# NORGIPS OOD – TR

## ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS AS AT 31 DECEMBER 2018

## General Information

### 1. Presentation of the trade representation

**NORGIPS OOD** – TR was established on 08.03.2007 with a Decision No. 7121199000 of the Bulgarian Chamber of Commerce and Industry dated 08.03.2007.

The address of the Trade Representation is the town of Sofia 1113, residential area Iztok, bl. 22, entrance A, ap 2; UIC 175247706

Manager: Maria Evgenieva Mitova

**Subject of activity:**

The subject of activity of the Trade Representation are business contacts with enterprises in connection with wholesale and retail trade of building materials as well as consulting in the field of the economic activity and management, market research.

The foreign entity whose Trade Representation is registered in Bulgaria initially was with a name Norgips Spolka Z Organiczona Odpowiedzialnoscia Spolka Komandytowa with legal status: a limited liability company – a limited partnership, registered in Regional Court of the capital Warsaw, Economic Department of the National Court Register.

With a decision of the shareholders from 10.10.2014 it was settled to transform the company from a limited partnership into a limited liability company. With number 0000529680 from 03.11.2014 in the National Court Register in Warsaw, the foreign entity is registered with the name Norgips Spolka Z Organiczona Odpowiedzialnoscia, a limited liability company.

### 2. Financial position

***Principal activity***

The legal status of the Trade Representation is not a legal person without having a right of economic activity. The principal activity of the Trade Representation is business contacts in the sphere of wholesale and retail trade of building materials, consulting in the field of the economic activity and management, market research.

Due to its legal status the Trade Representation has not formed a financial result.

***Financial instruments***

The financial assets and financial liabilities presented in the Trade Representation's balance sheet include cash equivalents on bank accounts, receivables, long-term and short-term payables.

## 3. Significant events after the balance sheet date

There are no significant events taken place between the reporting date and the date of the preparation of this report that could change the Financial Statements as at 31.12.2018.

Manager:

/Maria Mitova/

НОРГИПС ООД - ТП СОФИЯ

Date: 07.03.2019

**NORGIPS OOD – TR**
BALANCE SHEET
PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS
AS AT 31 DECEMBER 2018
The notes to the financial statements are an integral part to them.

All amounts are in thousand leva unless something else is mentioned

| **ASSETS** | **Notes** | **Current period 2018** | **Prior period 2017** |
|---|---|---|---|
| **A. NON-CURRENT ASSETS** | | | |
| **B. CURRENT ASSETS** | | | |
| I. Cash and cash equivalents | **1** | 1 | - |
| Total Group I: | | 1 | - |
| II. Other current assets | | - | - |
| Total Group II: | | - | - |
| TOTAL SECTION "B" | | 1 | - |
| **TOTAL ASSETS (A +B):** | | **1** | - |

| **LIABILITIES** | | | |
|---|---|---|---|
| **A. EQUITY** | | | |
| **B. NON-CURRENT LIABILITIES** | | | |
| **C. CURRENT LIABILITIES** | | | |
| I. Trade and other liabilities | | | |
| 1. Payables to related parties | **2** | 1 | - |
| Total Group I: | | 1 | - |
| TOTAL SECTION "C" | **1** | 1 | - |
| **EQUITY AND LIABILITIES (A+B+C):** | | 1 | - |

*The Notes from page 8 to 13 are integral part of this Financial Statement.*
The financial statements were prepared on 07.03.2019

Manager:

/Maria Mitova/

Prepared by:
BDO Bulgaria OOD

Manager:
/Nedyalko Apostolov/

**NORGIPS OOD – TR**
INCOME STATEMENT
PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS
AS AT 31 DECEMBER 2018

All amounts are in thousand leva unless something else is mentioned

| EXPENSES | Notes | Current period 2018 | Prior period 2017 |
|---|---|---|---|
| **A. Operating expenses** | | | |
| ***I. Expenses by type*** | | | |
| 1. Expenses on hired services | | 10 | 10 |
| 2. Expenses on remunerations | | 130 | 125 |
| 3. Expenses on social security | | 12 | 12 |
| 4.Other expenses | | 5 | 4 |
| ***Total Group I:*** | **3** | 157 | 151 |
| ***II. Financial expenses*** | | | |
| ***Total Group II*** | **4** | - | - |
| **Total Section "A"** | | **157** | **151** |
| **Total expenses** | | **157** | **151** |
| **INCOME** | | | |
| **A. Total operating expenses** | | | |
| ***I. Income from financing*** | | **157** | **151** |
| ***Total Group I:*** | **5** | **157** | **151** |
| **Total Section "A"** | | **157** | **151** |
| **Total income** | | **157** | **151** |

*The Notes from page 8 to 13 are integral part of this Financial Statement.*
The financial statements were prepared on 07.03.2019

Manager:

/Maria Mitova/

Prepared by:
BDO Bulgaria OOD

Manager:
/Nedyalko Apostolov/

**NORGIPS OOD – TR**
CASH FLOW STATEMENT
PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS
AS AT 31 DECEMBER 2018
The notes to the financial statements are an integral part to them.

