion Bulgaria AD operates an internal control system, which ensures the effective operation of information disclosure and reporting systems.

The external audit, accounting procedures, policies and financial statements of the holding and its divisions are performed by leading audit companies.

16. Information about the changes in the managing and the supervisory bodies during the reporting financial year

In 2017 no changes were made in the management and supervisory bodies of the company.

17. Information on shares of the issuer held by the members of the management and control bodies, the procurators and the senior management

Asterion Bulgaria AD is not a public company.

ASTERION BULGARIA AD

Annual business activity report - separate
For the year ended on 31.12.2017

18. Information for the arrangements known by the company (including after the end of the financial year), which in the future may result in changes in the relative portion of shares or bonds held by present shareholders or bondholders.

The Company is not aware of any agreements, which could have an impact on the relative share of bonds by current bondholders.

19. Information on pending litigation, administrative or arbitration proceedings concerning liabilities or receivables of the Company amounting to at least 10 percent of its equity.

The company is not aware of any such existing proceedings.

20. Information for the investor relations director

Business address:	city of Sofia, 43, Christopher Columbus Blvd.
Phone	02/ 489 75 56; 02/ 489 75 18
Fax	02/ 965 16 52
E-mail	asterionbg@gmail.com

MANAGEMENT RESPONSIBILITIES

According to Bulgarian legislation, the Management should prepare financial statements for each financial year which give a true and fair view of the financial position of the Company at the end of the year, its financial performance and its cash flows.

The Management confirms that it is applied consistently adequate accounting policies used in preparing the annual financial statements as of December 31, 2017 and made reasonable and prudent judgments, assumptions and estimates.

The Management also confirms that have been followed the accounting standards, the financial statements have been prepared on a going concern basis.

The Management shall be responsible for keeping proper accounting records, for safeguarding the assets of the Company, and for taking reasonable steps for the prevention and detect on of potential fraud and other irregularities.

Asterion Bulgaria AD prepares consolidated financial statements for 2017.

/illegible signature/

Round seal of Asterion Bulgaria AD

Nikolay Kinevski
Executive Director
ASTERION BULGARIA AD
city of Sofia
12.03.2018

AUDIT COMPANY

Reg., 151. AUDIT VICTORY GROUP OOD

city of Sofia, 6, Prof. Nikola Mihaylov Street 0885 / 678 919, e-mail: oditg@abv.bg

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ASTERION BULGARIA AD

Opinion

We have performed an audit of the attached financial statement of ASTERION BULGARIA AD, including a statement of financial position as of December 31, 2017, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year, then ended as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Company's financial position at Sunday, December 31, 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards financial reporting standards (IFRS) adopted by the European Union (EU).

Basis for Opinion

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

Emphasis of Matter

At the time of issuing this audit report, the consolidated financial statements have not been prepared. For greater clarity on equity, these separate financial statements should be read at the same time as the consolidated financial statements.

Key Audit Matters

Key audit questions are those issues that, according to our professional judgment, were of the highest importance in the audit of the financial statement for the current period. These issues are considered as part of our audit of the financial statements as a whole and the formation of our opinion about it, and we do not provide separate views on these matters.

Key Audit Issue	How this key audit question was addressed in the audit performed by us
<p><i>The valuation of investments in financial assets is a key issue for our audit. Investments in financial assets are an important part of the total assets of the Company, as they represent 24.55% of the total assets. The valuation of financial assets is based on prices quoted in active markets.</i></p>	<p>* In the course of our audit, we took into account the composition of financial assets - issues of shares traded on the BSE and repo transactions. We also confirmed the valuation of financial assets based on quoted prices in an active market.</p> <ul style="list-style-type: none"> • We focused on the adequacy of the disclosures made regarding financial assets and their valuation. - The disclosures are included in item 2.2 e, item 8 and item 15 of the explanatory notes to the financial statements.

Information other than the Financial Statements and Auditor’s Report thereon

Management is responsible for the other information. The other information consists of an activity report including a corporate governance statement prepared by the management under Chapter Seven of the Accountancy Act, but does not include the financial statements and our audit report that we received before the date of our audit report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is in material inconsistency with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact.

We have nothing to report in this regard.

Responsibilities of management and persons charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS, applicable in EC and for such internal control system as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or mistake.

In preparing the financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, matters related to the going concern assumption and using the accounting basis based on the going concern

assumption, unless the management does not intend to liquidate the Company or to terminate its activity, or if the management has practically no other alternative but to take such a step. The persons charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of an essential incorrect reporting which is the result of mistake since fraud may include secret agreement, falsification, deliberate omissions, misrepresentations aiming to mislead the auditor, as well as override or evasion of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- we conclude on the appropriateness of use by the management of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether there is material uncertainty related to events or conditions that could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide to those charged with governance, a statement that we have complied with applicable ethical requirements in relation to independence, and that we will communicate with them all relationships and other matters, which could reasonably be considered as having a bearing on our independence, and, where applicable, associated safeguards.

Among the issues communicated to those charged with governance, we identify those issues that were of the highest importance in the auditing of the financial statements for the current period and which are therefore key audit questions. We describe these issues in our audit report except in cases where a law or regulation prevents the public disclosure of information about this issue, or when, in extremely rare cases, we decide that a question should not be communicated in our report, since it could reasonably be expected that the adverse consequences of this action would outweigh the benefits in terms of the public interest in this communication.

Report on other legal and regulatory requirements

Additional Matters to be reported according to the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs described above in the section "Other information other than the financial statements and the audit report thereon" regarding the activity report and the corporate governance statement, we have also implemented the procedures added to the required No MOC in accordance with the Guidelines for the Professional Organization of Certified Public Accountants and Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICAAP) issued on 29.11.2016 / approved by its Management Council on 29.11.2016. These procedures concern checks on the existence and verification of the form and content of such other information in order to assist us in formulating opinions as to whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and the Public Offering of Securities Act (Art. 100m, paragraph 10 of the POSA in conjunction with Article 100m, paragraph 8, items 3 and 4 of the POSA) applicable in Bulgaria.

Opinion in relation to Art. 37, para. 6 of the Accountancy Act

Based on the conducted procedures, our opinion is that:

- a) The information included in the Management's activity Report for the financial year for which the financial statements have been prepared is consistent with the financial statements.
- b) The Business Activity Report is prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Article 100 (m), para. 7 of the Public Offering of Securities Act.
- c) The corporate governance statement for the financial year for which the financial statements have been prepared presents the required information under Seventh Chapter of the Accountancy Act and Art. 100 (m), para. 8 of the Public Offering of Securities Act.

