



ANNUAL CONSOLIDATED REPORT ON THE ACTIVITIES OF BILLBOARD PLC, SOFIA FOR THE FINANCIAL YEAR 2015

THIS CONSOLIDATED REPORT WAS PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE. 33 OF THE ACCOUNTANCY ACT (effective until 31.12.2015), ARTICLE 100, PARAGRAPH 5 OF THE LAW ON PUBLIC OFFERING OF SECURITIES AND ANNEX № 10 TO ART. 32A, PARA. 2 OF ORDINANCE № 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES.



DEAR SHAREHOLDERS,

We, the members of the Board of Directors of BILLBOARD AD, led by the desire to manage the company in the interest of the shareholders and pursuant to the provisions of art. 33 of the Accountancy Act (effective until 31.12.2015), article 100m, paragraph 5 of the LPOS, art. 32a, para. 2 of ORDINANCE No. 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES and Annex № 10 to art. 32a, paragraph 1, item 2 of ORDINANCE No. 2 of FCS prepared this Activity Report /the Report/. The Report presents comments and analysis of the financial statements and other essential information regarding the financial situation and the operational results of the company on a consolidated basis. The Report reflects in a credible way the condition and the development prospects of BILLBOARD AD and the companies included in the consolidation.

Information regarding the circumstances occurred in 2015 that the company's management believes that could be of importance to investors when making a decision to acquire, sell or continue holding shares of BILLBOARD Plc has been publicly disclosed to the Financial Supervision Commission, the public (investors) and the regulated securities market within the terms and in accordance with the procedure for regulated information disclosure on the part of public companies and other issuers as provided by the LPOS and Ordinance No 2. The information is also available on the company's website www.billboard.bg, News section.

I. GENERAL INFORMATION ABOUT BILLBOARD AD AND THE COMPANIES INCLUDED IN THE ECONOMIC GROUP OF THE ISSUER

BILLBOARD AD is a company with the following scope of activity: foreign and domestic trade; specific trade operations; barter and cross transactions; sales under the conditions of letters of credit; export of Bulgarian products to the international market; distribution of great volumes of imported goods; commercial representation; intermediation between local and foreign parties; printing and wide format printing activities; advertising activity; acquisition and incorporation of new companies with a scope of activity – printing, wide format printing activities, advertising activity as well as sale of such companies; acquisition, management, evaluation and sale of share participations in Bulgarian and foreign companies; acquisition, evaluation and sale of patents; transfer of licenses for use of patents to companies where the company participates; financing of companies where the company participates.

The company was incorporated on 07.02.2001 under the company name „BILLBOARD PRINT” Ltd. On 23.12.2003 the company was reorganized into a Joint Stock Company – Billboard AD.

The company was filed with the Commercial Register of Sofia City Court under company's case N 1298/2001, volume 672, page 200.

On 22.04.2008 BILLBOARD AD was re-registered with the Registry Agency to the Ministry of Justice – Commercial Register under UIC: 130472125.

As at 31.12.2015 the company has its registered seat and business address at No 1 Bulgaria Sq., National Palace of Culture, AI4 entr., Triaditza district, 1464 Sofia.

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Web: <http://www.billbord.bg/>

As of 31.12.2015 the share registered capital of BILLBOARD AD is in the amount of BGN 15 000 000 divided in 15 000 000 dematerialized registered shares with a nominal value of BGN 1.00 each of them.

In 2015 the company has not made a capital increase or decrease.

INFORMATION ON WHETHER MORE THAN 10 PERCENT OF THE CAPITAL HAS BEEN PAID WITH ASSETS OTHER THAN CASH AND INFORMATION ON CHANGES IN THE CAPITAL OF THE COMPANY

○ On 01.02.2006, the share capital was increased by means of a non-cash contribution - contribution in kind in the amount of BGN 1.1354 million of "IBT INTERNATIONAL BUSINESS AND TRAYDING" AD - Switzerland from "BILLBOARD" AD, which derived based on a pecuniary receivable in the amount of € 580,533.06 arising from a cash loan agreement - financial loan signed on 20.07.2005 between "DEDRAX" Ltd. and "BILLBOARD" AD and subsequently acquired by "IBT INTERNATIONAL BUSINESS AND TRAYDING" AD under an Agreement N: 104 of 25.10.2005 between "KEYLO INTERNATIONAL", "IBT INTERNATIONAL BUSINESS AND TRAYDING" BILLBOARD AD.

○ By Resolution № 6 of Sofia City Court dated 04.06.2007 in the Commercial Register under the batch of BILLBOARD AD were filed the following changes: capital increase with company's own funds from BGN 3.1404 million to BGN 6 000 000 (six million), by means of the issuance of 2,859,600 (two million eight hundred and fifty-nine thousand six hundred) registered dematerialized voting shares with a nominal value of BGN1.00 lev each.

○ By Resolution № 9 of Sofia City Court dated 20.12.2007 in the Commercial Register under the batch of BILLBOARD Plc was filed a capital increase of the company from BGN 6 million (six million) lev to BGN 7.5 million (seven million five hundred thousand) lev, divided into 7,500,000 registered dematerialized voting shares with a nominal value of BGN 1.00 lev each, through the issuance of 1,500,000 (one million five hundred thousand) registered voting shares with nominal value BGN 1.00 lev each.

○ On 19.08.2008, based on the resolution of the regular general assembly of shareholders held on 30.06.2008 to increase the company's capital from BGN 7.5 million lev to BGN 15 000 000 Levs under the procedure of art. 246, para. 4 of the Commerce Act by means of transformation of part of the company's reserves into capital through the issuance of new 7.5 million registered dematerialized voting shares with nominal value of BGN 1.00 lev each, was filed a capital increase in the Commercial Register. The new shares were distributed among the shareholders proportionate to their participation in the capital until the capital increase, as entitled to participate in the distribution of the new shares with which the capital was increased were persons who have acquired shares not later than 14 days following the date of the decision of the General Assembly of the Shareholders for the capital increase. Each shareholder who acquired shares until the 14th day following the date of the General Assembly of the Shareholders when the decision for the capital increase was adopted received 1 new share.

Share Registered Capital

Table №1

As at:	31.12.2012	31.12.2013	31.12.2014	31.12.2015
Amount of the capital in BGN	15 000 000	15 000 000	15 000 000	15 000 000
Number of shares	15 000 000	15 000 000	15 000 000	15 000 000
Number of the issued and fully paid shares	15 000 000	15 000 000	15 000 000	15 000 000
Nominal value of the shares in BGN	1	1	1	1

As at 31.12.2015 the shareholders' structure of BILLBOARD AD is the following:

Table №2

Name of the shareholder	Number of shares hold	Percentage of the capital
Vassil Stefanov Genchev	3 753 730	25.024 %
Stephan Vassilev Genchev	3 000 000	20.00 %
Kalin Vassilev Genchev	3 000 000	20.00 %
Veneta Stephanova Gencheva	1 483 738	9.89 %
Other shareholders – physical persons and legal entities	3 762 532	25.086 %

INFORMATION ON THE ECONOMIC GROUP OF THE ISSUER:

BILLBOARD AD is a part of an economic group within the meaning of §1, item 7 of the Additional Provisions of Ordinance № 2 of FSC and is a parent company within the meaning of the cited provision, which holds over 50 % of the votes at the general assembly of several subsidiaries.

As at 31.12.2015 the companies in the economic group of BILLBOARD AD are:

○ **DEDRAX AD**

Scope of activity: desktop publishing and graphic design, publishing and advertising activities, development, adaptation, implementation, support of software products and systems, marketing and distribution of the same. Domestic and foreign trade, and any other activity not prohibited by law.

The company was registered with a capital amounting to BGN 5 000. In 2010 the company's capital was increased to BGN 2 800 000 by its own funds representing a part of the profit for 2009 in the amount of BGN 310 750.92 and non-distributed company's profit from previous years in the amount of BGN 2 484 248.08.

