CORUS BUILDING SYSTEMS BULGARIA AD

ANNUAL REPORT ON THE ACTIVITIES,
INDEPENDENT AUDITOR'S REPORT
AND ANNUAL FINANCIAL STATEMENTS

December 31, 2014

Unofficial translation of the original in Bulgarian

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ANNUAL REPORT ON THE ACTIVITIES

FOR 2014

ANNUAL REPORT ON THE ACTIVITIES OF

CORUS BUILDING SYSTEMS BULGARIA AD

FOR 2014

The Annual report on the activities of **CORUS BUILDING SYSTEMS BULGARIA AD**, Pleven, for 2014 was prepared in accordance with the requirements of article 33 of the Accountancy Act, article 187d and article 247 of the Commercial Act, on the basis of development analysis, market share, the social, macro and microeconomic environment, the financial and economic condition of the Company in 2014 and the prospects for development.

Corus Building Systems Bulgaria AD (the Company) is a joint-stock company, entered in the Registry Agency on 19.06.2008 with Certificate No.20080715144620/15.07.2008 with seat and management address at 1, Gravishko schousse str., Pleven.

Representative: Borislav Ivanov Ivanov.

The Company has one-tier management system: Board of Directors.

Board of Directors: Roland Stark – citizen of Germany
Xavier Blervaque – citizen of France
Borislav Ivanov Ivanov

The Company shares comprise 1,169,330 ordinary, registered voting shares with face value of BGN 1 each.

Shareholders:

Fischer Profil GmbH: registered and operating according to the German legislation, registered in Siegen under № HRB 3038 and owner of 65% of the Company's capital.

Horizont-Ivanov EOOD, enlisted in the Trade Register at Pleven District Court under company file 1250/1994 with seat and management address Pleven, 1 Vardar Str., and owner of 35% of the Company's capital.

The Company's main scope of activity is production and sale of metal products, profiles and cassettes.

During 2014 reporting year the Company continues to develop its manufacturing activity and realizes sales of small and high profile metal products and cassettes. Measures taken to expand the specifications of the product range showed good results. A customer segment was covered, oriented towards the lower quality materials in order to achieve lower price levels. The total volume of realized production amounts to 1 990 tons, and the net income from sales amounts to BGN 2,695 thousand.

During the period, 83 new clients have been attracted, mainly Bulgarian companies in the field of small business. Special attention was directed towards agricultural producers. A certain growth in sales on the Romanian market was achieved. Significant growth was recorded in sales of specific products produced by companies in the group, and the Company was acting as an intermediary in the sale/purchase.

Sales by type of product show predominant orientation towards low profile. Analysis of the stock inventories gave the management grounds, after consultations on group level, to start selling coils for high profile within the group.

Actions taken to reduce the volume of inventories led to a drastic decrease by 74% - from 1 275 tons at the beginning to 327 tons at the end of the period. By doing so, the Company was provided with new cashflows. A main supplier of coils for the production of low profile continues to be Tata Steel Metal San Istanbul Turkey (related party).

The Company continues to be exposed to financial risk due to the large amount of attracted funds. This deteriorates economic indicators such as gearing ratio and financial autonomy ratio.

The financial and economic indicators achieved by the Company for 2014 compared to 2013, are as follows:

N:	Indicator:	2014	2013
1	Financial result	(1,265)	(1,293)
2	Revenue from sales, net	2,695	2,558
3	Equity	(4,336)	(3,069)
4	Liabilities (non-current and current)	14,601	15,098
5	Total assets	10,265	12,027
6	Income	2,695	2,558
7	Expenses	3,943	3,851
8	Current assets	1,765	3,116
9	Current liabilities	14,601	15,098
10	Current receivables	844	722
11	Cash	296	244
	Financial indicators		
12	Profit margin (1/2)	(0.469)	(0.505)
13	Return on Equity (ROE) (1/3)	0.291	0.42
14	Return on Capital Employed (ROCE) (1/4)	(0.086)	(0.085)
15	Return on Assets (ROA) (1/5)	(0.123)	(0.107)
16	Cost efficiency ratio (6/7)	0.683	0.664
17	Revenue efficiency ratio (7/6)	1.463	1.505
18	Current ratio (8/9)	0.12	0.21
19	Financial autonomy ratio (3/4)	(0.296)	(0.203)
20	Gearing ratio (4/3)	(3.367)	(4.92)

The economic indicators for 2014 continue to show high gearing ratio. Despite the measures taken by the Group's management team in respect of the refinancing and stabilization, the process of finalizing those actions is delayed mainly due to the internal policies related to approval of investments, loans and other costs in used in 2014. The management believes that the Company will continue as a going concern.

The restrictive group policy on recruitment and filling of vacant staff positions is an obstacle to optimize production efficiency and capacity. The personnel of the Company is below the minimum required for running a continuous production process and maximum capacity utilization. The number of employees as of 31.12.2014 is 10 people, and at the date of preparing the report on the activities - 7 people.

Management continues the optimization of the network of materials' suppliers and services, in order to negotiate the best possible prices. A strict cost control to reduce the negative impact on financial results continues to be implemented.

Date: March 28, 2015

Financial Manager:
(D. Boyanova)

Chief Executive Director:
(Borislav Ivanov)

CORUS BUILDING SYSTEMS BULGARIA AD
КОРУС БИЛДИНГ СИСТЪМС БЪЛГАРИЯ АД

INDEPENDENT AUDITOR'S REPORT AND
ANNUAL FINANCIAL STATEMENTS
DECEMBER 31, 2014

Deloitte.