Reporting pursuant to Art. 10 of the Regulations (EU) No 537/2014 in relation to the requirements of Art. 59 of the Independent Financial Audit Act

Pursuant to the requirements of the Independent Financial Audit Act in relation to Art.10 of Regulation (EU) No 537/2014, we report additionally the information disclosed below:

Audit company reg. No. 151, **AUDIT VICTORY GROUP OOD** has been appointed statutory auditor of the consolidated financial statements for the year ended December 31, 2017 of

ASTERION BULGARIA AD at the General Meeting of Shareholders held on 07.08.2017 for a period of one year.

- The audit of the financial statement for the year ended December 31, 2017 of the Group represents is the first complete commitment for a statutory audit of the Company, carried out by us.
- We confirm that the audit opinion expressed by us is in accordance with the additional report presented to the Audit committee of the Company, according to the requirements of art. 60 of the Independent Financial Audit Act.
- We confirm that we have not provided the mentioned in Art. 64 of the Independent Financial Audit Act prohibited non-audit Services.
- We confirm that in conducting the audit we have maintained our independence towards the Company.
- For the period to which it relates on our statutory audit, despite the audit, we have not provided other services to the Company.

AUDIT VICTORY GROUP OOD

Audit Company

Reg. No. 151

Iliana Porozhanova */illegible signature/*
Manager
6, Prof. Nikola Mihaylov
Street

Sofia city, PO 1142 Sofia,

Date: 29.03.2018

Oval Seal of Audit Radoslav Porozhanov
Company Audit Victory /illegible signature/
Group OOD, Sofia, Reg. Registered Auditor
No. 151

ASTERION BULGARIA AD
STATEMENT OF COMPREHENSIVE INCOME
For the year ended on 31 December 2017

	<u>Explanatory note</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Income		45	24
Expenses for external services	5.1	(32)	(34)
Other operating expenses		(5)	067
Result of operational activity		8	(177)
Financial expenses	5.2	(1.028)	(1.231)
Financial income	5.3	198	8.420
Outcome of the financial activity		(830)	7.189
Financial outcome before tax		(822)	7.012
Savings / (Expenses) for taxes			3
Financial result, net		(825)	7.015

The financial statements were approved by the Board of Directors on 12.03.2018 and signed as follows:

Executive Director: */illegible signature/* Prepared by: */illegible signature/*
Round seal of Asterion Bulgaria AD
\Nikolay Kinevski\ \ Milena Rashkova-Lyubenova \

Registered auditor responsible for the audit: */illegible signature/*
\Radoslav Porozhanov\

Manager of Audit company Audit Victory Group OOD: */illegible signature/*
\ Iliana Porozhanova \

Date of certification: 29.03.2018

The Explanatory notes from page 5 to page 23 constitute an inseparable part of the Financial Statements.

ASTERION BULGARIA AD
STATEMENT OF FINANCIAL POSITION
For the year ended on December 31, 2017

	Explanatory note	<u>31.12.2017</u>	<u>31.12.2016</u>
ASSETS			
Non-current assets			
Investments	6	<u>15.647</u>	<u>15.647</u>
Prepaid expenses		<u>2</u>	<u>10</u>
Receivables from trade loans granted		<u>4.974</u>	<u>2.353</u>
Trade and other receivables	7.1	<u>2.518</u>	<u>4.525</u>
		<u>23.141</u>	<u>22.535</u>
Current assets			
Trade and other receivables	7.2	<u>1.854</u>	<u>1.985</u>
Receivables from trade loans granted		<u>229</u>	<u>36</u>
Prepaid expenses		<u>8</u>	<u>8</u>
Financial assets held for trading	8	<u>8.233</u>	<u>8.232</u>
Cash and cash equivalent	9	<u>71</u>	<u>67</u>
		<u>10.395</u>	<u>10.328</u>
TOTAL ASSETS		<u>33.536</u>	<u>32.863</u>
EQUITY AND LIABILITIES			
Capital, belonging to the company			
Registered capital	10	<u>15,145</u>	<u>15,145</u>
Reserves		<u>-</u>	<u>187</u>
Accumulated profit/(losses)		<u>(829)</u>	<u>(191)</u>
		<u>14.316</u>	<u>15.141</u>
Non-current liabilities			
Interest-bearing loans and borrowings	11.1	<u>2.330</u>	<u>2.054</u>
Liabilities under a debenture loan	11.2	<u>9.192</u>	<u>10.562</u>
Trade and other payables	12.1	<u>2.383</u>	<u>-</u>
		<u>13.905</u>	<u>12.616</u>
Current liabilities			
Trade and other payables	12.2	<u>3.665</u>	<u>3.277</u>
Liabilities under a debenture loan	11.2	<u>1.369</u>	<u>1.369</u>
Interest-bearing loans and borrowings	11.1	<u>281</u>	<u>407</u>
Tax liabilities		<u>-</u>	<u>53</u>
		<u>5.315</u>	<u>5.106</u>
Total liabilities		<u>19.220</u>	<u>17.722</u>
TOTAL EQUITY AND LIABILITIES		<u>33,536</u>	<u>32.863</u>

The financial statements were approved by the Board of Directors on 12.03.2017 and signed as follows:

Executive Director: */illegible signature/*

\Nikolay Kinevski\

Prepared by: */illegible signature/*

Round seal of Asterion Bulgaria AD

\ Milena Rashkova-Lyubenova \

Registered auditor responsible for the audit: */illegible signature/*

\Radoslav Porozhanov\

Manager of Audit company Audit Victory Group OOD: */illegible signature/*

\ Iliana Porozhanova \

Date of certification: 29.03.2018

The Explanatory notes from page 5 to page 23 constitute an inseparable part of the Financial Statements.

ASTERION BULGARIA AD
STATEMENT OF CHANGES IN EQUITY
for the year ended on 31 December 2017

	Share capital	General reserves	Undistributed earnings	Total
	<i>BGN thousand</i>	<i>BGN thousand</i>	<i>BGN thousand</i>	<i>BGN thousand</i>
On 1 January 2016	15,145	187	(7.206)	8.126
Profit for the period	-	-	7.015	7.015
Total comprehensive income		-	-	-
On December 31, 2016	15,145	187	(191)	15,141
On January 1, 2017	15,145	187	(191)	15.141
Coverage of a losses	-	(187)	187	-
	15,145	-	(4)	15,141
Loss for the period	-	-	(825)	(825)
Total comprehensive income		-	-	-
On December 31, 2017	15,145	-	(829)	14,316

The financial statements were approved by the Board of Directors on 12.03.2017 and signed as follows:

Executive Director: */illegible signature/* Prepared by: */illegible signature/*
Round seal of Asterion Bulgaria AD
\Nikolay Kinevski\ \ Milena Rashkova-Lyubenova \

Registered auditor responsible for the audit: */illegible signature/*
\Radoslav Porozhanov\

Manager of Audit company Audit Victory Group OOD: */illegible signature/*
\ Iliana Porozhanova \

Date of certification: 29.03.2018

The Explanatory notes from page 5 to page 23 constitute an inseparable part of the Financial Statements.