At the regular annual session of the general assembly of the shareholders of Dedrax AD, held on 30.07.2014 was approved a resolution for a capital increase from BGN 2 800 000 to BGN 4 878 627 as the increase in the amount of BGN 2 078 627 was made by company's own funds representing not distributed profit for the period 2010 – 2013.

As at 31.12.2015 BILLBOARD AD holds directly 60 % of the votes at the general assembly.



- **MOTION ARTS Ltd.**

Scope of activity: trading, production, management, tourism, services, computer animation and design, as well as any other activity not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

As at 31.12.2015 BILLBOARD AD holds directly 255 company stakes, representing 51 % of the votes at the general assembly.

- **INSTOR MEDIA EOOD**

Scope of activity: domestic and foreign trade, manufacturing and marketing of promotional materials and equipment, advertising, design, and other activities and services that are not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

As at 31.12.2015 BILLBOARD AD is a single owner of the company's capital.

- **DIGITAL PRINT EOOD**

Scope of activity: digital printing, advertising, intellectual property transactions, leasing, and any other transactions which are not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

On 28.05.2015 in the Commercial Register to the Registry Agency under the batch of the company was filed a capital increase based on a resolution of the single owner. The company's capital is in the amount of BGN 3 000 000 (three million) out of which BGN 5 000 (five thousand) – money contribution and BGN 2 995 000 (two million nine hundred ninety-five thousand) – contribution in kind.

The single owner of capital BILLBOARD AD transferred at nominal value, fully and unconditionally its receivable to DIGITAL PRINT Ltd. in the amount of BGN 2 995 000 (two million nine hundred and ninety-five thousand) levs, representing part of monetary receivables arising from a Loan agreement concluded between BILLBOARD AD - lender and DIGITAL PRINT Ltd. - borrower, which receivable is part of the principal under the Loan agreement as from 01.08.2008 at nominal value amounting to BGN 5 000 000 (five million) levs and the part of the receivables - subject to the contribution in kind is in the total amount of BGN 2 995 000 (two million nine hundred and ninety-five thousand) levs.

Amount: BGN 2995000.

Number of the Act for assignment of experts: 20150312145317/13.03.2015.

As at 31.12.2015 BILLBOARD AD is a single owner of the company's capital.

- **TIPO PRINT Ltd.**

Scope of activity: development of digital printing, screen printing, offset printing, manufacturing and marketing of household goods, industrial products and foodstuffs, commercial representation and intermediation of Bulgarian and foreign individuals and legal entities, transport and forwarding activities, restaurant, hotel and tourism, import and export, any other activity permitted by law.

The company was registered with a capital in the amount of BGN 142 700.



As at 31.12.2015 BILLBOARD AD holds 30.13 % of the capital of TIPO PRINT Ltd and the subsidiary company DIGITAL PRINT EOOD holds 50.03 % of the capital.

Information on the Management System of the Issuer

BILLBOARD AD has a one-tier management system. The company is being managed by a Board of Directors. As at 31.12.2015 the Board of Directors of BILLBOARD AD includes the following members:

1. Kalin Vassilev Genchev – Chairperson of the Board of Directors
2. Stefan Vassilev Genchev – Executive Director
3. Borislav Hristov Borisov – independent member of the Board of Directors
4. Desislav Grozev Tomov – independent member of the Board of Directors.

No changes in the way of representation of the company have been made during the reported financial year. No appointment or discharge of procurator has occurred.

Information on amendments in the Company's Articles of Association made during the reported financial year

At the regular annual session of the general assembly of the shareholders, held on 30.06.2015 were not approved amendments to the company's Articles of Association.

II. OVERVIEW OF THE ACTIVITIES OF BILLBOARD AND THE COMPANIES INCLUDED IN THE ECONOMIC GROUP OF THE ISSUER

1. Major activity

BILLBOARD AD is a company with the following scope of activity: foreign and domestic trade; specific trade operations; barter and cross transactions; sales under the conditions of letters of credit; export of Bulgarian products to the international market; distribution of great volumes of imported goods; commercial representation; intermediation between local and foreign parties; printing and wide format printing activities; advertising activity; acquisition and incorporation of new companies with a scope of activity – printing, wide format printing activities, advertising activity as well as sale of such companies; acquisition, management, evaluation and sale of share participations in Bulgarian and foreign companies; acquisition, evaluation and sale of patents; transfer of licenses for use of patents to companies where the company participates; financing of companies where the company participates.

BILLBOARD AD and the companies included in the economic group perform activities in the following major spheres:

- Digital wide format printing;
- Offset printing;
- Construction and maintenance of advertising equipment;
- Information technologies and professional solutions for digital printing;
- Design and construction of integrated management information systems in the field of printing and advertising business;
- Complex solutions in the field of outdoor and interior advertising.



In 2015 BILLBOARD AD continued conducting its activities in the following areas: outdoor advertising, indoor advertising, transport advertising and metro advertising, events and exhibitions, photographs and reproductions. The company is a representative of 3M for the products of Commercial Graphics Division and is the only authorized 3M Scotchprint manufacturer. Thereby the company's customers receive additional support and guarantee from the world giant for the implementation of their projects.

In the field of **outdoor advertising** BILLBOARD AD develops and offers various types of billboards, mega boards, City Lights, advertising shop windows, awnings, facade advertising with integrated lighting and unlighted facade advertisement banners and packing of buildings.

In the field of **indoor advertising** BILLBOARD AD develops and offers printing of posters and banners with photo quality, including 3D posters, illuminated advertisements, banners, floor graphics, design and implementation of various backdrops, branding, development of boards and panels, models of objects and people in natural size, advertising on custom interior spaces, expo systems.

In the field of **transport advertising** BILLBOARD Plc develops and offers a variety of services in the field of branding for different types of vehicles - cars and trucks, airplanes, ships and boats, means of public transportation.

MAJOR PRODUCTS AND THEIR VARIATIONS PRODUCED BY BILLBOARD AD AND THEIR SHARE OF THE TOTAL 2015 PRODUCTION

Type of product	Description	TYPES	%	
OUTDOOR ADVERTISING	PRINT FOR OUTDOOR ADVERTISING	Types		
Billboard 4 x 3 type Piza	Billboard is a standard advertisement facility for outdoor advertisement, positioned in an urban or country area with standard size 4x3 m. By means of billboard advertisement one realizes successfully both image and product advertisements and the message reaches a wide range of public. For the realization of a successful campaign one recommends a selection of a sufficient number of locations, which could be rotated in the period of advertising and a location, which is in compliance with the advertised product	made of PVC Vinyl Front lighted	9.00 %	38.50%
		made of Backlit PVC Vinyl Scroller		
		Printed on paper for metal plates		
		Made of Selfadhesive PVC film		
Megabillboards	These are advertisement constructions with big sizes, which are positioned along the highways or on residential buildings in the urban area. This type of advertisement carriers is used for the realization of the long-lasting image campaigns, in which the accent is on the brand. Since the size of the advertisement posters are impressive, there are big requirements for the facility and the board. For the advertisement facilities, placed on buildings, it is necessary an additional accuracy when making the poster, since the strength caused by the heavy winds often reaches 50 kg/m ² . For this purpose it is mandatory to use strengthened seams, fixes and ropes when making the advertisement board.	Wall Murals	4.40 %	
		Highway Megabillboard 8x4m and 12x4m		
		Over-roof Megabillboards		
		Made of Mesh		
City Light	Advertisement facilities, located in pedestrian areas and at the public transport stops. Standard size 1,20m x1,80m, backlit. Typical for them is that they have a bigger readability compared to the other elements of outdoor advertisement. This makes the realization of brand advertisements possible. The materials used are mainly paper for backlit, vinyl or backlit film. The easy assembly and disassembly provide the opportunity for holding of campaigns and entire media planning.	Vien pillar	4.00 %	
		Bus Shelter		
		Litylight		
Shop windows advertising	Advertisement vision, located on the front building part, means a maximum efficient way for use of the buildings as a place for	Transperant film	7.50 %	
		White film		