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This document is a translation of the original text in Bulgarian,
in case of divergence the Bulgarian text shall prevail.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Corus Building Systems Bulgaria AD

Report on the Financial Statements

1. We have audited the accompanying financial statements of Corus Building Systems Bulgaria AD (the "Company"), which comprise the statement of financial position as of December 31, 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

6. As disclosed in note 10 to the accompanying financial statements, as of December 31, 2014 the Company has presented property, plant and equipment at carrying amount of BGN 8,500 thousand. The results of the Company's operations for the reporting period show indications for impairment, in accordance with IAS 36 Impairment of assets. According to IAS 36 plant and equipment at the amount of BGN 8,500 thousand should be presented at lower of their carrying amount and recoverable amount. As of December 31, 2014 the Company have not measured the recoverable amount of those assets. As a result, we were unable to satisfy ourselves, through other audit procedures, whether property and equipment with carrying amount of BGN 8,500 thousand are fairly presented and measured in the Company's financial statements as of December 31, 2014.

7. The Company has presented in the statement of financial position as of December 31, 2014 trade receivables amounting to BGN 844 thousand, of which BGN 747 thousand are overdue. Impairment of receivables is not recognized in the accompanying financial statements in accordance with IAS 39 Financial Instruments: Recognition and Measurement. As a result of our audit procedures, we were unable to convince ourselves whether the carrying amount of trade receivables does not exceed their recoverable amount as of December 31, 2014.

Qualified opinion

8. In our opinion, except for the possible effects of the matter described in paragraphs 6 and 7 above, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the EU.

Emphasis of matter

9. We draw attention to note 2.2 to the accompanying financial statements, which discloses that as of December 31, 2014 and 2013 the net current assets of the Company are negative amount of BGN 12,836 thousand and BGN 11,982 thousand, respectively. In addition, the net value of the Company's property as of December 31, 2014 is negative at the amount of BGN 4,336 thousand and it is below the amount of registered equity. In accordance with article 252, paragraph 1, item 5 of the Commercial Law, if within one year the General shareholders' meeting does not pass a resolution for reduction of capital, legal transformation or termination, the Company may be dissolved by a Court decision. Further, as disclosed in note 20, the Company is exposed to increased liquidity risk in a period of 12 months. These circumstances may cast significant doubt on the Company's ability to continue as a going concern. The management believes that the Parent company will provide financial support to the Company for a period of at least 12 months after the reporting period, and will also renew its funding through renegotiation of loans' terms and extending their maturity. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements – Annual report on the activities of the Company, according to article 33 of the Accountancy Act

10. Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Annual report on the activities of the Company. The Annual report on the activities of the Company, prepared by the management is not a part of the financial statements. The historical financial information presented in the Annual report on the activities of the Company, prepared by the management is consistent, in all material respects, with the financial information disclosed in the financial statements of the Company as of December 31, 2014, prepared in accordance with IFRS, as adopted by the EU. Management is responsible for the preparation of the Annual report on the activities of the Company, dated March 28, 2015.

Deloitte Audit

Deloitte Audit OOD

Sylvia Peneva
Statutory Manager
Registered Auditor

Sofia
June 10, 2015

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №033
"Делойт Одит" ООД

CORUS BUILDING SYSTEMS BULGARIA AD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

All amounts are in thousands Bulgarian levs unless otherwise stated

	Notes	Year ended 31.12.2014	Year ended 31.12.2013
Revenue	4	2,723	2,580
Cost of sales	5	(2,740)	(2,484)
Gross profit/(loss)		(17)	96
Other income	6	(28)	(22)
Sales expenses	7	(131)	(117)
Administrative expenses	8	(638)	(685)
Expenses for impairment of inventories	8a	-	(84)
Finance costs, net	9	(451)	(481)
Loss before taxation		(1,265)	(1,293)
(Expense for) / benefit from taxation		-	-
LOSS FOR THE PERIOD		(1,265)	(1,293)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(1,265)	(1,293)

These financial statements have been approved by the management of Corus Building Systems Bulgaria AD on March 28, 2015:

Borislav Ivanov
Chief Executive Director

Dimitrina Boyanova
Preparer

The accompanying notes from page 5 to page 23 are an integral part of these financial statements.

Sylvia Peneva
Registered Auditor
June 10, 2015

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №033
"Делойт Одит" ООД

CORUS BUILDING SYSTEMS BULGARIA AD

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
All amounts are in thousands Bulgarian levs unless otherwise stated

	Notes	As of 31.12.2014	As of 31.12.2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and intangible assets	10	8,500	8,911
TOTAL NON-CURRENT ASSETS		8,500	8,911
CURRENT ASSETS			
Inventories	11	588	2,087
Trade receivables	12	844	771
Other receivables	13	37	36
Cash and cash equivalents	14	296	244
TOTAL CURRENT ASSETS		1,765	3,138
TOTAL ASSETS		10,265	12,049
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	1,169	1,169
Additional reserves		2,769	2,769
Loss from prior years		(7,009)	(5,716)
Loss for the period		(1,265)	(1,293)
TOTAL EQUITY		(4,336)	(3,071)
CURRENT LIABILITIES			
Trade and other payables	18	3,648	4,058
Finance lease payables	17	-	12
Liabilities on loans received	16	10,953	11,050
TOTAL CURRENT LIABILITIES		14,601	15,120
TOTAL EQUITY AND LIABILITIES		10,265	12,049

These financial statements have been approved by the management of Corus Building Systems Bulgaria AD on March 28, 2015:

Borislav Ivanov
Chief Executive Director

Dimitrina Boyanova
Preparer

The accompanying notes from page 5 to page 23 are an integral part of these financial statements.