ASTERION BULGARIA AD
CASH FLOW STATEMENT
for the year ended on 31 December 2017

	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
Net cash flow from operating activity		
Payments to counterparties	(143)	(89)
Paid/refunded taxes (corporation tax on profits)	(12)	(6)
Other proceeds/payments from operating activity	1.955	1.240
Net cash flow from operating activity	1.800	1.145
Cash flow from investment activities		
Purchase of investments	-	(20.354)
Proceeds from sale of investments	-	22.825
Dividends from investments	7	-
Loans granted	(14.373)	-
Repayed (paid) loans granted	11.736	-
Interest received on loans granted	15	-
Net cash flow from investing activities	(2.615)	2.471
Cash flow from financial activities		
Proceeds from bank and trade loans	11.882	13.466
Repayment of loans	(10.185)	(16.052)
Interest payments	(876)	(1.016)
Other revenues/payments from financing activity	(2)	(2)
Net cash flow from financing activities	819	(3.604)
	4	12
Net decrease/increase in cash and cash equivalents		
Cash and cash equivalents at January 1	67	55
Cash and cash equivalents at 31 December	71	67

The financial statements were approved by the Board of Directors on 12.03.2017 and signed as follows:

Executive Director: */illegible signature/* Prepared by: */illegible signature/*
Round seal of Asterion Bulgaria AD
\Nikolay Kinevski\ \ Milena Rashkova-Lyubenova \

Registered auditor responsible for the audit: */illegible signature/*
\Radoslav Porozhanov\

Manager of Audit company Audit Victory Group OOD: */illegible signature/*
\ Iliana Porozhanova \

Date of certification: 29.03.2018

The Explanatory notes from page 5 to page 23 constitute an inseparable part of the Financial Statements.

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

1. Corporate information

The financial statements of Asterion Bulgaria AD for the year ended December 31, 2017 have been approved for issue in accordance with a decision of the Board of Directors dated March 12, 2017.

ASTERION BULGARIA AD is a joint-stock company, established by Decision No. 231/08.03.2007 of the Sofia District Court, with seat in the town of Sofia, 43, Christopher Columbus Blvd., The financial year of the Company ends on 31 December.

The main scope of business activity of the Company is acquisition, management, evaluation and sale of shares in Bulgarian and foreign companies, trade in cars, auto parts and services.

The final Parent - company as of 31.12.2017 is Asterion Capital LLC.

2.1 Preparation basis

Statement of compliance

The financial statements of Avto Union AD have been drawn up in accordance with the International Financial Reporting Standards accepted by the European Union (the "IFRS accepted by the EU").

The financial statements have been prepared on a historical cost basis.

This Financial Statement is a Separate Statement. The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and adopted by the EU, in which investments in subsidiaries are accounted for and disclosed in accordance with IFRS 10 "Consolidated Financial Statements".

They are presented in Bulgarian Leva (BGN) and all values are rounded to the nearest thousand (BGN thousand) except when otherwise indicated.

The financial statements are prepared in accordance with the going concern principle.

The company reports a loss for the period in the amount of BGN 825 thousand and a positive cash flow from operating activities.

At the date of preparation of these financial statements, management has made an assessment of the enterprise's ability to continue as a going concern based on available information for the foreseeable future. After the review of the Company's activity, Board of Directors expects the Company to have sufficient financial resources to continue its operations in the near future and continues to apply the going concern principle to the preparation of the financial statements.

2.2 Summary of significant accounting policies.

a) Foreign currency translation

The financial statements are prepared in BGN, which is the functional currency of the Company. Transactions in foreign currency are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies are translated into the functional currency, at the end of each month at the closing exchange rate of the Bulgarian National Bank on the last working day of the month. All currency exchange differences are recognized in the statement of comprehensive income. Non-monetary assets and liabilities, which are measured at historical cost in foreign currencies are retranslated to the functional currency at the exchange rate at the date of the original transaction (acquisition).

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

2.2 Summary of significant accounting policies. (continued)

b) Income recognition

Income is recognized to the extent economic benefits are likely to be obtained by the Company and the amount of the income can be reliably evaluated, no matter when the payment is received. Income is evaluated at the fair value of the remuneration received or due on the basis of the agreed conditions of payment, excluding discounts, rebates and other taxes on the sales or customs duties. The Company analyses its arrangements for sales depending on specific criteria in order to determine whether it acts as a principal or as an agent. It has reached the conclusion that it acts as a principal in all such arrangements. Prior revenue to be recognized, the following specific recognition criteria must also be met:

Sales of production and goods

The income from sales of production and goods is recognized when the materials risks and benefits from the title in the production and goods are transferred to the buyer, which usually takes place at the time of their shipping.

Provision of services

The income from provision of services is recognised on the basis of the stage of completion of the transaction at the reporting date. The state of completion of the transaction is determined on the basis of the man-hours worked up to the moment as a percentage of the total number of man-hours that will be worked for each contract. When the result from the transaction (contract) cannot be reliably evaluated, the income is only recognised to the extent that the expenses made are subject to recovery.

Income from interest

The interest income is reported by the use of the effective interest method, representing the percent that exactly discounts the expected future cash payments for the expected term of the financial instrument or for a shorter period, when appropriate, to the book value of the financial asset. The interest income is included in the financial income in the statement of comprehensive income.

Income from dividends

Dividend income is recognized when the entitlement to such dividend is established.

c) Taxes

Current income tax

Current tax assets and liabilities for the current and previous periods are recognized at the amount anticipated to be recovered by or paid to the tax authorities. When calculating the current taxes the tax rates and tax laws that are in force or substantially adopted as at the report date are applied. The management analyses the individual items in the tax return, in respect of which the applicable tax provisions are subject to interpretation and recognizes provisions when it is appropriate.

Current taxes are recognized directly in the equity (rather than in the statement of comprehensive income), when the tax refers to items that were directly recognized in equity.