	advertisement. It is realized by means of sticking perfo folio from the outdoor side of the windows, which folio imitates blinds and doesn't prevent the light to enter the building. The effect is a very pleasant one both for the employees working inside the building and for all the people outside the building, cause the perfo folio merges in a natural way with the front building part. The advertisement on glass front building parts is an image one and is efficient for a long period, since the production of the vision and the assembly are relative expensive.	One-way vision 3M Vikuity - rear projection	
Tents	They are used mainly in the public food facilities both with an advertisement purpose and in order to keep the visitors protected from sun, rain, snow etc. They are made out of vinyl or textile. They require that a particular construction on a preliminary draft should be erected, on which the canvas is to be set. The shapes and size are individual, in accordance with the capacities of the site.	Textile tents Vinyl Tents	0.70 %
Facade advertising	This is the widest spread advertisement in urban area. The front building areas are used of the trade sites, offices, restaurants and bars, institutions. Specific constructions are made with possibilities for diversity with the used printing media, lighting or not lighting, volume, neon etc.	backlited with no ligh	4.30 %
Banners	The banners are advertisement materials with non-standard sizes, not requiring a particular metal construction. It is specific for them, that they are easily to change and do not require high budget. They are produced most often of laminated or oiled vinyl. Depending on the envisaged way of suspension they could be made of pins, pockets, PVC or metal pipes.	Vinyl banner Mesh banner Transperant of textile Vertical vinyl baner Textile banners	3.60 %
Wrapping of Buildings	One of the most actual recent tendencies for sending of advertisement messages is the use of the front building parts as an advertisement area. Besides the unique in its size visual effect this type of advertisement has a purely practical benefit, as it covers the repair works during renovation of the buildings. Depending on the period of "wrapping" and the specific location of the site, one can use vinyl or construction net.	made of Vinyl net made of construction net	1.30 %
Signboards	The signboards are being placed predominantly on the streets and have the function to give additional information about the location and scope of activity of a particular company. It is typical for them to synthesize key information and data - company name, direction, remaining meters / kilometers. They can be one - or two-sided. They are being made of comatex, steel with PVC film. Reflective foil may also be used.	Metal plate with PVC Reflective signs Advertising and directive signs Corporative totems	1,40 %
Pavilions	Branding of a pavilion is an effective way of advertisement in urban environment. For its realization one performs an individual designer's project and in this way one achieves uniqueness of the commercial area. The purpose is attraction of customers and respectively increase of the sales. The materials, which are used for the "wearing" are 3M PVC folio (on metal parts) and perfo folio (on glass parts).	Branded with selfadhesive Whole tent of Vinyl	1,00 %
Flags	The flags are bearers of advertisement messages, related mostly with the image of a particular brand. They are used mainly for outdoor advertisement. They are assembled on pillars with the help of hooks or fixes, additionally strengthened with cord. For their production one uses especially developed polyester fabrics, which are more durable to weather conditions – wind, rain, snow, sunlight etc. The standard sizes are 4x1.5 m, but they could vary.	Advertising flags National Flags Windblade Special flags for strong wind	0.90 %
Gas stations	Billboard AD offers also variable materials, related with the layout of the gas station as a trade object. They have no advertisement nature, but rather an image and informational	Branding of pistol holders	0.40 %

Light boxes on the



	one. Their production is fully in compliance with the specifics and requirements for layout of gas stations. In order to avoid the standard vision, one puts emphasis on the unique design, which distinguishes the different chains. The products, which are produced, are various: totems, stickers for gas station posts, lighting boxes, advertisement canvasses, front building part constructions, indicating signs.	cashdesks Price Totems		
Interior advertising	PRINT FOR INTERIOR ADVERTISING	Type		
POS	Advertising on the place of purchase is related with most efficient way of presenting the products, or so cold Merchandise. Billboard offer a wide variety of differetn size, type or shape of printed material for POS, as well as the hanging system or any individual projects. The better way of presenting the products and their technical datas is important part of selling the products.	Translites	15.30 %	
		Stands		
		Pallet zone		
		Security zone		
Posters	Printing of posters and placards with photo quality of different media – regular, poster or photo paper, gloss or matt, with additional option for laminating. It successfully replaces the offset printing provided that there are single items needed or there is a need of small volume of printing or printing with many different visions. Also here the maximum width of printing is 160 cm, without restrictions in the length. The printing is with solvent UV and water durable inks.	Stoppers	4.20 %	
		Poster		
		Carton board		
		Poster made of vinyl		
Illuminated advertising	Metal or aluminium constructions with inbuilt lighting bodies, directed to the front part. Depending on the sizes and the location, where they are assembled, their visions could be printed on different medias. One uses a special mode of printing, in which the colours are more thick and bright and compensate the backlit. Their main advantage against the other advertisement bearers is that their vision is active 24 hours. The advertisement could be done in different ways: plexiglass with PVC folio, backlit film, vinyl for back lighting.	PP poster	2.00 %	
		3D lenticular		
		Backlite boxes		
		Menu boards		
Banners	The banners are advertisement and information elements, designed for location on various sites. They are with non-standard sizes and are to be applied as well for outdoor as for indoor advertisement. They are used for events with short duration – conferences, promotions, forums or as information boards. The way of fixing is always individual, depending on the conditions, but most often by means of fixes, pockets, metal or PVC pipes. They are made mainly of laminated or glued vinyl and they do not require a special construction for assembly.	Translites	3.20 %	
		Made of Vinyl		
		Textile banners		
		Tranperants		
Floor graphic	The floor graphic is a non-standard and breath taking advertisement product. It is used for branding, promoting, advertisement and decoration. It is extremely suitable for big commercial sites, sport halls, museums, airport and bus terminals, gas stations and fast food restaurants. They are made of high quality folio of the 3M brand and are placed on all types of smooth floor surfaces. For the more bigger events and promotions one can use them as outdoor advertisement on sideboards and squares.	Standart floorgraohic	5.20 %	
		Stairways		
		3D floor graphics		
Sets and other decorations	One of the main tasks of the indoor designers is to give the space coziness and comfort, as in this way they make so that the people feel comfortable, without difference where they are. The contemporary technologies allow the production of different sets and other decorations such as curtains, table-cloths, floor covers, damasks etc. The most often used materials are textile and paper, as they are most common for the human	Sets for resr places	0.80 %	
		Sets for TV studios		
		Sets of showrooms		
		Theatre sets		
Refrigerating shop-windows	Branding of refrigerating glass windows is used for indoor advertisement, mainly in the commercial sites and public	Coffe machines	0.50 %	
		Refrigerators		



and vending machines	facilities. It is made by means of application of 3M PVC film, as its designation is to introduce the commercial brand and the main product, which is offered to the users.	Refrigerating shop-windows and automates		
Dashboards and panels	These are articles, which are placed with decorative, advertisement or indicative purpose. They are intended to be used mostly in the commercial sites. They are made out of different surfaces: foamboard, comatex, PVC material and depending on the function they have they could be printed both one-sided and two-sided. In the cases when one seeks photographic quality, the vision is printed on photo paper and then it is cashed on the surface.	PVC Board Models and Figures Canvases of Foamboard	3.30 %	
Lifts and escalators	Advertisement on non-standard indoor spaces such as lifts, escalators and staircase rooms by means of sticking with PVC folios. This is an extremely suitable way for realization of long-term image non-standard advertisement campaigns in the commercial or public sites, where there is a huge stream of passengers every day.	Lifts and escalators Elevetor doors Whole branding of elevetor Halls	0.70 %	
Transportation advertising	PRINTING OF TRANSPORTATION ADVERTISING	Type		
Cars	Cars are extremely suitable for entire branding. The lack of complex curves makes them into an ideal subject of full wrapping. In this way one increases the advertisement area and strengthens the effect of the advertisement and the esthetics. The cars are intended mainly for transfer of passengers, so that one could avoid the branding of the glasses, but often one covers also the roof, which is easily accessible. In case of full wrapping one recommends the use of folios 3M from the series SC 40;50 and SC 180;380 depending on the warranty and stability of the application.	whole branding partial branding reflective tunning of cars	2.40 %	15.90%
Jeeps and vans	Jeeps and vans are extremely suitable for entire branding. The lack of complex curves makes them an ideal object for "covering". In this way one increases the advertisement area and strengthens the effect of the advertisement and the esthetics. They are intended mainly for transfer of passengers, so that one could avoid the branding of the glasses, but often one covers also the roof, which is easily accessible. With the full wrapping one recommends the use of folios 3M of the series SC 40;50 and SC 180;380 depending on the warranty and the stability of the application.	whole branding partial branding reflective tunning	0.20 %	
Motors	Branding of motors is another non-standard and attractive way of submitting the advertisement message. The sticking could be both partial and full. The advantage of these vehicles is the lack of complex curves, although the selection of folio is strictly specific. One recommends the series for vehicles of 3M - ScotchCal 40 and ScotchCal 50, because of the additional scratch resistant cover. Prior to the assembly of the stickers it is necessary that the motor should be measured and designed by the experts of Billboard JSC.	whole branding partial branding reflective tunning	0.10 %	
Cargo vehicles	Cargo vehicles are more and more often used for supply with goods. Almost all companies performing commercial activities have at least one cargo vehicle. That's why the branding namely of this type of vehicles is the most wide distributed both with advertisement purposes and with identification purpose. Big commercial companies, distributors or speditors create an entire corporate fleet, thus demonstrating the presence on the market during goods delivering. The quality for execution of the advertisement is of great importance because it additionally contributes for the good image of the company. Low quality	whole branding partial branding	6.20 %	