Sylvia Peneva
Registered Auditor
June 10, 2015

CORUS BUILDING SYSTEMS BULGARIA AD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
All amounts are in thousands Bulgarian levs unless otherwise stated

	Year ended 31.12.2014	Year ended 31.12.2013
CASH FLOWS FROM OPERATING ACTIVITY		
Cash proceeds from customers	3,614	3,356
Payments to suppliers	(2,426)	(1,579)
Payments for remunerations	(289)	(279)
Cash from operating activity	(303)	(507)
Paid interest	(432)	(421)
NET CASH FLOWS FROM OPERATING ACTIVITY	164	570
CASH FLOWS FROM FINANCING ACTIVITY		
Payments for loans received	(98)	(489)
Finance lease payments	(14)	(34)
NET CASH FLOWS USED IN FINANCING ACTIVITY	(112)	(523)
Net increase of cash and cash equivalents for the year	52	47
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	244	197
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (see note 14)	296	244

These financial statements have been approved by the management of Corus Building Systems Bulgaria AD on March 28, 2015:

CORUS BUILDING SYSTEMS BULGARIA AD • КОРУС БИЛДИНГ СИСТЕМС БЪЛГАРИЯ АД

Borislav Ivanov
Chief Executive Director

Dimitrina Boyanova
Preparer

The accompanying notes from page 5 to page 23 are an integral part of these financial statements.

Sylvia Peneva
Registered Auditor
June 10, 2015

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №033
"Делойт Одит" ООД

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014
All amounts are in thousands Bulgarian levs unless otherwise stated

	Share capital	Reserve from issue of shares	Financial result	Total
BALANCE AS AT JANUARY 1, 2013	1,169	2,769	(5,716)	(1,778)
Loss for the period	-	-	(1,293)	(1,293)
Other comprehensive income	-	-	-	-
BALANCE AS OF DECEMBER 31, 2013	1,169	2,769	(7,009)	(3,071)
Loss for the period	-	-	(1,265)	(1,265)
Other comprehensive income	-	-	-	-
BALANCE AS OF DECEMBER 31, 2014	1,169	2,769	(8,274)	(4,336)

These financial statements have been approved by the management of Corus Building Systems Bulgaria AD on March 28, 2015.

Borislav Ivanov
Chief Executive Director

Dimitrina Boyanova
Preparer

The accompanying notes from page 5 to page 22 are an integral part of these financial statements.

Sylvia Peneva
Registered Auditor
June 10, 2015

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №033
"Делойт Одит" ООД

All amounts are in thousands Bulgarian levs unless otherwise stated

1. LEGAL STATUS AND SCOPE OF ACTIVITY

Corus Building Systems Bulgaria AD ("the Company") is a joint stock company registered in the Registry Agency on June 19, 2008 with certificate No. 20080715144620/15.07.2008, with seat and management address Pleven, 1 Grivishko shousse Str.

The Company is represented by Borislav Ivanov Ivanov.

One-tier management system – Board of Directors.

Board of Directors:	Roland Stark – German citizen Xavier Blervaque – French citizen Borislav Ivanov Ivanov

Shares are ordinary, voting shares by name with nominal, 1,169,330 with value BGN 1.

Shareholders:

Fischer Profil GmbH: registered and operating according to the German legislation, registered in Siegen under № HRB 3038 and owner of 65% of the Company's capital.

Horizont-Ivanov EOOD, enlisted in the Trade Register at Pleven District Court under company file 1250/1994 with seat and management address Pleven, 1 Vardar Str., fl. 3 and owner of 35% of the Company's capital.

The Company's scope of activity is production and sale of metal products, profiles and cassettes.

The Ultimate Parent – company is Tata Steel Limited India.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES

2.1 Basis of preparation of the financial statements

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union (the "EU") and applicable in the Republic of Bulgaria.

Changes in IFRS

Standards and Interpretations effective in the current period

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

- IFRS 10 Consolidated Financial Statements, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IFRS 11 Joint Arrangements, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
  - IFRS 12 Disclosures of Interests in Other Entities, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

- IAS 27 (revised in 2011) Separate Financial Statements, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities – Transition Guidance, adopted by the EU on April 4, 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 27 (revised in 2011) Separate Financial Statements – Investment Entities, adopted by the EU on November 20, 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 32 Financial instruments: presentation – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 Impairment of assets - Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on December 19, 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on December 19, 2013 (effective for annual periods beginning on or after January 1, 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),

- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),

- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

Changes in IFRS (continued)

- IFRIC 21 Levies adopted by the EU on June 13, 2014 (effective for annual periods beginning on or after June 17, 2014).

The Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Company anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Company in the period of initial application.

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at the date of publication of financial statements.

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after July 1, 2014);
- Amendments to IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to various standards Improvements to IFRSs (cycle 2010-2012) resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after July 1, 2014);

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

Changes in IFRS (continued)

- Amendments to various standards Improvements to IFRSs (cycle 2011-2013) resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after July 1, 2014);
- Amendments to various standards Improvements to IFRSs (cycle 2012-2014) resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after January 1, 2016).

The Entity anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the entity's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement, would not significantly impact the financial statements, if applied as at the balance sheet date.