Deferred income tax

Deferred taxes are recognized under the balance sheet method for all temporary differences as at the report date, which arise between the tax base of the assets and the liabilities and their book values.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except to the extent such a deferred tax liability arises from the initial recognition of an asset or liability from a transaction, which is not a business combination and does not have an impact either on the accounting profit or on the tax profit or loss as at the time of performance of the transaction; and
- for taxable temporary differences related to investments in subsidiaries, associates and participations in joint ventures, except to the extent, to which the Company is capable of controlling the time of the reversal of the tax temporary difference and it is likely that the temporary difference will not have reversal in the foreseeable future.

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

2.2 Summary of significant accounting policies. (continued)

Deferred tax assets are recognized for all deductible temporary differences, carried unused tax credits and unused tax losses, to the extent it is likely that there will be a taxable profit, against which the deductible temporary differences will be used, the carried unused tax credits and the unused tax losses:

- unless the deferred tax asset arises from an initial recognition of an asset or liability from a transaction that is not a business combination and does not have an impact either on the accounting profit or on the tax profit or loss as at the time of performance of the transaction; and
- for deductible temporary differences related to investments in subsidiaries, associated enterprises and participations in joint ventures, deferred tax asset is only recognized to the extent, to which it is likely that the temporary difference will have reversal in the foreseeable future and that taxable profit will be made, against which the temporary difference will be utilized.

Deferred income tax (continued)

The Company reviews the book values of the deferred tax assets as at each reporting date and decreases it to the extent to which it is no longer likely to realize sufficient taxable profit allowing all or a portion of the deferred tax to be recovered. Unrecognized deferred tax assets are revised as at each reporting date and are recognized to the extent, to which it has become probable that future taxable profit will be realized allowing recovery of the deferred tax asset.

Deferred tax assets and liabilities are estimated at the tax rates expected to be in force for the period, in which the asset is realized or the liability is settled, on the grounds of the tax rates (and tax laws), which are in force or substantially in force as at the report date.

Deferred taxes related to items recognized separately from profit or loss are recognized separately from profit or loss. Deferred taxes are recognized depending on the transaction related to them or in other comprehensive income, or directly in equity.

The Company only offsets deferred tax assets and liabilities when it has the legal right to deduct current tax assets against current tax liabilities and the deferred tax assets and liabilities refer to income taxes imposed by one and the same tax authority for one and the same taxable entity.

Value added tax (VAT)

Incomes, expenses and assets are recognized net of VAT, except for the cases, when:

- VAT arising upon the purchase of assets or services is not subject to recovery by the tax authorities, as in such case VAT is recognized as a part of the asset acquisition cost or as a part of the respective expense item, as appropriate; and
- the receivables and liabilities reported with VAT inclusive.

The net amount of VAT that is subject to refund or is due to the tax authorities is included in the value of the receivables or liabilities in the statement of financial position.

d) Employee retirement benefits

According to the Bulgarian labour legislation, the Company, as an employer, is obliged to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of service. If the employee concerned worked for the same employer in the last 10 years of his/her entire length of service, he/she must receive six gross monthly salaries upon retirement, and if he/she worked less than 10 years for the same employer – two gross monthly salaries.

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

2.2 Summary of significant accounting policies. (continued)

e) Financial instruments – initial recognition and subsequent measurement

• **Financial assets**

Initial recognition

Financial assets within the scope of IAS 39 Financial Instruments: recognition and measurement are classified as financial assets reported at fair value through profit or loss, or as loans and receivables, or as held-to-maturity investments, or as available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial Assets at Fair Value in Profit or Loss.

The position contains two sub-categories: financial assets held for trading and assets initially designated for reported at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or is designated in this category by management because its performance is measured and monitored based on its fair value. Derivatives are also classified as held-for-trading unless they are intended to be used as hedging instruments.

The Management determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not reported at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the financial asset.

Purchases or sales of financial assets whose conditions require delivery of an asset within a time frame usually established by regulation or convention in the marketplace (ordinary trades) are recognised on the trade date (the transaction), i.e., the date on which the Company undertook to buy or sell the asset.

The financial assets of the Company include cash and cash equivalents, trade and other receivables, granted loans, unquoted investments and other financial assets.

In addition to these unconsolidated financial statements, the Company will present consolidated financial statements of the Company and its subsidiaries. In these financial statements, investments in subsidiaries are reported under acquisition price. According to this method, the Company records its capital investments at acquisition price and annually performs a review for possible impairment.

Subsequent measurement

Available-for-sale assets and financial assets at fair value through profit or loss after initial recognition, are reported at fair value.

Fair value measurement

The fair value is the price which would be obtained upon an asset sale or would be paid upon a liability transfer in an ordinary deal among market participants at the basic market, or in the lack of such a market – at the most beneficial market to which the company has access on the valuation date. The best evidence of a fair value upon initial recognition is the price of the transaction (i.e. the fair value of the remuneration received or given). If the Company considers that there is a difference between the initial recognition fair value and the price of the transaction, and that the fair value is neither supported by proof of a quoted price at an active market for an identical asset or liability, nor based on a valuation technique using only data of observable markets, then the financial instrument is initially recognized at a fair value adjusted by the difference between the initial recognition fair value and the price of the transaction. Upon subsequent valuation this difference is recognized in the profit or loss in a suitable way depending on the life of the instrument, but no later than the time when it is possible to make an estimate of the asset while fully making use of entirely observable market data or when the transaction is discontinued.

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

2.2 Summary of significant accounting policies. (continued)

e) Financial instruments – initial recognition and subsequent measurement (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to the debtor without an intention to trade in these estimates. They are included in short-term assets, except for the ones, the maturity of which exceeds 12 months after the date of the financial statement, which are classified as long-term. Loans and receivables are included in trade and other receivables in the balance sheet.

Written-off

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to receive cash flows from the financial asset have expired;
- the contractual rights to receive cash flows from the financial asset have been transferred or the Company has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the title to the financial asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the title to the financial asset, but has not retained the control of the asset.

When the Company has transferred its contractual rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, and it has neither transferred nor retained substantially all of the risks and rewards of the title to the financial asset but retained control of the asset, the transferred financial asset is still recognized by the group to the extent of the group’s continuing involvement in the asset. In that case, the group also recognizes an associated liability. In this case, the Company also recognizes the related obligation. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an “incurred loss event”) and that incurred loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will declare insolvency/over-indebtedness or enter other financial reorganisation or where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in delays or economic conditions that correlate with defaults on the part of the debtors.

• **Financial liabilities**

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities reported at fair value through profit or loss, or as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus transaction costs directly attributable to the acquisition of the financial liability.