	with the performance of the advertisement is inadmissible. At the same time cargo vehicles are most complex from technical point of view, as they have complex curves. This makes the selection of folio restricted and increases the price. Recommended are the materials for entire branding 3M Scotchcal 180 and 3M Scotchcal 380 depending on the depth of the curves			
Trucks	Even more companies brand their trucks, with which they operate. Depending on the work activity the application could be an image one or it could provide visual information about the offered products and services. The main advantage is the bigger area of this kind of vehicles, which could be partially or fully branded. The trucks are one of the most appropriate bearers of advertisement, cause they are always on the move and so they are influencing a bigger public. It is recommended that one uses the folio of the specially distributed series for vehicles of 3M - Scotchcal 40 and Scotchcal 50.	with metal sides	1.60 %	
		with PVC vinyl		
		Petrol tank trucks		
Special purpose cars	Special purpose cars require high level reflective materials. Billboard AD offers all reflective series of 3M - SC 580; SC 680; Diamand Gray etc.	Police vehicles	0.80 %	
		Ambulances		
		Security vehicles		
Public transport	Public transportation is used more and more often as a bearer of advertisement messages. They reach a wider range of consumers. The visual effect is made through the entire or partial branding. The visions are printed on 3M PVC folio of the metal parts. The windows are branded with perfo folio, which doesn't prevent the light from entering the vehicle, so that the advertisement message doesn't obstruct the visibility from the inside to the outside. Besides the outdoor branding with folios, there are another possibilities available for indoor and outdoor advertisement: lighting and non lighting constructions, advertisement posters, banners etc.	Buses	4.60 %	
		Troleys		
		Trams		
		Mini Buses		
		Metro		
Projects	COMPLETE PROJECTS EXECUTION	Type		
Events and exhibitions	Every event is unique in itself from the point of view of the used advertisement elements. The purpose is that one should combine all visual materials, such as banners, columns, billboards, screens etc, so that they should strengthen and express to the maximum extent the effect from the size. The task and the purpose of the company Billboard JSC is to create a visual communication, which should strengthen the influence on the public by means of optimal use of the possibilities of the rooms and the environment. When decorating a particular event it is important, that one should consider the nature of the event as well as its purpose. In this case one achieves a suitable selection and quality make of the advertisement materials.	Events	1.80 %	
		Concerts		
		Oppening		
		Press-conference		
		Company partys		
		Sepmling nad presentations		
Complete projects execution	Billboard AD offers complete projects execution for visual communication. The company has a highly trained professional team of designers, prepress and applications who can creating a complete interior or exterior project from the Idea to the final details. The company has also offices in the main cities of Bulgaria - Sofia, Plovdiv, Varna and Bourgas witch serve the local markets and national campains.	Design	8.00 %	10.40 %
		Engeneering		
		Prepress		
		Construction		
		Aplication		
Photographs and reproductions	Making of images of photograph quality designed for professional photograph exhibitions and reproductions. Most often there are used different types of photo paper, canvas and other art materials.	Reproducion of art	0.60 %	
		Photo Exhibitions		



**MAJOR PRODUCTS AND THEIR VARIATIONS PRODUCED BY DEDRAX AD
AND THEIR SHARE OF THE TOTAL 2015 PRODUCTION**

Products	%
Advertising Brochures	15,56%
Packings	13.45%
Advertising Displays	8,36%
Advertising Leaflets	6.96%
Magazines	6.35%
Calendars	5,35%
Advertising Catalogues	4.87%
Posters	4.08%
Boxes	3.48%
Textbooks	3.39%
Books	3.01%
Pads	1.94%
Paper Bags	1,62%
Folders	1,53%
Stickers	1.52%
Piramids	1,27%
Labels	1,25%
Other	1,16%
Notebooks	0.92%
Displays	0,91%
Woblers	0.75%
Mats	0,70%
Cards, Postcards	0,70%
Print only	0,70%
Working calendar	0,70%
Counterfoils	0,63%
Company blanks	0,63%
Scratch cards	0,63%
Incerts	0,57%
Playing cards	0,56%
Show cards	0,49%
Recepy books	0,45%
Shelf talkers	0,42%
Racks	0,42%
Newspapers	0,38%
Business cards	0,35%
Postarets	0,35%
Pockets	0,31%
Headers	0,31%
Cubes	0,31%
CD covers	0.30%
Stoppers	0,28%

Hangers	0,24%
Sleevs	0,23%
Menues	0,22%
Praystar	0,22%
Envelops	0,21%
Talons	0,21%
Invitations	0,15%
Cardboard box	0,14%
Assistants	0,14%
Puzzels	0,14%
File cases	0,11%
Excise labels	0,10%
	100%

2. Markets And Sales

Pursuant to the annual consolidated financial statements of BILLBOARD AD, drawn up according to the IAS forms, as at 31.12.2014 BILLBOARD AD reports consolidated net sales revenues in the amount of BGN 32 692 000 which is an increase by 8,78 % compared to the 2014 consolidated net sales revenues in the amount of BGN 30 054 000.

The consolidated production net sales revenues of BILLBOARD AD as at 31.12.2015 BILLBOARD AD are in the amount of BGN 27 505 000 and reports a growth by 8.78 % compared to the consolidated production net sales revenues as at 31.12.2014 and the services net sales revenues are to the amount of BGN 5 187 000 and increased by 8.76 % compared to 31.12.2014.

Table № 3

Revenues (in thousand BGN)	31.12.2013	31.12.2014	31.12.2015
Production sales	24 282	25 285	27 505
Services sales	3 309	4 769	5 187
Total	27 591	30 054	32 692

The 2015 consolidated production net sales revenues in the amount of BGN 27 505 000 represent 84.14 % of the consolidated net sales revenues and the services net sales revenues in the amount of BGN 5 187 000 and represent 15.86 % of the consolidated net sales revenues.

As at 31.12.2015 the companies in the economic group of BILLBOARD AD report export revenues in the amount of BGN 1 930 000 which is 5.90 % of the consolidated net sales revenues.

Breakdown of the markets of BILBOARD AD on a consolidated basis as of 31.12.2015 is the following:

- Czech Republic – BGN 224 688.19
- France – BGN 258 047.02
- Germany – BGN 323 000
- Italy – BGN 296 000
- Netherlands – BGN 248 000
- Denmark – BGN 213 000
- Romania – BGN 179 000
- Greece – BGN 51 000
- Macedonia – BGN 4 689.09
- Other – BGN 133 025



In 2015 BILLBOARD AD used the following basic marketing strategies:

Direct marketing

The Trade Department of the company continuously collects information about the market - for new customers, for those who do not work with the company, for competitors and others. The information is being analyzed and a specific strategy to the specific client is been set. When the new customer is a company that does not use the services of BILLBOARD AD and does not work with competitive companies, meetings with the management of the company are being organized, where to present all products and services of BILLBOARD AD, explain their competitive advantages and identify an appropriate approach to the customer. When the potential new client develops its potential towards a competitor, the management and the Sales Department of the company look for weaknesses of the competition and offer better solutions.