These financial statements are prepared on accrual basis, going concern assumption and historical cost.

2.2 Going concern

The Company's financial statements have been prepared under the going concern assumption. During the period 2008 –2014 the Company realized losses at the amount of BGN 8,274 thousand. As of December 31, 2014 and 2013 its net current assets are negative and amount of BGN 12,836 thousand and BGN 11,982 thousand, respectively. In addition, the net value of the Company's property as of December 31, 2014 is negative at the amount of BGN 4,336 thousand and it is below the amount of registered equity. As stated in note 21 as of December 31, 2014 the Company is exposed to a high liquidity risk for a period of 12 months.

Management believes that the Company will continue its operations in future by maintaining its business and with the financial support of its owners, provided sufficient at volume and character financing for maintaining its normal operation, optimization of business process for supply with operating raw materials and restructuring of loan agreements.

2.3 Functional and presentation currency

In accordance with the Bulgarian accounting legislation, the Company keeps its records and prepares its financial statements in the national currency of the Republic of Bulgaria – Bulgarian lev (BGN), which effective January 1, 1999 is pegged to the euro at BGN 1.95583 = EUR 1.

These financial statements are prepared in thousand Bulgarian leva (BGN'000).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (CONTINUED)

2.4 Accounting assumptions and accounting estimates

The preparation of financial statements in compliance with the IFRS requires management to apply certain accounting assumptions and accounting estimates that affect the reported value of assets, liabilities and disclosures of contingent assets and liabilities as at the date of the reporting period, as well as the reported value of income and expenses for the reported period. They all are based on the best estimate of the management as at the date of preparation of the financial statements. The actual results could differ from those specified in the present financial statements.

2.5 Accounting principles

These financial statements have been prepared in accordance with the principles, historical cost convention and applying the same accounting policy in the reporting periods.

3. DEFINITION AND MEASUREMENT OF THE FINANCIAL STATEMENTS ITEMS

3.1 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are presented at historical cost less accumulated depreciation and impairment loss. Historical cost of property, plant and equipment and intangible assets includes purchase cost and all expenses directly incurred at the acquisition of the asset.

Subsequent expenses are added to the asset's carrying amount or are reported as a separate asset only when it is expected that the Company will receive future economic benefits related to the use of the asset and when their carrying amount can be reliably determined. All other maintenance and repair expenses are recorded in the statement of comprehensive income (through profit or loss) at the time they were incurred.

Depreciation of other property, plant and equipment is accrued using the straight-line method by applying depreciation rate calculated on the basis of the remaining useful life of the asset. Based on the management's estimation of the useful life of the assets the following groups are adopted:

• Building	40 years
• Computer equipment and software	2 years
• High and Low Profiling (roll firming) machines and casette line	15 years
• Production equipment	from 3,33 to 25 years (for the cranes)
• Vehicles	5 years

The residual value and the useful life are subject to review and, if necessary, as of each date of preparation of the financial statements the respective adjustments are performed.

3. DEFINITION AND MEASUREMENT OF THE FINANCIAL STATEMENTS ITEMS (CONTINUED)

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

The carrying amount of property, plant and equipment is subject to impairment review when there are events or changes in the circumstances which show that the carrying amount could differ constantly from their recoverable amount. If there are such indications that the approximate recoverable amount is lower than their carrying amount, then the latter is written-off to the recoverable amount of the assets.

The recoverable amount of property, plant and equipment is the higher: fair value less costs to sale or the value in use. In order to determine the value in use of assets future cash flows are discounted to their present value by applying discount rate prior to taxation which reflects the current market conditions and estimations of the timely value of cash and the risks specific for the respective asset. Impairment losses are reported directly in the statement of comprehensive income.

3.2 Inventories

Initially inventories are recognized at cost, which comprise the purchase price, import duties and customs charges, as well as other expenses related to the delivery. Subsequently, inventories are measured at the lower of cost and the net realizable value. The net realizable value is the sale price in the normal course of activity less the completion and sale costs. Inventories are valued upon consumption (writing off) by applying the weighted average cost method.

In 2014 management defines a normal production capacity, representing the expected average production for several periods at normal conditions. The classification of fixed general expenses to the processing expenses is based on the normal capacity of the production. The amount of the permanent general expenses, accrued for each production item does not increase as a result of a lower production volume or when the company is in stagnation. Non-allocated general expenses are recognized in the period they occur. This principal is applied to the financial statements as of 2014.

3.3 Financial instruments

IFRS 13 Fair value measurement

IFRS 13 is applied when other IFRS requires or allows fair value measurement or fair value measurement disclosure of both financial instruments and non-financial items. The standard is not applicable to transactions with share-based payments that are within the scope of IFRS 2 "Share-based payment", lease transactions that are within the scope of IAS 17 "Leases", as well as measurements that have some similarities to fair value but are not a fair value - net realizable value for the purposes of measuring inventories in accordance with IAS 2 "Inventories "or value in use for impairment assessment purposes, in accordance with IAS 36 "Impairment of assets".

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous markct at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

3. DEFINITION AND MEASUREMENT OF THE FINANCIAL STATEMENTS ITEMS (CONTINUED)

3.3 Financial instruments (continued)

IFRS 13 Fair value measurement (continued)

Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognized in these financial statements.

Financial assets and liabilities in the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables and loans.