The Company’s financial liabilities include commercial and other payables and interest-bearing loans

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

2.2 Summary of significant accounting policies. (continued)

e) Financial instruments – initial recognition and subsequent measurement (continued)

Writte-off

A financial liability is derecognised when discharged, i.e. when the obligation defined in the contract is cancelled or expires.

When an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is an enforceable legal right to offset the recognised amounts and there is an intention on the part of the Company to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

g) Fair value of the financial instruments

At each reporting date the fair value of financial instruments that are traded actively in markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis and other valuation models.

h) Share capital

The share capital is presented at par value of the issued and paid shares. The receipts from issued shares over and above their par value are reported as premium reserves.

i) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes also the cost of replacing parts of the plant and equipment and borrowing costs under long-term construction contracts provided that they satisfy the criteria for asset recognition. When a major maintenance of plant and/or equipment is performed, its cost is recognised in the carrying amount of the respective asset as replacement costs if the asset recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income in the period when they are made.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

An item of property, plant and equipment is derecognised upon sale or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net sale proceeds, if any, and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual value, useful lives and methods of depreciation of the assets are reviewed at each financial year end, and if the expectations differ from the previous approximate evaluations, the latter are changed in future periods.

j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and require an assessment for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement transfers a right to use the asset.

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

2.2 Summary of significant accounting policies. (continued)

j) Leasing (continued)

The Company as a lessee

The Company classifies a lease agreement as a finance lease if it transfers substantially all risks and rewards of the title to the leased asset. In the beginning of the leasing term, the finance lease is recognized as an asset and liability in the statement of financial position in an amount that in the beginning of the lease agreement is equal to the fair value of the leased asset or, if lower, at the current value of the minimum lease payments. Lease payments are distributed within the financial expenses and the decrease in the lease liability, so as to obtain a permanent rate of interest on the remaining balance of the liability. Financial expenses are recognized directly in the statement of comprehensive income.

Assets acquired under the conditions of finance lease are depreciated for the term of useful life of the asset. However, if there is no reasonable degree of certainty that the Company will acquire the title to them until the end of the term of the lease agreement, assets are depreciated in the shorter of the two terms – the period of useful life of the asset or the term of the lease agreement.

Lease payments under operational lease agreements are recognized as an expense through profit or loss of the basis of the straight-line method for the term of the lease agreement.

The Company as a lessor

A lease agreement, according to which the Company retains substantially all risks and rewards of the title to the rented asset, is classified as operational leasing. The initial direct expenses made by the Company in relation to the negotiation and settlement of operational leases are added to the carrying amount of the rented asset and are recognized as an expense during the entire term of the lease agreement on the same basis as the lease incomes. Contingent rents are recognised as revenue in the period in which they are earned.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the acquisition cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs include the interests and other expenses made by the Company in relation to the obtaining of borrowings.

The Company capitalizes borrowing costs for eligible assets when construction commenced on or after January 1, 2009.

l) Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated depreciation and accumulated impairment losses

The useful lives of intangible assets are defined as limited.

Intangible assets with definite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses of intangible assets with definite useful lives are classified as per their function in the statement of comprehensive income, in accordance with the use (purpose) of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

ASTERION BULGARIA AD
CASH FLOW STATEMENT
for the year ended on 31 December 2017

2.2 Summary of significant accounting policies. (continued)

m) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in delivering inventories to their present location and condition are accounted for as follows:

Materials -delivery value determined on the basis of the "weighted average" method.

Materials – delivery value determined on the basis of the "weighted average" method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion of the production cycle and costs required to make the sale.

n) Impairment of non-financial assets

At each reporting date, the Company assesses whether there are indications that an asset is impaired. In the case of such indications or when an annual impairment test of an asset is required, the Company determines the recoverable amount of that asset. The recoverable amount of the asset is the higher of the fair value less costs to sell the asset or the cash-generating unit (CGU) and its value in use. The recoverable amount is determined for a separate asset unless upon the use of the asset does not generate cash flows which significantly be substantially independent of cash flows generated by other assets or groups of assets. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to the debtor without an intention to trade in these estimates.

In determining the value in use of an asset, the expected future cash flows are discounted to their present value using a discount rate before tax that reflects the current market valuation of the time value of money and the risks specific to the asset. Fair value less costs to sell is determined based on recent market transactions, if any. If such transactions cannot be identified, an appropriate valuation model should be applied. The calculations made are confirmed using other valuation models or other available sources of information about the fair value of an asset or a cash-generating unit.

Impairment calculations are based on detailed budgets and forward-looking calculations that are prepared separately for each CGU to which individual assets are allocated. These budgets and estimated calculations usually cover a five years period. For long periods, a long-term growth index should be calculated and applied after the fifth year to future cash flows.

Impairment losses are recognized as an expense in the statement of comprehensive income and are classified by their function according to the use (designation) of the impaired asset.

2.2 Summary of significant accounting policies. (continued)

(m) Impairment of non-financial assets (continued)

At each reporting date, the Company assesses whether there is any indication that the impairment loss on an asset recognized in prior periods may no longer exist or may have decreased. If such indications exist, the Company determines the recoverable amount of the asset or cash-generating unit. An impairment loss is reversed only when the measurement used to determine the recoverable amount of the asset has changed since the recognition of the last impairment loss. Recoverable of an impairment loss is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount (after deduction of depreciation) that would have been determined had no impairment loss been recognized for asset in previous years. The reversal of an impairment loss is recognized in the statement of comprehensive income.

o) Cash and cash equivalents

Cash and cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an initial maturity of three months or less.

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

For the purpose of the cash-flow statement, cash and cash equivalents include cash and cash equivalents as defined hereinabove.

p) Provisions

General

Provisions shall be recognized when the Company has a pre-set obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that some or all of the expenses necessary to settle the provision will be recovered, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when it is practically certain that these costs will be recovered. Provision expenses are presented in the statement of comprehensive income, net of the amount of recovered expenses. When the effect of time differences in the value of money is significant, provisions should be discounted using a current pre-tax discounted rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.3 Changes in the accounting policies and disclosures

New standards, interpretations and amendments in force from 1 January 2017

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016), approved by the EU on 06 November 2017, Published in OJ on 9 November 2017.
- Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses (issued on 19 January 2016), approved by the EU on 6 November 2017, published in the OJ on 9 November 2017

Adopting these amendments to existing standards did not result in changes in the accounting policy of the Company.