All amounts are in thousand leva unless something else is mentioned

| **CASH FLOWS** | **Current period 2018** | **Prior period 2017** |
|---|---|---|
| ***A. Cash flows from operating activity*** | | |
| 1. Payments to suppliers | (10) | (10) |
| 2. Payments related to remunerations | (130) | (129) |
| 3. Taxes paid | (12) | (12) |
| 4. Other receipts /payments from operating activity | 153 | 150 |
| **Net cash flow from operating activity (A):** | 1 | -1 |
| **B. Changes in cash during the period:** | 1 | -1 |
| ***C. Cash in the beginning of the period*** | 0 | 1 |
| ***D. Cash at the end of the period incl.:*** | 1 | 0 |

*The Notes from page 8 to 13 are integral part of this Financial Statement.*
The financial statements were prepared on 07.03.2019

Manager:

/Maria Mitova/

Prepared by:
BDO Bulgaria OOD

Manager:
/Nedyalko Apostolov/

**NORGIPS OOD – TR**
EQUITY STATEMENT
PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS AS AT 31 DECEMBER 2018
The notes to the financial statements are an integral part to them.

All amounts are in thousand leva unless something else is mentioned

| | Share capital | Reserves | Financial result | Total equity |
|---|---|---|---|---|
| Balance on 31.12.2017 | | | | |
| Financial result for the current period | | | | |
| **Balance on 31 December 2018** | | | | |

*The Notes from page 8 to 13 are integral part of this Financial Statement.*
The financial statements were prepared on 07.03.2019

Manager:

/Maria Mitova/

Prepared by:
BDO Bulgaria OOD

Manager:
/Nedyalko Apostolov/

All amounts are in thousand leva unless something else is mentioned.

## Notes to the Financial Statements

### Status and subject of activity

**NORGIPS OOD – TR** was established on 08.03.2007 with a Decision No. 7121199000 of the Bulgarian Chamber of Commerce and Industry dated 08.03.2007.

The address of the Trade Representation is the town of Sofia 1113, residential area Iztok, bl. 22, entrance A, ap 2.

The subject of activity of the Trade Representation are business contacts with enterprises in connection with wholesale and retail trade of building materials as well as consulting in the field of the economic activity and management, market research.

The foreign entity whose Trade Representation is registered in Bulgaria initially was with a name Norgips Spolka Z Organiczona Odpowiedzialnoscia Spolka Komandytowa with legal status: a limited liability company – a limited partnership, registered in Regional Court of the capital Warsaw, Economic Department of the National Court Register. With a decision of the shareholders from 10.10.2014 it was settled to transform the company from a limited partnership into a limited liability company. With number 0000529680 from 03.11.2014 in the National Court Register in Warsaw, the foreign entity is registered with the name Norgips Spolka Z Organiczona Odpowiedzialnoscia, a limited liability company.
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The list of the staff are 2 persons as at 31.12.2018.

### Accounting policy

The Trade Representation is obliged currently to account for its activity and to prepare its annual financial statements in accordance with the requirements of the Bulgarian Legislation.

When carrying out the accounting the following accounting standards are applied:

AS 1 “Presentation of Financial Statements”
AS 7 “Cash Flow Statements”
AS 8 “Net Profit or Loss for the Period, Fudnumental Errors and Changes in Accounting Policies”
AS 10 “Events After the Balance Sheet Date”
AS 19 “Employee benefits”
AS 32 “Financial instruments”
AS 37 “Provisions, Contingent Liabilities and Contingent Assets”

The accounting presentation of the entire activity of the enterprise is done upon meeting the basic principles from the Accountancy Act: current accrual; going trade representation; prudency; matching of income and expenses; documentary substantiation of the economic operations.

The Trade Representation keeps its accounting ledgers in Bulgarian leva (BGN) in accordance with the Bulgarian Accountancy Act and the National Accounting Standards (NAS).

The accounting policy of NORGIPS OOD – TP has been prepared pursuant of AS 1 Presentation of Financial Statements and provides the application of a uniform methodology when reporting the activity.

**Reporting currency**

The Trade Representation's functional currency is Bulgarian leva. The Representation uses the Bulgarian leva (BGN) as a reporting currency.

The foreign currency transactions are accounted for in leva by using the exchange rate applicable on the day of the transaction commitment. The monetary assets and liabilities are accounted for by using the closing rate at the end of the reporting year. The exchange differences arising out of these transactions are accounted for in the income statement.