In the normal course of operations the Company may be exposed to different financial risks. The most important risks are foreign currency risk, interest rate risk, capital risk and liquidity risk. Therefore, general risk management is focused on forecasting the results from specific areas of the financial markets to minimize the possible adverse effects, which could have an effect on the financial results. Financial risks are identified on an ongoing basis and measured and monitored by using different mechanisms to determine adequate prices of the Company's products. An assessment is made of the adequate forms of maintaining free liquidity without allowing unjustified concentration of a given risk.

3.3.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and cash in banks, as well as cash in transfer and short-term, easily convertible and highly liquid investments that are exposed to an insignificant risk of changes in their value.

3.3.2 Trade payables

Current liabilities are measured at the cost they are expected to be settled in future.

3.3.3 Loans

Loans are initially recognized at fair value. After initial recognition they are measured at amortized cost determined by applying the effective interest rate. All types of fees, commissions and other expenses, including discount and premiums associated with the loan, are included when calculating the amortized costs.

The Company should follow special contractual conditions for loans received from related parties. When there is non-compliance with these contractual conditions the loans become due earlier and are presented as short-term loans.

3.4 Equity

Equity consists of share capital which is stated at historical cost and is fully paid in.

3. DEFINITION AND MEASUREMENT OF THE FINANCIAL STATEMENTS ITEMS (CONTINUED)

3.5 Income and expense recognition

Income and expenses are accounted for on an accrual basis, regardless of cash receipts and payments. They are reported in compliance with the matching concept. Income is recognized at the fair value of the consideration received or expected to be received, less the amount of all discounts.

Upon sales of production, goods and materials income is recognized when all material risks and benefits from the ownership of goods are transferred to the buyer.

When the transaction result from service providing could be reliably measured, income is recognized depending on the phase of completeness of the transaction at the end of the reporting period. In case the result cannot be reliably measured income is recognized only to the extent that the incurred expenses are recoverable.

3.6 Finance income and expenses

Net finance income/(costs) include income from and expenses for interests on loans, net profit (loss) from operations in foreign currency. Loan expenses that could be directly referred to an asset for which the process of acquisition, building and production before its intended use or sale takes considerable time should be capitalized as part of the value of the asset. All other finance income and costs are recognized through profit or loss for all instruments measured at amortized cost using the effective interest method

3.7 Taxation

Income tax expenses comprise the amount of current and deferred taxes. The current taxes due are calculated on the basis of the annual taxable profit. The taxable annual profit is different from the profit reported in the financial statements since some revenue and expenditure items, taxable or deductible in other periods, as well as some items that are not taxable or deductible, are excluded from its amount. The Company's current tax liability is determined on the basis of the tax rate effective at the reporting date.

Deferred taxes are recognized for all differences between the tax base of assets and liabilities, used to calculate the taxable profit, and their carrying amount specified in the financial statements by applying the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and they are impaired to the extent to which it is foreseeable that there will be no sufficient taxable profit to allow the realization of the deferred tax asset in full or in part.

Deferred taxes are calculated at tax rates that are expected to be applicable for the period in which the tax assets are realized or the tax liabilities settled. Deferred taxes are included in the profit or loss except when the taxes arise from transactions or events which are credited or charged directly to equity. In such cases deferred taxes are recognized directly in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

All amounts are in thousands Bulgarian levs unless otherwise stated

4. REVENUE

	Year ended 31.12.2014	Year ended 31.12.2013
Income from sales of products	2,455	2,566
Income from sales of goods	257	-
Income from services	11	14
TOTAL	2,723	2,580

5. COST OF SALES

	Year ended 31.12.2014	Year ended 31.12.2013
Cost of materials used in production	2,232	2,253
Book value of sold goods	229	-
Salaries and social security to production employees	34	33
Depreciation/Amortization	176	154
Other direct production expenses	69	44
TOTAL	2,740	2,484

6. OTHER INCOME

	Year ended 31.12.2014	Year ended 31.12.2013
Sales of materials	629	495
Cost of materials sold	(657)	(517)
TOTAL	(28)	(22)

7. SALES EXPENSES

	Year ended 31.12.2014	Year ended 31.12.2013
Vehicle maintenance and fuel	24	24
Depreciation/Amortization	6	17
Participations in fairs	-	3
Business trips expenses	7	12
Shipping of finished goods sold	93	54
Advertising materials and services	1	7
TOTAL	131	117

All amounts are in thousands Bulgarian levs unless otherwise stated

8. ADMINISTRATIVE EXPENSES

	Year ended 31.12.2014	Year ended 31.12.2013
Salaries and social security – administrative staff	151	145
Depreciation/Amortization – manufacturing	226	251
Salaries and social security - manufacturing	43	54
Legal services	8	25
Audit services	16	18
Consulting services	-	5
Telecommunication services	12	10
Representative expenses including taxation	1	3
Depreciation/Amortization - administrative staff	-	-
Expenses for central office TS Europe	33	25
Other administrative expenses	148	149
TOTAL	638	685

Other administrative expenses for 2014 include mainly expenses for the activity of the Production Director and Production Coordinator at the amount of BGN 55 thousand, building tax and garbage fee of BGN 33 thousand, insurance for industrial fire, vehicles and receivables at the amount of BGN 10 thousand, expenses for security of BGN 29 thousand, expenses for hired transportation at the amount of BGN 10 thousand and other expenses of BGN 11 thousand.

8a. IMPAIRMENT OF RECEIVABLES

Subsequent measurement of inventories is initiated by the management personnel of the Parent company in compliance with the movement of prices of metals on world markets.

In 2014 the Company has not performed an impairment of inventories.