3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure of contingent liabilities at the date of the statement of financial position as well as the reported revenues and expenses for the period. The uncertainties related to assumptions and estimates could lead to factual results that require material adjustments to the carrying amounts of the assets or liabilities in subsequent reporting periods.

Assessments

In the application of the adopted accounting policies, the management of the Company made the following judgments that have the most material effect on the amounts recognized in the financial statements:

Investment properties

An investment property is a property (the land or the building) held rather for receipt of rent income or to increase the value of the capital or for both, than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale within the ordinary economic activity.

Investment properties are presented at historical cost less the depreciation accrued from the acquisition thereof. On an annual basis historical cost is compared to the fair value. The fair value is based on effective market prices adjusted, where necessary, by the differences in type, location or condition of the specific asset. If the information is not available, the Group uses alternative evaluation methods, such as current prices in less active markets or discounted forecast cash-flows.

ASTERION BULGARIA AD CASH FLOW STATEMENT

for the year ended on 31 December 2017

Estimates and assumptions

The main assumptions that relate to future and other major sources of uncertainty in the estimates at the reporting date, and for which there is a significant risk of leading to significant adjustments in the carrying amounts of assets and liabilities in the next reporting period, are set out below:

Employee retirement benefits

The obligation for employee benefits upon retirement is determined by actuarial valuation. This assessment requires assumptions about the discount rate, future wage increases, and staff turnover and mortality rates.

According to the Bulgarian labour legislation and the Collective Labour Agreement, the Company is obliged to pay its employees upon retirement from two to six gross monthly salaries, depending on the length of service in the company.

If an employee has worked in Asterion Bulgaria AD for 10 years, he receives six gross monthly salaries upon retirement, and if he has worked for less than 10 years - two gross monthly salaries. The company has not recognised a provision for retirement benefits because it has not hired staff.

Useful lives of property, plant and equipment, and intangible assets

Financial reporting of property, machines, facilities and the intangible assets involves the use of approximate estimates for their expected useful life and remaining values, which are based on the assessments by the Company's management. Information on the useful lives of property, machinery and equipment and intangible assets is provided in Explanatory note 2.2.

4. Published standards that have not yet entered into force

Standards, interpretations and amendments in standards that are issued by IASB and adopted by EU but not effective

- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments to IFRS 4 Insurance Contracts (issued on September 12, 2016), in force since 1 January 2018, adopted by the EU on 3 November 2017, published in the Official Gazette on 9 November 2017 ;
- Explanation to IFRS 15 Revenue from contracts with customers (issued on 12 April 2016), in force since 1 January 2018, adopted by the EU on 31 October 2017, published in the OJ on 9 November 2017.
- IFRS 16 Leasing (issued on January 13, 2016), in force since January 1, 2019, adopted by the EU on 31 October 2017, published in the Official Gazette on 9 November 2017;
- IFRS 9 Financial Instruments (issued on 24 July 2014), in force since 1 January 2018, adopted by the EU on 22 November 2016, published in the OJ on 29 November 2016;
- IFRS 15 Revenue from contracts with customers (issued on 28 May 2014), including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015, effective from 1 January 2018, adopted by the EU on 22 September 2016, Published, in OJ on 29 October 2016.

Documents issued by the IASB / IFRIC not yet endorsed by the EU:

These new or revised standards, new interpretations and amendments to existing standards which at the reporting date are already issued by the International Accounting Standards Board (IASB) have not yet been endorsed by the EU and therefore are not taken into account by the Company in preparing the financial statements.

- IFRS 17 Insurance Contracts (issued May 18, 2017), effective January 1, 2021;
- IFRIC 22 Transactions in foreign currency and prepayments (issued on December 8, 2016), effective from January 1, 2018;
- IFRS 23: Uncertainty in determining income taxes (issued on 7 June 2017), in force since January 1, 2019;
- Amendments to IFRS 2: Classification and valuation of share-based payment transactions (issued on 20 June 2016 r.), effective from 1 January 2018.
- Annual Improvements to IFRS 2014 - 2016 (issued 8 December 2016), effective since 1 January 2018/1 January 2017.
- Amendments to IAS 40: Transfer of investment properties (issued on 8 December 2016 r.), effective from 1 January 2018.
- Amendments to IFRS 9: Option for prepayment with negative remuneration (issued on October 12, 2017), effective from 1 January 2019;
- Amendments to IAS 28: Investments in Associates and Joint Ventures (issued on October 12, 2017) effective from 1 January 2019;
- Annual Improvements to IFRS 2015-2017 (issued December 12, 2017), effective January 1, 2019

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5. Income and expenses

5.1 External service costs

Insurances
Applicants services
Other external services

	31.12.2017	31.12.2016
	BGN thousand	BGN thousand
	8	7
	16	-
	8	27
	32	34

5.2 Financial expenses

Interest expenses on loans and borrowed funds
Negative difference from trading in financial assets
Other financial expenses

	31.12.2017	31.12.2016
	BGN thousand	BGN thousand
	1.021	1.031
	-	192
	7	8
	1.028	1.231

5.3. Financial income

Income from loans and receivables
Income from dividends
Positive differences from transactions with financial assets

	31.12.2017	31.12.2016
	BGN thousand	BGN thousand
	191	166
	7	*
	-	8.254
	198	8.420

6. Investments

Company

iLearn Limited (formerly Avto
Union Holding Limited), BVI; 100
Bopar Express SRL - Romania 99

**Share in
the capital %**

	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
	15.646	15.646
	1	1
	15.647	15.647

7. Trade and other receivables

7.1 Non-current receivables

Receivables under contract for sale of subsidiaries - non- current part

	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
	2.518	4.525
	2.518	4.525

7.2 Current receivables

Receivables under contract for sale of subsidiaries
- current part
Receivables from related parties
Other receivables

	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
	1.813	1.943
	5	5
	36	37
	1.854	1.985

Trade receivables are not interest-bearing.

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8. Financial assets held for trading

Purchases of financial assets, held for trading

	31.12.2017	31.12.2016
	BGN thousand	BGN thousand
	8.233	8.232
	8.233	8.232

The financial assets held for trading are revalued at fair value as of December 31, 2017 on the basis of a stock exchange bulletin.

9. Cash and short-term deposits

Cash on hand
Cash in bank accounts

	31.12.2017	31.12.2016
	BGN thousand	BGN thousand
	46	53
	25	14
	71	67

Cash in bank accounts is accrued at floating interest rates based on daily interest rates on bank deposits. As of 31.12.2017 the fair value of cash and short-term deposits is BGN 71 thousand. (2016 – BGN 67 thousand).