All amounts in the accompanying financial statements are stated in thousand leva (TBGN) unless something else is mentioned.

**Property, plant and equipment and intangible fixed assets**

As at 31.12.2018 NORGIPS OOD – TR does not have its own Property, plant and equipment and intangible fixed assets available. In 2018 the Trade Representation has used hired assets.

**Depreciation**

The Trade Representation does not accrue depreciation costs in 2018.

**Trade receivables**

As at 31.12.2018 the Trade Representation has no trade receivables.

**Cash**

The cash includes the available cash in hand and on bank accounts. For the purposes of the preparation and the presentation of the Cash Flow Statement the cash has the same content.

The cash in leva are measured at face value and the cash in foreign currency at the closing rate of the Bulgarian National Bank as at 31.12.2018.

All amounts are in thousand leva unless something else is mentioned.

## Recognition of income and expenses

### *Income from financing*

The Trade Representation's income represents income received from financing for covering the expenses.

### *Expenses on operating activity*

The operating expenses are accrued at the moment of their arousal.

### *Net results from financial transactions*

The net results from financial transactions include interest payables on loans calculated by using the effective interest method, interests from cash invested, income from dividends and profit and loss from foreign currency transactions, bank charges for servicing accounts.

Interest income is accrued in the Income Statement considering the effective income inherent to the asset.

All amounts are in thousand leva unless something else is mentioned.

## Explanatory Notes to the Balance Sheet and the Income Statement

### 1. Cash and Other current assets

As at 31.12.2018 the cash amounting to BGN 1 201.03 includes the amount of the cash availabilities on the bank accounts of the Trade Representation in Unicredit Bulbank.

| Cash and cash equivalents | **Current period 2018** | **Prior period 2017** |
|---|---|---|
| Cash equivalents | 1 | - |
| **Total** | **1** | - |

### 2. Short-term payables

As at 31.12.2018 the Trade Representation has BGN 624.94 liabilities. These obligations are due to the unused part of the financing of Norgips LTD – Poland.

| Trade and other payables | **Current period 2018** | **Prior period 2017** |
|---|---|---|
| Trade and other payables, incl. | | |
| 1.Payables to related parties | 1 | - |
| 2. Payables to staff | - | - |
| **Total** | **1** | - |

The short-term payables are accounted for at acquisition cost that represents the fair value of the received materials/goods and services regardless they have been invoiced or not to the Trade Representation. As at the end of the reporting period a review is made of all payables.

### 3. Operating expenses

As at 31.12.2018 the expenses on activity are amounting to TBGN 157 as follows:

| Expenses by type | **Current period 2018** | **Prior period 2017** |
|---|---|---|
| Expenses on hired services | 10 | 10 |
| Expenses on remunerations | 130 | 125 |
| Expenses on social security | 12 | 12 |
| Other expenses | 5 | 4 |
| **Total:** | **157** | **151** |

All amounts are in thousand leva unless something else is mentioned.

### 4. Financial expenses

As at 31.12.2018 the financial expenses are amounting to TBGN 0 :

| Financial expenses | **Current period 2018** | **Prior period 2017** |
|---|---|---|
| 1. Other | - | - |
| **Total** | - | - |

### 5. Income from financing

As at 31.12.2018 the Trade Representation has received cash in the form of financing from NORGIPS OOD – POLAND amounting to TBGN 158. Since there have been obligations to affiliated undertakings in the amount of TBGN1 to 31.12.2018 (Note No 2), the revenues from funding amounted to TBGN 157. The purpose of the financing is to cover the necessary incremental expenses for the period.

| Financial income | **Current period 2018** | **Prior period 2017** |
|---|---|---|
| Income from financing | 157 | 151 |
| Accrued income | - | - |
| **Total** | **157** | **151** |

### 6. Tax expenses

In 2018 the Trade Representation has no taxes accrued and paid-in in connection with expenses incurred.

In 2018 the Trade Representation did not accrue paid annual leave liability. The Trade Representation expects that next year the employees will use this annual leave, without leading to the payment.

All amounts are in thousand leva unless something else is mentioned.

### 7. Events after the balance sheet date

There are no significant events taken place between the reporting date and the date of the preparation of this report that could change the Financial Statements as at 31.12.2018.

After the 31.12.2018, the accumulated financing obligations will be used to cover expenses in the beginning of 2019.