9. FINANCE COSTS, NET

	Year ended 31.12.2014	Year ended 31.12.2013
Interest on loans	432	481
Foreign exchange rate losses	23	15
Foreign exchange rate gains	(9)	(20)
Other finance costs	5	5
	451	481

All amounts are in thousands Bulgarian levs unless otherwise stated

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Land and buildings	Machines and equipment	Computers and software	Vehicles	Total
Cost					
As of December 31, 2012	6,423	4,219	18	141	10,801
As of December 31, 2013	6,423	4,219	18	141	10,801
As of December 31, 2014	6,423	4,219	18	141	10,801
Depreciation/ amortization					
As of December 31, 2012	(396)	(941)	(18)	(102)	(1,457)
Depreciation charged for 2013	(140)	(264)	-	(29)	(433)
As of December 31, 2013	(536)	(1,205)	(18)	(131)	(1,890)
Depreciation charged for 2014	(140)	(261)	-	(10)	(411)
As of December 31, 2014	(676)	(1,466)	(18)	(141)	(2,301)
Net book value					
As of December 31, 2013	**5,887**	**3,014**	-	**10**	**8,911**
As of December 31, 2014	**5,747**	**2,753**	-	-	**8,500**

11. INVENTORIES

	As of 31.12.2014	As of 31.12.2013
Basic materials	535	2,006
Impairment of auxiliary materials	(9)	(33)
Auxiliary and other materials	31	32
Finished goods	31	82
TOTAL	588	2,087

12. TRADE RECEIVABLES

	As of 31.12.2014	As of 31.12.2013
Receivables from customers	1,353	1,299
Incl. related party receivables (Horizont Ivanov)	*739*	*758*
Provision for doubtful and bad debts	(509)	(528)
TOTAL	844	771

An age analysis of overdue, but not impaired receivables is presented in the table below:

	As of 31.12.2014	As of 31.12.2013
Up to 30 days	58	28
31 – 120 days	39	252
121 - 360 days	-	487
Over 361 days	747	4
	844	771

The Company's management believes that the value at which the trade receivables are presented in the statement of financial condition is equal to their fair value as of December 31, 2014 and 2013.

As of the date of authorization for issue of these financial statements BGN 4 thousand of total overdue, but not impaired receivables has been paid.

All amounts are in thousands Bulgarian levs unless otherwise stated

13. OTHER RECEIVABLES

In 2014, the Company has disclosed as other receivables the amount of BGN 37 thousand which represent state taxes paid and attorneys' fees for filing civil and executive lawsuits against Steel International Centre SRL – Romania. The amount of material interest in this case is EUR 260 thousand.

	As of 31.12.2014	As of 31.12.2013
Recoverable VAT	-	-
Receivables on legal proceedings - fees for filing lawsuits	37	36
TOTAL	37	36

14. CASH AND CASH EQUIVALENTS

	As of 31.12.2014	As of 31.12.2013
Cash on hand	4	4
Cash at banks	292	240
TOTAL	296	244

15. SHARE CAPITAL

The share capital of the Company as of December 31, 2014 amounts to BGN 1,169,330 and is distributed into 1,169,330 shares with a nominal value of BGN 1 each.

As of December 31, 2014 the shareholders' equity is distributed, as follows in BGN thousands:

Shareholder	Registered capital	Paid-in capital
Fischer Profil GmbH	760	760
Horizont – Ivanov EOOD	409	409
TOTAL	1,169	1,169

16. LOANS

	As of 31.12.2014	As of 31.12.2013
Short-term liabilities on related party loans		
Long-term loans classified as short-term received from Tata Steel Belgium Services	-	3,227
Short-term loan received from Tata Steel Belgium Services	4,694	4,694
Short-term portion of long-term loan received from Tata Steel Belgium Services	3,717	587
Short-term loan received from Fischer Profil GmbH Germany	2,542	2,542
TOTAL	10,953	11,050

16. LOANS (CONTINUED)

In 2008 the Company signed two agreements with Corus International Services Belgium (present name Tata Steel Belgium Services). The first one represents a long-term loan at the maximum amount of BGN 4,107 thousand, fully utilized by the Company as of December 31, 2008. The contracted interest rate is based on market indices plus a fixed margin of 2.25%. According to the terms and conditions of the agreement the loan shall be paid in seven equal annual payments. The first payment is due a year after the loan utilization and the last one is due in September 2015. All machines and equipment owned by the Company for the period of the loan have been pledged as collateral to secure the loan. In 2010, after an analysis of the investment expenses, the Company negotiated with the borrower the final tranche of the credit facility amounting to EUR 1,300 thousand to be transformed as a long-term loan with maturity date on September 15, 2015.

Under the terms of the agreement, the Company should meet a number of financial requirements. As of December 31, 2014 and 2013 the Company did not meet one of these requirements, namely its equity should be at least 15% of total assets, but not less than BGN 2,000 thousand. Therefore, the loan is presented as short-term as of December 31, 2013.

The second loan agreement signed with Tata Steel Belgium Services represents a credit facility at a maximum amount of BGN 7,237 thousand (EUR 3,700 thousand) that expires in March 2014. The Company's liability as of December 31, 2014 and 2013 under this loan facility amounts to BGN 4,694 thousand. The contracted interest is based on EURIBOR plus a fixed margin of 1.75% changed to 3.25% effective as of April 28, 2009. The change is a result of the negative assessment of the creditworthiness of the Company related to its negative equity. The assessment was made after the financial year end as of March 31, 2009. According to the agreement the utilized amounts are due within a period of 15 days and three months. All inventories owned by the Company during the period of the loan facility have been pledged as collateral to secure the loan.