10. Fixed capital and reserves

10.1 Fixed capital

15,145,500 ordinary shares
with a nominal value of BGN 1 each

	31.12.2017	31.12.2016
	BGN thousand	BGN thousand
	15,145	15,145
	15,145	15,145
	Number of ordinary shares (in BGN thousands)	Registered and issued capital (in BGN thousand)
	15,145	15,145
	15,145	15,145
	15,145	15,145

On January 1, 2016
On January 1, 2017
On December 31, 2017

10.2 Reserves

Statutory reserves

The statutory reserves are formed by the joint stock companies, such as Asterion Bulgaria AD, as a distribution of the profit by the order of art. 246 of the Commercial Code. They are set aside until they become one tenth or more of the capital. Sources of formation of the statutory reserves are at least one tenth of the net profit, premiums from issues of shares and the funds envisaged in the articles of association or by a resolution of the general meeting of the shareholders. The statutory reserves can only be used for covering losses from the current and previous reporting periods. In 2009, the Company has allocated one tenth of the positive financial result from 2008 in the amount of BGN 84 thousand for statutory reserves. In 2011, the Company distributed one tenth of the positive financial result from 2010 in the amount of BGN 103 thousand for statutory reserves. In 2017, by decision of the General Meeting of Shareholders, the annual financial result for 2016 is distributed as follows: according to art. 246 of the Commercial Law allocates 1/10 of the profit in the "Reserve" fund of the company. The rest of the retained earnings for 2016, the retained earnings from previous years, as well as the funds from the Reserve Fund, cover the uncovered loss from previous years.

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11. Interest-bearing loans and borrowed funds

11.1 Bank and other loans

	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
Long-term		
Loans from third parties	2.330	2.054
	<u>2.330</u>	<u>2.054</u>
	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
Short-term		
Interest payable on debenture loan and other borrowed funds	281	407
	<u>281</u>	<u>407</u>

The carrying amount of short-term loans is close to their fair value.
All long-term loans will reach maturity within 1 to 10 years.

11.2 Debenture loans

	Effective interest rate	Maturity	31.12.2017	31.12.2016
			<i>BGN thousand</i>	<i>BGN thousand</i>
First ranking issue with ISIN BC2100006092				
Short-term part	6.25%	2018	1.369	1.369
Long-term part	6.25%	2019	9.192	10.562

On 11.04.2014 a meeting of the General Meeting of Bondholders was held, in which it was decided that the bond issue of Asterion Bulgaria AD with ISIN code BG2100006092 will be extended until 14.04.2019 and the interest rate was changed to 6.25%. The principal will be repaid on each interest payment, as of April 14, 2015 at EUR 350 thousand.

According to IFRS 13 "Assessment of the fair value", this liability should be valued at fair value. The bond loan is categorized according to the hierarchy of fair value in Level 3 - Valuation techniques, for which observable hypotheses from - lower rank, which are significant to the fair value, are unobservable.

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12. Trade and other payables

12.1 Non-current

	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
Liabilities to related parties	2,134	-
Liabilities to third parties	249	-
	<u>2,383</u>	<u>-</u>

12.2 Current

	31.12.2017	31.12.2016
	<i>BGN thousand</i>	<i>BGN thousand</i>
Liabilities to suppliers and customers	6	7
Liabilities under repo transactions	3,058	-
Other payables	601	3,270
	<u>3,665</u>	<u>3,277</u>

13. Related party disclosure

As of 31.12.2017 related parties with Asterion Bulgaria AD are:

Ultimate parent company

The final company - parent company is Asterion Capital LLC.

Enterprises with controlling participation in the Company

99.99% of the shares of Asterion Bulgaria AD are owned by Asterion Capital LLC.

Subsidiaries

iLearn Limited is a sole subsidiary of Asterion Bulgaria AD. Asterion Bulgaria AD also controls Bopar Express SRL, owning 99% of its capital.

The sales and purchases are carried out at negotiated prices. Unsettled balances at the end of the year are unsecured, interest-free (excluding loans) and settled with cash. There have been no guarantees provided or received for any related party receivables or payables. A check of impairment is made every financial year on the basis of an analysis of the financial position of the related party and the market where it operates.

		Sales to related	Purchases	Amounts owed	Amounts owed to
		parties	from related	from related	related parties
		<u>BGN thousand</u>	<u>BGN thousand</u>	<u>BGN thousand</u>	<u>BGN thousand</u>
Sales of/purchases from related parties					
<i>Subsidiaries</i>					
iLern Limited BVI	2016	-	-	-	2,134
iLern Limited BVI	2017	-	-	5	2,134
	2016			-	2,134
	2017			5	2,134

ASTERION BULGARIA AD
CASH FLOW STATEMENT

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14. Financial risk management objectives and policy

The Company's main financial liabilities include interest-bearing loans and borrowings, and trade payables. The main purpose of these financial instruments is to provide funding for the Company's activities. The Company has financial assets such as trade receivables and cash and short-term deposits that arise directly from the operations.

In 2017, as in 2016, the Group does not own or trade in derivative financial instruments.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, currency risk and credit risk. The policy that Company management applies to managing these risks is summarized below.

Interest rate risk

The Company is exposed to risk of a change in the market rates of interest, mainly with respect to its short-term and long-term financial liabilities with variable (floating) rate of interest. The policy of the Company is to manage the interest costs by using financial instruments, both with fixed and variable interest rates.

Liquidity risk

The liquidity risk is related to the possibility that Asterion Bulgaria AD, is not able to repay its liabilities in the amount agreed and/or within the stipulated deadline. The presence of good financial indicators of profitability and capitalization of a certain Company does not guarantee the smooth coverage of current payments. Liquidity risk may also arise in the event of late payments by counterparties. The company strives to minimize this risk through optimal cash flow management within the group itself. The issuer applies an approach, which would provide the necessary liquidity resources, to meet its liabilities under normal or emergency conditions.