Direct sales

The Sales Department of the company accepts all requests from the customers clarify their requirements and advise them on the best way for implementation. Then all the information is being systematized and formed in an order with the help of a specialized information system and the production is being launched. In the implementation process BILLBOARD AD monitors and controls the proper execution of the contract by informing the customer at every stage of its implementation.

Advertisement

BILLBOARD AD regularly uses the classic advertisement as a means of promoting new services, general price conditions and others. As major marketing channels the company uses outdoor advertising, radio advertising for the implementation of an image campaigns, and some specialized media, such as magazines and newspapers. The Company regularly updates its production website that provides detailed information on all products and services offered by BILLBOARD AD in the field of wide-format digital printing, price lists and information about the technologies used by the company.

Sponsorship

BILLBOARD AD is a traditional sponsor of many events and organizations such as the National Academy of Art, marketing forums, sports rallies, the Center For Disadvantaged People, different forums on the capital market and others. Sponsorship activities are part of the overall marketing strategy of the company, thereby simultaneously increasing the company's image and help various important causes.

Exhibitions and events

BILLBOARD AD participated in most marketing, advertising, PR and Internet business exhibitions such as Com Print, Print & Pack, Advertising Expo, Webit Expo and others. On these exhibitions the company presents its new products and collects information from the market. Together with 3M, the company annually organizes a workshop presenting the latest world trends and experience through the eyes of an outdoor advertising company.



Image

One of the most important preconditions for the company's success is its good reputation and high quality of products and services imposed on the market. BILLBOARD AD strictly adheres to the principle that the best advertisement is the work itself. For this purpose the company does not compromise on quality, paying due attention to the orders of each customer and constantly investing in promoting the qualification of its employees as well as in new advanced technologies that are unique for the Bulgarian market.

III. OPERATING RESULTS

In 2015 the Group has recognized an impairment loss in the amount of BGN 665 000 which is the reason for the reported consolidated loss before taxes of the company in the amount of BGN 240 000. The consolidated net loss of BILLBOARD AD as of 31.12.2015 is in the amount of BGN 507 000 which includes the loss attributed to the owners of the parent company in the amount of BGN 639 000 and the profit attributed to the non-controlling participation in the amount of BGN 132 000.

Table № 4

SHAREHOLDERS' EQUITY, MINORITY HOLDINGS AND LIABILITIES	2013	%	2014	%	2015
	a	1	2	3	3
A. SHAREHOLDERS' EQUITY					
I. Share capital	15000	0%	15000	0%	15000
II. Reserves	3779	23,7%	4676	0.6%	4702
III. Financial result	6568	-63,1%	2424	-27.4%	1759
1. Retained earnings (loss) from previous periods, including undistributed profit	6490	0,5%	6522	-63.2%	2398
loss not covered	0	0%	0	0%	0
one-time effect from changes in accounting policy	0	0%	0	0%	0
2. Current year profit	78	-100%	0	0%	0
3. Current year lost	0	0%	-4098	-84.4%	-639
IV. Non-controlling participation	1929	13.5%	2189	3.6%	2268
TOTAL SHAREHOLDERS' EQUITY "A" (I+II+III):	27 276	-11%	24 289	-2.3%	23 729

Operating expenditures by category

Table № 5

EXPENSES	2013	%	2014	%	(in thousandBGN) 2015
	a	1	2	3	3
A. Expenditures					
I. Operating expenses					
1. Materials	12795	-2.3%	12504	13.4%	14175
2. External services	6793	9.1%	7411	13.8%	8435
3. Depreciation	2126	4.4%	2219	-1.8%	2179
4. Salaries	4747	10.4%	5240	1.2%	5305
5. Social security	505	7.7%	544	41%	767



6. Book value of assets sold (finished goods excluded)	726	92.1%	1395	-75.8%	337
7. Assets under construction and write off of assets	110	-121.8%	(24)	258.3%	38
8. Other expenses, including impairment of assets	558	753.9%	4765	-79.1%	996
provisions	244	1657.4%	4288	-84.5%	665
provisions	0	0%	0	0%	0
Total	28 360	20.1%	34 054	-5.4%	32 232

The consolidated operating expenses of BILLBOARD AD as at 31.12.2015 are in the amount of BGN 32 232 which represents a decreased by 5.4 % compared to the operating expenses reported as at 31.12.2014 in the amount of BGN 34 054.

The most essential part of the operating expenses take the materials in the amount of BGN 14 175 000 which report an increase by 13.4 % compared to 2014.

The consolidated external services expences for 2015 are in the amount of BGN 8 435 000 and increased by 13.8 % compared to the consolidated external services expences for 2014.

FINANCIAL INDICATORS

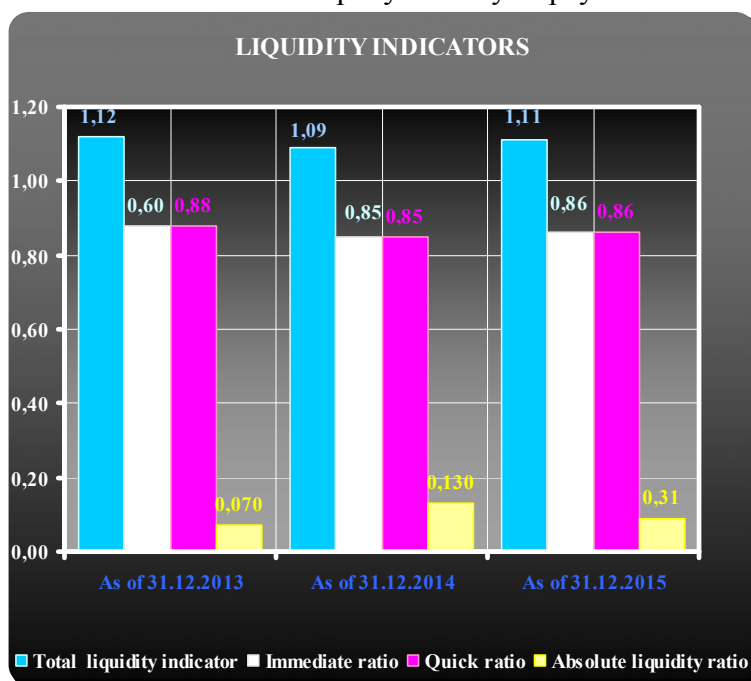
1. LIQUIDITY

Table № 6

LIQUIDITY INDICATORS

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Total liquidity ratio	1,12	1,09	1,11
	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Immediate ratio	0,88	0,85	0,86
	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Quick ratio	0,88	0,85	0,86
	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Absolute liquidity ratio	0,07	0,13	0,09

The trend of the liquidity indicators over time provides the most valuable information. It is supposed that liabilities to creditors are being paid off in cash rather than using inventories or equipment. I.e., these factors describe the company's ability to pay off its debts on time.



TOTAL LIQUIDITY RATIO

The total liquidity ratio is one of the earliest formulated indicators and is considered to be universal. The total liquidity ratio represents the ratio of current assets to current liabilities. The optimum values of this ratio are over 1-1.5.

Table № 7

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Total liquidity ratio	1,12	1,09	1,11

As at 31.12.2015 the value of the total liquidity ratio on a consolidated basis being 1.11 registered a slight growth compared to its rate of 1.09 for 2014. The increase in the value of this ratio for 2015 is due to the increase of the consolidated current assets by 5.7 % and the increase of the current liabilities by 3.5 %.

QUICK LIQUIDITY RATIO

The quick liquidity ratio represents the ratio of current assets minus inventories to current liabilities. Its traditional dimensions proving stability of the company is around 0.5.

