

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
ITF GROUP JSC

Opinion

We have audited the financial statements of ITF GROUP JSC (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In relation to our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Additional Matters to be Reported under the Accountancy Act

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

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

Based on the procedures performed, our opinion is that:

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

Responsibilities of Management for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Zlatka Kapinkova
Registered auditor



0756 Златка
Капинкова
Регистриран одитор

Sofia, Bulgaria
19 Ivan Bagryanov St, entry A, floor 1, apartment 1
28 April 2018

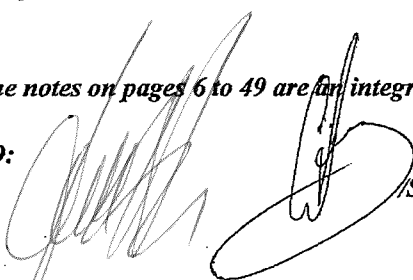
ITF Group Jsc.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	2017 BGN'000 <i>audited</i>	2016 BGN'000 <i>audited</i>
Revenue	3.4	4,048	3,549
Hired services and inventory	5	(820)	(745)
Personnel expenses	6	(1,561)	(1,221)
Depreciation	11	(197)	(218)
Other expenses	7	(251)	(97)
Impairment expenses	8	(656)	(772)
Interest and other financial expenses	9	(236)	(138)
Profit before tax		327	358
Taxes	10	(40)	(23)
Other taxes /deferred tax assets	10	5	(15)
Profit for the year		292	320
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		292	320
Profit per shares	19	BGN 0.16	0.18

The notes on pages 6 to 49 are an integral part of the Financial Statements.

CEO:



/Svetoslav Angelov/
/Filip Dobrinov/

Prepared by:



/Zornitsa Stoyanova/

27 April 2018

Auditor's report dated 28 April 2018:
Zlatka Kapinkova
Registered auditor



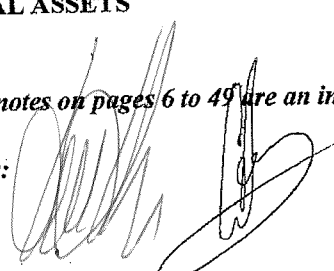
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STATEMENT OF FINANCIAL POSITION
31 December 2017

	Notes	31 December 2017 BGN'000 <i>audited</i>	31 December 2016 BGN'000 <i>audited</i>
ASSETS			
Non-current assets			
Software	11	51	165
Rights	11	2	3
Office equipment	11	21	40
Computer equipment	11	32	28
Expenses on acquiring intangible assets	11	305	56
Deferred tax assets	12	12	7
		<u>423</u>	<u>299</u>
Investments in subsidiaries	13	7	2
Current assets			
Loan receivables	14	3,871	2,574
Court receivables		238	
Related party receivables	15	94	151
Guarantees	17	37	20
Trade receivables	16	31	-
Other current assets	16	273	276
Cash and cash equivalents	18	249	205
		<u>4,793</u>	<u>3,226</u>
TOTAL ASSETS		<u>5,223</u>	<u>3,527</u>

The notes on pages 6 to 49 are an integral part of the Financial Statements.

CEO:



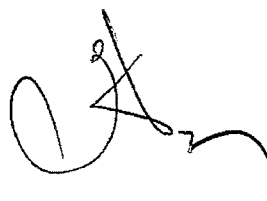
/Svetoslav Angelov/

/Filip Dobrinov/

Prepared by:

/Zornitsa Stoyanova/

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Zlatka Kapinkova
Registered auditor



0756 Златка Капинкова
Регистриран одитор

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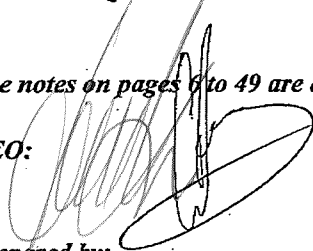
STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	31 December 2017 BGN'000 <i>audited</i>	31 December 2016 BGN'000 <i>audited</i>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital		1,800	1,800
Reserves		54	22
Retained earnings		646	410
Total Equity	19	2,500	2,232
Liabilities			
Non-current liabilities			
Non-current related parties loans	27	389	339
Other non-current liabilities	27	840	690
		1,229	1,029
Current Liabilities			
Trade liabilities	21	14	21
Liabilities for taxes and social security	22	129	78
Personnel liabilities	23	101	55
Other current financial liabilities	24	1,202	-
Other current liabilities	24	48	112
		1,494	266
TOTAL LIABILITIES		2,723	1,295
TOTAL EQUITY AND LIABILITIES		5,223	3,527

The notes on pages 46 to 49 are an integral part of the Financial Statements.

CEO:

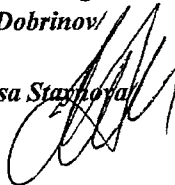


/Svetoslav Angelov/

/Filip Dobrinov/

Prepared by:

/Zornitsa Stankova/



27 April 2018

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Zlatka Kapinkova
Registered auditor



0756 Златка Капункова
Регистриран одитор

ITF Group Jsc.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	2017 BGN'000 <i>audited</i>	2016 BGN'000 <i>audited</i>
Cash flows from operating activities			
Cash proceeds from borrowers	25	10,790	8,072
Cash payments from lending activity		(8,922)	(6,167)
Cash paid to suppliers		(1,128)	(829)
Payments to personnel		(1,651)	(1,185)
Tax payments		(58)	(167)
Other payments		(5)	(47)
Net cash flows from operating activities		(974)	(323)
Cash flows from financing activities			
Loans received		1,103	133
Other financial expenses		(85)	(23)
Net cash flow from financing activities		1,018	110
Net increase (decrease) in cash flows		44	(213)
Cash and cash equivalents at 1 January		205	418
Cash and cash equivalents at 31 December	18	249	205

The notes on pages 6 to 49 are an integral part of the Financial Statements.

CEO:

*/Svetoslav Angelov/
/Filip Dobrinov/*

Prepared by:

/Zornitsa Staykova/

27 April 2018

Auditor's report dated 28 April 2018.
Zlatka Kapinkova
Registered auditor

Zlatka Kapinkova
0756 Златка Капинкова
Регистриран одитор

ITF Group Jsc.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Notes	Share capital	Reserves	Retained earnings	Total
		BGN'000	BGN'000	BGN'000	BGN'000
Balance at 1 January 2016 (audited)		1,800	11	125	1,936
<i>Changes in equity in 2016:</i>					
Total comprehensive income for the year, including:		-	11	285	296
* net profit for the year		-	-	-	-
Balance at 31 December 2016 (audited)		1,800	22	410	2,232
<i>Changes in Equity for 2017:</i>					
Reserves		-	32	(32)	-
Dividend distribution		-	-	(24)	-
Total comprehensive income for the year, including:		-	-	292	292
* net profit for the year		-	-	292	292
Balance at 31 December 2017 (audited)	19	1,800	54	646	2,500

The notes on pages 6/6/49 are an integral part of the Financial Statements.

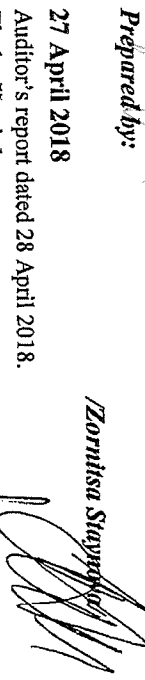
CEO:



/Svetoslav Angelov/

/Filip Dobrinov/

Prepared by:



/Zornitsa Stanycheva/

27 April 2018

Auditor's report dated 28 April 2018.

Zlatica Kapinkova

Registered auditor