The loan agreement with Fischer Profil GmbH at the amount of BGN 1,300 thousand resulted from the aggregation of several short-term loans granted by the majority shareholder of the Company as follows: EUR 250 thousand granted in 2009, EUR 300 thousand granted on January 22, 2010, EUR 250 thousand granted on March 30, 2010 and EUR 500 thousand – on July 31, 2010. The interest rate is based on EURIBOR plus a 3.25% margin (applicable margin as set by Central Treasury of the Group). The loan matures on March 31, 2014. As of December 31, 2014 the loan is not repaid.

The Company's expectations are that before the end of the Group's financial year (March 31, 2015) the loan will be refinanced by from Tata Steel Belgium Services.

All amounts are in thousands Bulgarian levs unless otherwise stated

17. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Finance lease payables				
Up to 1 year	-	12	-	11
Between 2 and 5 years	-	-	-	-
Less: Finance lease interest	-	(1)	-	
Up to 1 year	-	*(1)*	-	
Between 2 and 5 years	-	-	-	
Present value of finance lease payables	-	11	-	11
Less: Present value of finance lease payables up to 1 year	-	-	-	(11)
Present value of finance lease payables over 1 year	-	-	-	-

Assets acquired by the Company under finance lease in 2009 are vehicles. The contractual term is 5 years. The contractual simple annual interest under lease agreements is 8.85 % if the three-month EURIBOR is not higher than 3%. When the contractual interest is over 3%, the interest under the agreement is set to three-month EURIBOR + 5.85%.

Finance lease liabilities are secured by promissory notes issued by the Company in favour of the lessors which expire with the terms of the respective agreements.

In 2014 the finance lease agreements have expired and the Company has acquired ownership of 5 vehicles.

18. TRADE AND OTHER PAYABLES

	As of 31.12.2014	As of 31.12.2013
Payables to suppliers	3,463	3,876
including payables to related parties (note 21)	*3,247*	*3,837*
Payables on advances from customers	24	26
Payables on loan interests (note 21)	122	124
VAT payables	14	2
Payables to employees	17	21
including payables on unused annual leaves according to IAS 19	*3*	*4*
Payables on employees' income tax	2	2
Payables on social security	5	6
including payables on unused annual leaves according to IAS 19	-	*1*
Payables to the shareholders	1	1
TOTAL	3,648	4,058

All amounts are in thousands Bulgarian levs unless otherwise stated

19. TAXATION

Effective tax rate reconciliation is presented in the following table:

	As of 31.12.2014	As of 31.12.2013
Accounting loss before tax	(1,265)	(1,293)
Applicable tax rate	10%	10%
Tax benefit at applicable tax rate	127	129
Effect of non-deductible and not taxable items		
Unrecognized deferred tax assets from temporary differences	(81)	(93)
Unrecognized deferred tax assets from tax loss	(46)	(36)
Result of income tax recognized in the statement of comprehensive income	-	-

The Company apply tax rate determined by the Corporate Income Tax Law, effective from January 1, 2007 and set to 10%.

Deferred tax assets related to provisions and unused tax losses are not recognized as of December 31, 2014 due to lack of convincing evidence that there will be sufficient taxable profits in the next five years, against which the unused tax loss to be realized. The accumulated tax loss in 2014 may be utilized by 2019.

Accumulated tax losses as of December 31, 2014 are as follows:

Originated in	Amount	Tax effect (10% tax rate)	Expiring in
2010	1,790	179	2015
2011	396	40	2016
2012	154	15	2017
2013	356	35	2018
2014	457	46	2019
TOTAL	3,153	315	

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the normal course of its operations, the Company is exposed to currency, interest rate risk, capital and liquidity risk.

Currency risk

Currency risk is the risk that the financial instruments' value may change due to changes in foreign exchange rates.

For the year ended December 31, 2014 the Company is exposed to limited currency risk due to changes in the exchange rate of the British pound originating from exposures denominated in that foreign currency. The Company uses no special financial instruments for risk hedging.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

As of December 31, 2014 the Company's liabilities in original currency are, as follows (in thousands):

	EUR	GBP	USD	BGN	Total BGN'000
Trade payables	1,694	93	-	40	3,585
Loans	5,600	-	-	-	10,953

The following foreign exchange rates are used during the period:

	EUR	GBP	USD
Average foreign exchange rate for the period January 1 - December 31, 2014	1.95583	2.42642	1.47430
Foreign exchange rate as of the date of the statement of financial position	1,95583	2,5001	1,60841

As of December 31, 2013 the Company's liabilities in original currency are, as follows (in thousands):

	EUR	GBP	USD	BGN	Total BGN'000
Trade payables	1,964	74	2	98	4,000
Loans	5,650	-	-	-	11,050

The following foreign exchange rates are used during the period:

	EUR	GBP	USD
Average foreign exchange rate for the period January 1 - December 31, 2013	1.95583	2.41275	1.4738
Foreign exchange rate as of the date of the statement of financial position	1.95583	2.39406	1.4158

Sensitivity analysis

The Company believes it is exposed to insignificant currency risk and a possible 10% increase in the foreign exchange rates as of December 31, 2014 would not raise materially the respective finance costs.

The Bulgarian lev (BGN), is pegged to the euro at BGN 1.95583 = EUR 1 since January 1, 1999.