Table № 8

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Quick ratio	0,88	0,85	0,86

As at 31.12.2015 the value of the quick liquidity ratio is 0.86 and reports an inconsiderable increase compared to its rate reported in 2014. The increase in the value of the quick liquidity ratio is due to the increase of the current assets by 5.7%, the increase in the inventories by 7.9 % and the increase in the current liabilities by 3.5 %.

IMMEDIATE LIQUIDITY RATIO

The immediate liquidity ratio represents the ratio of short-term receivables to cash and current liabilities of the company.

Table № 9

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Immediate ratio	0,88	0,85	0,86

As at 31.12.2015 the value of the immediate liquidity ratio is 0.86.

ABSOLUTE LIQUIDITY RATIO

The absolute liquidity ratio is calculated as the ratio of cash and short term liabilities and indicates Company's ability to meet its short term liabilities with its available cash.

Table № 10

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Absolute liquidity ratio	0,07	0,13	0,09

As at 31.12.2015 compared to 2014 the value of the absolute liquidity ratio reports a decreased compared to its rate as of 31.12.2014 due to the decrease of the cash and cash equivalents by 29.9 % and the increase in the current liabilities by 3.5%.

2. CAPITAL RESOURCES

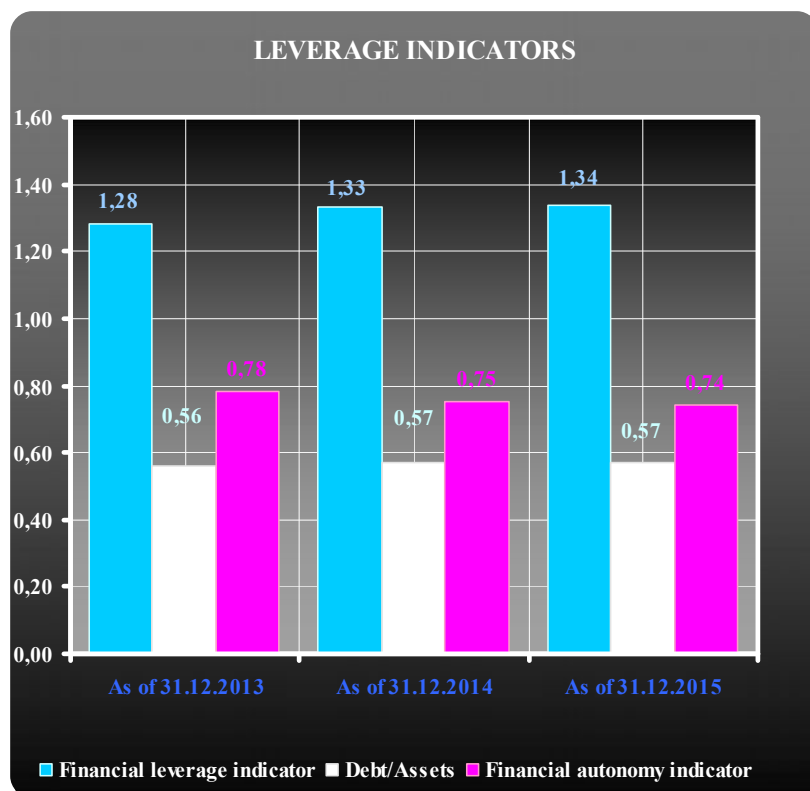
Table № 11

SHAREHOLDERS' EQUITY, MINORITY HOLDINGS AND LIABILITIES	2013	%	2014	%	2015
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loss not covered	0	0%	0	0%	0
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TOTAL SHAREHOLDERS' EQUITY "A" (I+II+III):	27 276	-11%	24 289	-2,3%	23 729

Table № 12

LEVERAGE INDICATORS

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Financial leverage indicator	1,28	1,33	1,34
	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Debt/Assets	0,56	0,57	0,57
	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Financial autonomy indicators	0,78	0,75	0,74



The financial autonomy and financial leverage indicators report on the ratio between own funds and borrowed funds in the capital structure of the company. High rates of the financial autonomy indicator, respectively, low rates of the financial leverage indicator, provide guarantee both for investors /creditors/ and for the owners themselves, on the ability if the company to pay regularly its long-term liabilities.

The effect of using borrowed funds (debt) by the company with a view to increase the final total net income from the funds involved in the activity (equity and borrowings) is called financial leverage. The benefit of using financial leverage appears when the company benefits from the investment of borrowed funds more than the expenses (interest) on their attraction. When a company achieves higher yields when using borrowed funds in its capital structure than the expenses on their attraction are, leverage is justified and should be considered in a positive way (with the reservation that the rate of leverage does not significantly negatively influence other financial indicators of the company/the group).

FINANCIAL AUTONOMY RATIO

The financial autonomy ratio shows what percentage of the total liabilities represents the shareholders' equity of the group.

Table № 13

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Financial autonomy indicators	0,78	0,75	0,74

As at 31.12.2015 the value of the financial autonomy ratio was 0.74 and decreased inconsiderably compared to 2014. In 2015 compared to 2014 the debt of BILLBOARD AD on a consolidated basis decreased by 1.3 % and the shareholder's equity decreased by 2.3 %.

FINANCIAL LEVERAGE RATIO

Table № 14

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Financial leverage indicator	1,28	1,33	1,34

In 2015 in comparison with 2014 the value of the financial leverage ratio on a consolidated basis reports an inconsiderable increase.

DEBT TO TOTAL ASSETS RATIO

The ratio of debt to total assets shows what percentage of the group's assets is being financed through debt.

Table № 15

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Debt/Assets	0,56	0,57	0,57

As at 31.12.2015 the value of the Debt/Assets ratio does not register any change compared to its value as at 31.12.2014.

KEY INDICATORS

Table № 16

(In BGN thousand)			
	2013	2014	2015
Net sales revenues	30 455	32 037	33 697
Net profit (loss) attributed to the owers of the company	78	(4 098)	(639)
Shareholder's equity attributed to the owers of the company	25 347	22 100	21 461
Non-contrilling (minority) participation	1 929	2 189	2 268
Non-current liabilities	20 770	18 811	17 927
Current liabilities	35001	32 305	31 899
Non-current assets	46 407	41 916	40 108
Current assets	15 870	14 678	15 520
Working capital	1639	1 184	1 548
Cash and cash equivalents	1026	1 775	1 256
Debt	35001	32305	31 899
Total assets	62277	56 594	55 628
Interest expenses	1536	1 703	1 591
Inventories	3 336	3 196	3 449
Current Receivables	11508	9707	10815
Operating expenses	28 360	34 054	32 232
Material expenses	12 795	12 504	14 175

Profitability indocators

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Return on share capital	0,0052	-0,2732	-0,0426
	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Return on shareholder's equity	0,0031	-0,1854	-0,0298
	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Return on assets	0,0013	-0,0724	-0,0115

RETURN ON EQUITY (ROE)

The Return on Equity indicator is calculated as the profit after taxation from the total income statement is related as a percentage of the Company's shareholders' equity. This ratio measures the return to shareholders in terms of their absolute investments.

Table № 17

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Return on shareholder's equity	0,0031	-0,1854	-0,0298

As at 31.12.2015 the value of this indicator is negative, due to the registered loss for 2015.

RETURN ON ASSETS (ROA)

Table № 18

	As at 31.12.2013	As at 31.12.2014	As at 31.12.2015
Return on assets	0,0013	-0,0724	-0,0115

The Return on Assets indicator shows the effectiveness of using the total assets in the Group. As at 31.12.2015 the value of the Return on Assets indicator is negative, due to the registered loss for 2015. In 2015 compared to 2014 the company's total assets decreased by 1.7 %.

IV. PRINCIPAL RISKS WHICH THE COMPANIES IN THE ECONOMIC GROUP OF BILLBOARD AD FACE

SYSTEMIC RISKS

OVERALL MACROECONOMIC RISK

Pursuant to data of BNB („*Economic Review*” of BNB, 4th edition for 2015.), during the fourth quarter of 2015 the global economic indicator declined, giving a warning for an ongoing but slower improvement in global economic activity in comparison with the previous quarter. Divergences continued to be observed across geographic regions and based on the level of economic indicators a moderate increase in the Eurozone economic growth and weaker growth in the USA and the developing economies could be expected. Global inflation declined further due to the decrease in the price indices of both developed and developing economies, underpinned by the continuous fall in the international commodity prices and that of the crude oil in the utmost.