НОРГИПС ООД-ТП СОФИЯ

Manager:

/Maria Mitova/

Date: 07.03.2019

| Representation letter<br>on the annual financial statements as at 31.12.2018<br>of Norgips OOD - TR | Представително писмо<br>за финансовите отчети към 31.12.2018<br>на Норгипс ООД - ТП |
| --- | --- |
| We hereby declare that to the best of our knowledge and belief: | С настоящето заявяваме, доколкото позволяват познанията ни и доколкото ни е известно, че: |
| 1. The Representation Management did not omit any documentation, which might have had an effect on the financial statements. All transactions relating to the period subject to bookkeeping and accounting have been fully recorded in the Company's books of account. | 1.Ръководството на представителството не е пропуснало документация, която би могла да окаже въздействие върху финансовите отчети. Всички транзакции, отнасящи се за периода на счетоводно отчитане са отразени изцяло в предадените документи. |
| 2. There have been no irregularities in the actions undertaken by the Representation's Management or employees who fulfill significant roles in the representation 's internal control systems, which might have had a significant effect on the representation's financial statements. | 2.Няма нередности в действията, предприети от ръководството на дружеството или служителите, които изпълняват важна роля в системите за вътрешен контрол и които биха могли да окажат значително въздействие върху финансовите отчети на дружеството. |
| 3. We have made available to you all of the Representation 's source documents - Representation's sales and purchase invoices, bank and petty cash, minutes from the meetings of partners, and any others for the period subject to bookkeeping. | 3.Предоставили сме Ви всички отчетни документи - фактурите за продажби и покупки на дружеството, банкови и касови документи, протоколи от събрания на съдружниците, както и всички други, за периода обект на счетоводното отчитане. |
| 4. We have disclosed to you the terms of all of the sales, credit and all significant agreements concluded by the Representation. The agreements cover all the terms and no additional provisions have been agreed in the form of other agreements concluded either verbally or in writing. | 4.Оповестили сме Ви всички условия на продажбите, кредитите и всички съществени договори, сключени от представителството. Договорите покриват всичките условия, като допълнителни условия не са били съгласувани, под формата на други споразумения, сключени устно или в писмена форма. |
| 5. The Representation is not and has not been a party of any court cases except the disclosed. | 5.Представителството не е и не е било страна по други съдебни дела освен оповестените. |
| 6. All assignments paid by the representation are reported and approved by the management of Norgips LTD – Poland. | 6.Всички командировки изплатени от представителството са докладвани и одобрени от ръководството на Норгипс ООД – Полша. |
| 7. The Representation's assets have been valued correctly. We have created all of the provisions necessary to present their actual values. | 7.Активите на представителството са оценени коректно. Ние сме създали всички необходими условия, за да представим техните действителни стойности. |
| 8. We hold legal titles on all the assets, including fully depreciated ones disclosed in the financial statements. There are no other pledges or other encumbrances on the representation and its asset components. | 8.Притежаваме законови права на собственост върху всичките активи, включително и напълно амортизираните такива, оповестени във финансовите отчети. Няма залози или други тежести върху дружеството и компонентите на актива. |

| | |
|---|---|
| 9. The Representation has not presented an inventory list of the property, plant and equipment, inventories, payables, receivables and available funds in hand as at 31.12.2018 for which it bears a responsibility. | 9.Представителството не е представило инвентаризационен опис за дълготрайните материални активи, материалните запаси, задълженията, вземанията и наличните средства в касата към 31.12.2018г, за което носи отговорност. |
| 10. There are no other assets, that are not Representation's own. | 10.Няма чужди активи. |
| 11. The Representation has no liabilities in the form of guarantees or other types of liabilities. | 11.Представителството няма пасиви под формата на гаранции или друг вид задължения. |
| 12. No claims have been filed against the Company, which may constitute a material threat to its position, other than the cases disclosed in the financial statements. | 12.Няма заведени искове срещу представителството, които биха могли да представляват съществена заплаха за състоянието му, различни от тези, оповестени във финансовите отчети. |
| 13. We are not aware of any reasons for which the Representation would discontinue or significantly limit its operations in the year following the reviewed period. | 13.Не са ни известни никакви причини, поради които представителството би могло да прекрати или значително да ограничи дейността си през годината след периода на прегледа. |
| 14. The Management has no plans or intentions, which could significantly affect the carrying amount or the classification of the assets and liabilities disclosed in the financial statements. | 14.Ръководството няма планове или намерения, които биха могли да окажат значително въздействие върху балансовата стойност или класификацията на активите и, пасивите, оповестени във финансовите отчети. |
| 15. No significant events with an effect on the Company's financial position took place in the period as of the date on which the financial year was closed until the date on which we signed the financial statements. | 15.Няма значими събития, настъпили през периода считано от датата, на която финансовата година е приключила до датата, на която подписахме финансовите отчети, които да повлияят на финансовото състояние на дружеството. |
| Sofia, Date<br>15.05.2019<br><br>...............................................<br>Signature | София, Дата<br>15.05.2019<br><br>...............................................<br>Подпис |
| | |