The table below summarizes an analysis of the assets and liabilities of Asterion Bulgaria AD by maturity periods, on the basis of the remaining time period from the balance sheet date to the date of realization of the asset or liability:

December 31, 2017

<i>In BGN thousand</i>	Up to 1 month	up to 3 month	12 months	1-5 years	More than 5	With no maturity	Total
ASSETS							
Investments	-	-	-	-	-	15.647	15.647
Prepaid expenses	-	-	8	2	-	-	10
Receivables from trade loans granted	-	-	17	5.186	-	-	5.203
Trade and other receivables	-	-	1.854	2.518	-	-	4.372
Financial assets held for trading	-	-	8.233	-	-	-	8.233
Cash and cash equivalent	71	-	-	-	-	-	71
TOTAL ASSETS	71	-	10.112	7.706	-	15.647	33.536
LIABILITIES							
Trade and other payables	6	-	3.659	2.383	-	-	6.048
Liabilities on bond loan.	-	-	1.369	9.192	-	-	10.561
Interest-bearing loans and borrowings	-	-	281	2.330	-	-	2.611
TOTAL LIABILITIES	6	-	5.309	13.905	-	-	19.220

ASTERION BULGARIA AD
CASH FLOW STATEMENT

for the year ended on 31 December 2017

December 31, 2016							
In BGN thousand	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5	with no maturity	Total
ASSETS							
Investments	-	-	-	-	-	15.647	15.647
Prepaid expenses	-	-	8	10	-	-	18
Receivables from trade loans granted	-	-	36	2.353	-	-	2.389
Trade and other receivables	-	-	1.985	4.525	-	-	6.510
Financial assets held for trading							
	-	8.232	-	-	-	-	8.232
Cash and cash equivalent	67	-	-	-	-	-	67
TOTAL ASSETS	67	8.232	2.029	6.888	-	15.647	32.863
LIABILITIES							
Trade and other payables	-	-	3.277	-	-	-	3.277
Liabilities on bond loan.							
	*	-	1.369	10.562	-	-	11.931
Interest-bearing loans and borrowings	-	-	407	2.054	-	-	2.461
Tax liabilities	53	-	-	*	-	-	53
TOTAL LIABILITIES	53	-	5.053	12.616	-	-	17.722

Currency risk

The company makes purchases and receives loans in foreign currencies - euros. As the BGN/Euro exchange rate is fixed at 1.95583, the currency risk ensuing from the group's euro exposures is minimal.

Credit Risk

The Company trades only with solvent counterparties. Its policy is that all customers wishing to trade on a deferred payment are subject to procedures to verify their solvency. Additionally, trade receivables are monitored on an ongoing basis, with the result that the Company's exposure to hard -to-collect and uncollectible claims is not material. There are no significant concentrations of credit risk in the Company. Credit risk arising from other financial assets of the Company, such as cash and other financial assets, cash and other financial assets is the credit exposure of the Company arising from the ability of its counterparties to default on their obligations.

The Company's maximum credit exposure for recognized financial assets amounts to their respective amount in the statement of financial position as at December 31, 2017.

Capital management

The main objective of the Company capital management is to ensure a stable credit rating and capital indicators, in view of the continuing functioning of the business and maximization of its value for the shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. With view of maintaining or changing its capital structure, the Company may correct the payment of dividends to the shareholders, redeem own shares, decrease or increase its capital, by a resolution of the shareholders. In 2017, as well as in 2016, there are no changes in the objective, policies or process with respect to the Company capital management.

15. Financial instruments

Fair value

Fair value is the amount, for which a financial instrument can be exchanged or settled between informed and willing parties in a fair transaction between them, and which serves as the best indicator of its market value on an active market

The Company determines the fair value of financial instruments on the basis of available market information or, if there is none, by appropriate valuation models. The fair value of the financial instruments traded actively on organized financial markets is determined on the basis of the quoted “buy” prices in the end of the last working day of the reporting period. The fair value of financial instruments, for which there is no active market, is determined through valuation models. These models include use of recent market transactions between informed, fair and willing parties; use of the current fair value of another instrument having similar characteristics; analysis of the discounted cash-flows or other valuation techniques.

The company measures the fair value of financial instruments by using the following hierarchy of methods that reflects the importance of factors used for identifying the fair value:

- *Level 1* - inputs data comprise quoted (non-adjusted) prices of instruments on active markets for identical financial instruments;
- *Level 2* - inputs comprise inputs for an asset or liability other than quoted prices in Level 1, which are directly or indirectly observable. This category includes instruments valued by making use of: quoted prices of similar assets or liabilities at active markets; quoted prices of identical or similar assets or liabilities at markets which are not considered active; other valuation techniques where all the significant incoming data are directly or indirectly accessible for observation using market data;
- *Level 3* - inputs are unobservable inputs for an asset or liability. This category includes all the instruments whereupon the valuation technique does not include observable incoming data, and the non-observable incoming data have a significant impact on the instrument valuation. This category includes instruments valued on the basis of quoted prices of similar instruments where significant non-observable adjustments or assumptions are required to reflect the differences among the instruments.

The following table analyses the fair value of financial instruments by hierarchy level where the measured fair value is classified:

ASTERION BULGARIA AD
CASH FLOW STATEMENT
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December 31, 2017 <i>in thousand BGN</i>	Level 1	Level 2	Level 3	Total fair amount	Total Carrying amount
Assets					
Cash and short-term deposits	71			71	71
Financial assets held for trading		8.233		8,233	8,233
Interest-bearing loans			5.203	5.203	5.203
Trade and other receivables			4.372	4.372	4.372
Total assets	71	8.233	9.575	17.879	17.879
Liabilities					
Interest-bearing loans and borrowings			2,611	2,611	2.611
Liabilities under a debenture loan			10.561	10.561	10.561
Trade and other payables			6.048	6.048	6.048
Total liabilities	-	-	19.220	19.220	19.220
December 31, 2016 <i>in thousand BGN</i>					
	Level 1	Level 2	Level 3	Total fair amount	Total Carrying amount
Assets					
Cash and short-term deposits	67			67	67
Financial assets held for trading		8.232		8232	8232
Interest-bearing loans			2.389	2.389	2.389
Trade and other receivables			6.510	6.510	6.510
Total assets	67	8.232	8.899	17.198	17.198
Liabilities					
Interest-bearing loans and borrowings			2461	2461	2.461
Liabilities under a debenture loan			11.931	11.931	11.931
Trade and other payables			3.330	3.330	3.330
Total liabilities	-	-	17.722	17.722	17.722

The management of Asterion Bulgaria AD considers that the fair values of financial instruments that include cash and short-term deposits, trade and other receivables, interest-bearing loans and borrowings, trade and other payables do not differ from their book value, especially if they are short-term nature or applicable interest rates are changed according to market conditions.

16. Events after the end of the reporting period

No events have occurred since December 31, to impose additional adjustments and/or disclosures in the financial statements of the Company for the period ending on December 31, 2017.

17. Audit fee

According to Art. 30 para 1 of the current Accounting Act, the company announces that the remuneration for audit of individual, interim and consolidated financial statements amounts to a total of BGN 5 840.00 excluding VAT.