The pace of growth of the world economy begins to slow down in 2015 mainly due to the developing economies lower growth. BNB expects that in 2016 and 2017 the growth in developing countries will increase, leading to acceleration of the global growth. The significant decrease in the international prices of basic raw materials, and the one of the crude oil in the utmost, in 2015 is due to maintaining a high level of production and stocks in the presence of weakening demand. According to BNB the downward trend in prices is expected to be discontinued at the earliest in the second half of 2016 under the influence of the growth recovery in developing countries. Increase in international prices of basic raw materials, according to BNB can be expected in 2017.

The risks for a weaker global economic growth in the first half of 2016 are mainly related to the possibility of a more pronounced slowdown in some developing economies' growth, as well as to the uncertainty over the effects stemming from the increase in the base interest rates in the USA. If the downward trend in the international prices of basic raw materials and crude oil continues, this would create risks of lower than currently expected global inflation. In the light of these risks the external environment will remain a source of uncertainty to the development of the Bulgarian economy in the first half of 2016.

Pursuant to data of BNB the economic activity in Bulgaria in 2015 accelerated as the forecast foresees economic growth to slow down to 2.1 % in 2016, with lower government investment acting as a specific factor for this year. In 2017 BNB expects the real GDP growth to accelerate again to 2.8 % and estimates the risks for the economic activity growth as balanced.

Due to the open nature of the Bulgarian economy and the considerable import of basic raw materials and fuels, the dynamics of their prices on international markets has a significant impact on domestic prices. BNB expects that in 2016, with the stabilization of international commodity prices, deflationary trend in consumer prices in the country will be discontinued, and in 2017, in the pursuit

of the assumption for an increase in international prices, inflation will slowly begin to increase. There are risks for inflation to be lower than projected, if international price dynamics is below the expectations.

The Government forecasts regarding the impact of the negative trade balance is that the balance of the current account will decline to a deficit of 1 % of GDP in 2017. The direct foreign investments (DFI) are expected to stabilize at levels of around 3 % of GDP in the period 2015-2017. With the gradual acceleration of economic activity in the period 2016-2017 the rate of employment growth is projected to reach 0.9 % in 2017, while the unemployment rate is expected to decrease to 9.4 %. With the employment increase in 2015 labor income will continue growing at a moderate pace. More significant acceleration in their dynamics is expected in the period 2016-2017, in terms of higher economic activity and growth in labor productivity in the country.

The change in external assumptions for international commodity prices and exchange rate dynamics of the euro against the dollar will be reflected in a revision of expectations about the inflation in Bulgaria. The projected price increase in non-energy goods on the international markets and higher prices of imported durable goods (expressed in lev) would lead to an increase in the overall level of consumer prices at the end of 2015 of 0.8 %. The average annual inflation, however, is projected to remain negative due to declines in fuel prices at the end of the previous and the beginning of this year. The average annual change in the harmonized consumer prices index (HCPI) in 2015 is expected to be -0.6 %, and in the period 2016-2018 - inflation is expected to be positive 1.8 -2 %, assuming higher international oil prices during the following years and domestic demand recovery.

According to forecasts of the Government, private sector crediting will grow at a relatively weak pace in the period 2016-2017. At the end of 2015 its growth on an annual basis will be 1.9 percent while by 2017 is will accelerate to 3.1 %. During the whole period will be observed a trend for a gradual increase in the contribution of loans to households, especially in consumer credits, which will follow the growing contribution of private consumption to the economic growth.

(Source: Ministry of Finance)

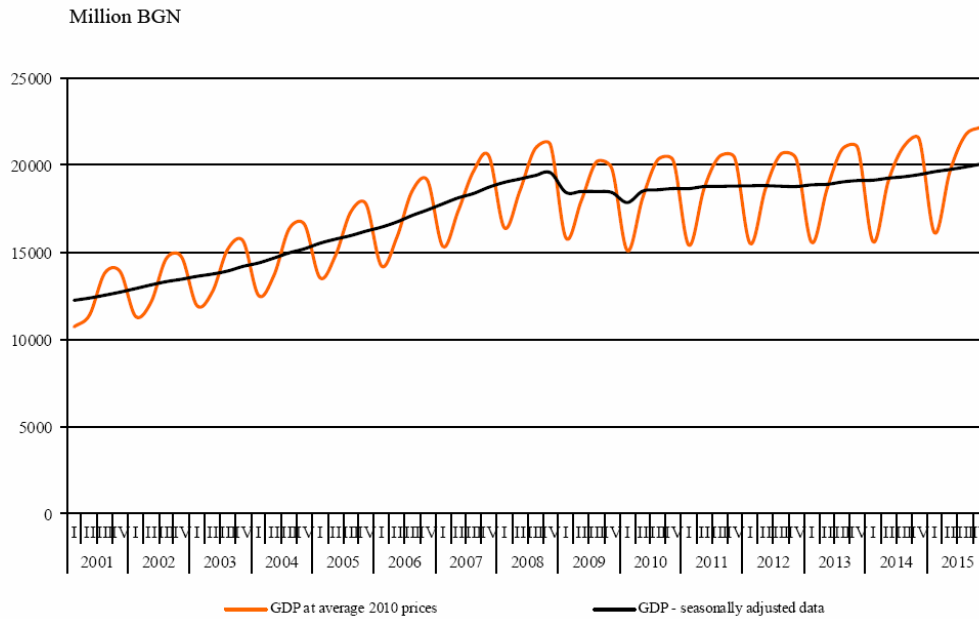
Pursuant to data of the National Statistical Institute (NSI) in the fourth quarter of 2015 the Gross Domestic Product (GDP) expanded with 3.1 % compared to the same quarter of the previous year and with 0.8 % compared to the third quarter of 2015 according to the seasonally adjusted data.

According to the flash GDP estimates of NSI for the fourth quarter of 2015, the GDP at current prices amounted to BGN 23 977 million. GVA in the fourth quarter of 2015 amounted to 20 728 million BGN. In the structure of GDP by the expenditure approach the largest share has the final consumption (78.6%), which in nominal terms amounted to BGN 18 835 million.

In the fourth quarter of 2015 gross capital formation is BGN 6 335 million and has a share of 26.4 % in GDP. The external balance (exports minus imports) has a negative sign.

Growth rate of GDP – total and by components

Figure 1. GDP by quarters for the period 2001 - 2015, at average 2010 prices

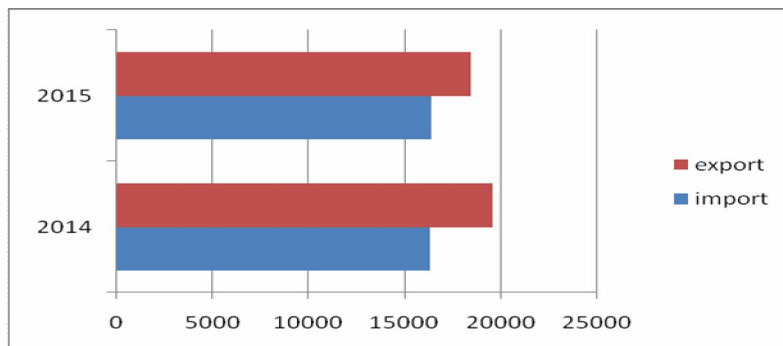


Source: NSI

BULGARIAN TRADE WITH THIRD COUNTRIES IN 2015 (PRELIMINARY DATA)

Pursuant to data of the National Statistical Institute (NSI) in 2015 Bulgarian exports to third countries increased by 0.6 % compared to 2014 and amounted to BGN 16.4 Billion. Main trade partners of Bulgaria were Turkey, China, Serbia, Russian Federation, Former Yugoslav Republic of Macedonia, USA and Egypt, which accounted for 53.9 % of the exports to non-EU countries. In December 2015 Bulgarian exports to third countries increased by 3.2% compared to the corresponding month of the previous year and amounted to BGN 1.413 Billion.