Interest rate risk

The interest rate risk is the risk that the value of financial instruments may change due to a change in market interest rates or that interest income and expenses deriving from the financial instruments with floating interest rate may change due to a change in the chosen base rate.

All amounts are in thousands Bulgarian levs unless otherwise stated

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

The Company is exposed to interest rate risk because of its long and short-term loans with a floating interest rate.

Interest rate analysis as of December 31, 2014

December 31, 2014	Non-interest bearing	Floating interest %	Fixed interest %	Total
Financial assets				
Cash and cash equivalents	296	-	-	296
Financial liabilities				
Loans received	-	10,953	-	10,953
Trade and other payables	3,648	-	-	3,648
Financial liabilities at amortized cost	3,648	10,953	-	14,601

Interest rate analysis as of December 31, 2013

31 December 2013	Non-interest bearing	Floating interest %	Fixed interest %	Total
Financial assets				
Cash and cash equivalents	244	-	-	244
Financial liabilities				
Loans received	-	11,050	-	11,050
Trade and other payables	4,000	-	-	4,000
Financial liabilities at amortized cost	4,000	11,050	-	15,050

If the floating interest increase by 0.5% in 2014 that would increase the interest expenses for the year and respectively increase the loss at the amount of BGN 54 thousand, and vice versa, if the interest decrease by 0.5%.

Credit risk

The Company is exposed to credit risk in case the customers fail to settle their obligations.

Liquidity risk

Liquidity risk arises from negative situations in which the Company is unable to meet unconditionally all its liabilities on their maturity date. The Company is not affected by liquidity shortage. The Company's external sources of financing include related parties of Corus Group and other regular partners. To minimize the liquidity risk, the Company uses a system of alternative mechanisms for operation and forecasts, the ultimate effect of which is the maintenance of good liquidity and, respectively, the financing of its main activity. In addition the Company performs regular monitoring of maturity of assets and liabilities and control over cash outflows.

All amounts are in thousands Bulgarian levs unless otherwise stated

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The Company's liabilities, analyzed as of December 31, 2014 as per their residual term at the reporting date are, as follows:

December 31, 2014	On demand	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Payables to suppliers	-	3,449	136	-	-	3,585
Loans received	-	-	10,953	-	-	10,953
Total financial liabilities	-	3,449	11,089	-	-	14,538

The Company's liabilities, analyzed as of December 31, 2013 as per their residual term at the reporting date are, as follows:

December 31, 2013	On demand	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Payables to suppliers	-	3,957	43	-	-	4,000
Loans received	-	98	10,365	587	-	11,050
Total financial liabilities	-	4,055	10,408	587	-	15,050

As of December 31, 2014 the Company is exposed to liquidity risk for period within 12 months. The Company's management plans to restructure loans received from related parties and considers increasing the share capital.

Capital risk

The Company manages its capital for the purpose of carrying out its operations as a going concern and to secure its future development.

The capital structure of the Company consists of long-term loans (note 16), cash and cash equivalents (note 14) and equity, comprising share capital and accumulated loss.

Fair value measurement

Fair value is defined as the amount for which an asset can be exchanged or a liability settled, between knowledgeable, willing and informed parties in an arm's length transaction.

The Company's financial assets comprise mainly trade receivables and cash at bank current bank accounts due to which it is considered the carrying amount approximates their fair value. Financial liabilities of the Company mainly consist of loans and trade payables due to which it is considered the carrying amount approximates their fair value.

The Company's management considers that at the existing circumstances the presented in the statement of financial position valuations of assets and liabilities are the most reliable, adequate and fair for financial reporting.

All amounts are in thousands Bulgarian levs unless otherwise stated

21. RELATED PARTY TRANSACTIONS

As of December 31, 2014 and 2013 the Company has the following related party transactions:

- Tata Steel Belgium Services, Belgium
- Horizont – Ivanov EOOD
- Fischer Profil GmbH
- Tata Steel IJmuiden – The Netherlands
- Corus Metal San – Turkey
- Tata Steel UK
- Montana Bausysteme – Switzerland
- SAB Profil GmbH – Germany
- Tata Steel Netherland Services – the Netherlands

As of December 31, 2014 and 2013 receivables and payables to related parties are as follows:

Type of transaction	Related party	As of 31.12.2014	As of 31.12.2013
LONG-TERM AND SHORT-TERM PAYABLES			
Payables on loans received	Tata Steel Belgium Services	8,410	8,508
Payables on loans received	Fischer Profil GmbH	2,542	2,542
Interest payables	Tata Steel Belgium Services	55	57
Interest payables	Fischer Profil GmbH	67	67
Payables for delivered materials	Tata Steel IJmuiden. – The Netherlands	2,961	2,961
Payables for delivered materials	Corus Metal San Turkey	209	585
Payables for delivered materials	Fischer Profil GmbH	30	117
Expenses Head office	Tata Steel Netherland Services	186	-
Expenses Head office	Tata Steel UK	47	174
		14,507	15,011
SHORT-TERM RECEIVABLES			
Receivables on sales of finished goods	Horizont – Ivanov EOOD	739	758
		739	758

For the year ended December 31, 2014 the Company has accrued remunerations of the key management personnel at the amount of BGN 131 thousand (2013: BGN 109 thousand).

22. EVENTS AFTER THE REPORTING PERIOD END

There are no significant events which occurred between the date of preparation of these financial statements and the date of the statement of financial position that require changes in the financial statements as of December 31, 2014.