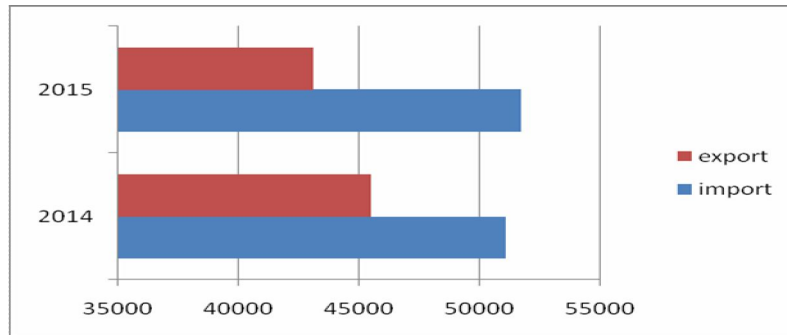
Bulgarian imports from third countries in 2015 decreased by 5.9 % compared to 2014 and added up to BGN 18.4 Billion (at CIF prices). The largest amounts were reported for the goods imported from the Russian Federation, Turkey, China and Ukraine. In December 2015 Bulgarian imports from third countries decreased by 8.0 % compared to the corresponding month of the previous year and amounted to BGN 1.436 Billion.



BULGARIAN TRADE WITH THIRD COUNTRIES AND EU - TOTAL

Pursuant to data of the National Statistical Institute (NSI) in 2015 the value of all exported goods from Bulgaria amounted to BGN 45.5 Billion and compared to 2014 the exports increased by 5.2 %. In December 2015 the total exports added up to BGN 3.574 Billion and increased by 4.4 % compared to the corresponding month of the previous year.

The total value of all the goods imported in the country in 2015 amounted to BGN 51.7 Billion BGN (at CIF prices), or by 1.1 % more than 2014. In December 2015 the total imports decreased by 2.1 % compared to the same month of the previous year and added up to BGN 4.292 Billion.



The total foreign trade balance (exports FOB - import CIF) was negative in 2015 and amounted to BGN 6 175.3 Million which was BGN 1 688.6 Million less than the balance in 2014. At FOB/FOB prices (after elimination of transport and insurance costs on imports) in 2015 the total foreign trade balance was also negative and amounted to BGN 2 683.4 Million. In December 2015 the total foreign trade balance (exports FOB - import CIF) was negative and added up to BGN 718.5 Million. The trade balance at FOB/FOB prices was negative and amounted to BGN 458.5 Million.

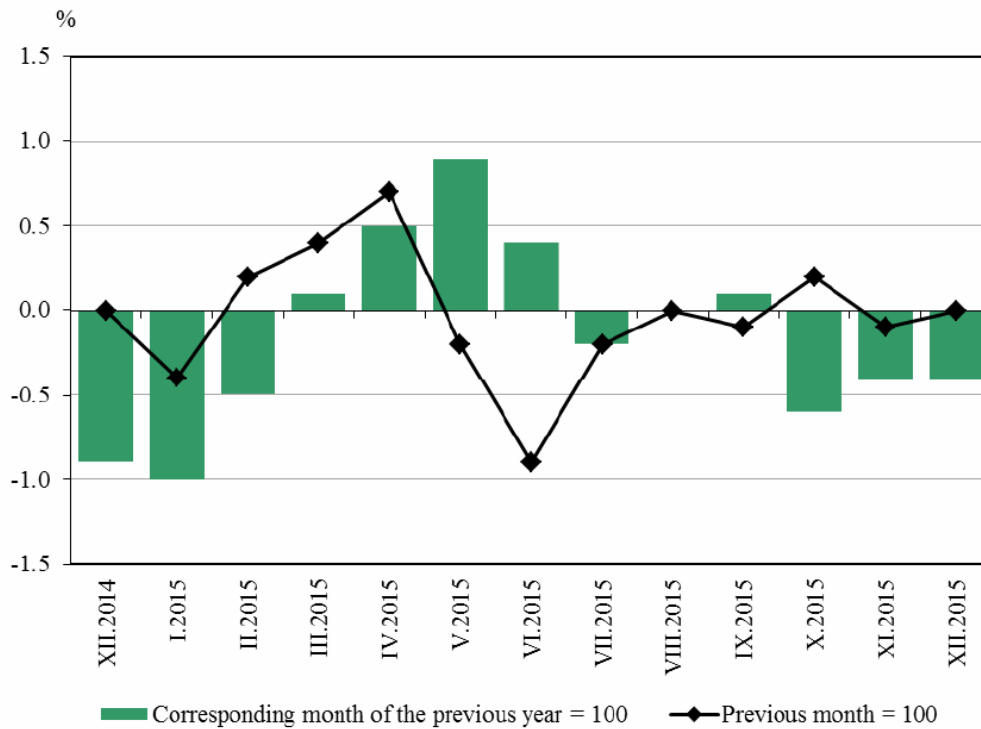
INFLATION RISK

Inflation risk is the overall increase in prices, where money is devalued and there is likelihood for households and businesses to suffer a loss.

Major factor that affected the annual inflation rate in 2015, according to BNB, is the deflationary impact of the external environment, reflecting the downward dynamics of international prices of commodities and basic materials. At the end of 2015 annual inflation was minus 0.9 % (with minus 0.2 % as of December, 2014). Prices of goods imported into Bulgaria continued the trend, established in the beginning of 2013, to decline on an annual basis and be a precondition for a decrease in the overall indices of domestic producer prices and end-user prices. The devaluation of the euro against the dollar by an average of 16.5 % in 2015 partially counteracted the downward trend in prices of imported goods. („Economic Review” of BNB, 4th edition for 2015.)

Pursuant to data of the National Statistical Institute (NSI) the consumer price index for December, 2015 compared to November, 2015 is 100.0 %, i.e. monthly inflation is 0.0 %. Annual inflation for December, 2015 compared to December, 2014 is minus 0.4 %. The average annual inflation for the period January - December 2015 compared to January – December, 2014 is minus 0.1 %.

Figure 1. Inflation measured by CPI by months



Source: NSI

Pursuant to data of the National Statistical Institute (NSI) the harmonized consumer price index for December, 2015 compared to November, 2015 is 100.4 %, i.e. monthly inflation is 0.4 %. Annual inflation for December, 2015 compared to December, 2014 is minus 0.9 %. The average annual inflation for the period January - December 2015 compared to January – December, 2014 is minus 1.1 %.

Inflation in 2015

Table № 20

Month	Consumer Price Index (CPI)		Harmonized Consumer Price Index (HCPI)	
	Compared to the previous month	From the beginning of the year	Compared to the previous month	From the beginning of the year
1 January, 2015	-0.4 %	-0.4 %	-0.7 %	-0.7 %
1 February, 2015	0.2 %	-0.2 %	0.1 %	-0.6 %
1 March, 2015	0.4 %	0.2 %	0.3 %	-0.3 %
1 April, 2015	0.7 %	0.9 %	0.5 %	0.2 %
1 May, 2015	-0.2 %	0.7 %	0.0 %	0.2 %
1 June, 2015	-0.9 %	-0.2 %	-0.5 %	-0.3 %
1 July, 2015	-0.2 %	-0.3 %	0.2 %	-0.2 %
1 August, 2015	0.0 %	-0.3 %	0.1 %	-0.1 %
1 September, 2015	-0.1 %	-0.5 %	-0.8 %	-0.9 %
1 October, 2015	0.2 %	-0.3 %	-0.2 %	-1.0 %
1 November, 2015	-0.1 %	-0.4 %	-0.3 %	-1.3 %
1 December, 2015	0.0 %	-0.4 %	0.4 %	-0.9 %



* The consumer price index (CPI) is the official measure of inflation in Bulgaria. It measures the total relative price change of goods and services used by households for private (non-production) consumption.

** The harmonized consumer price index (HCPI) is a comparable measure of inflation in the EU countries. It is one of the criteria for price stability and for Bulgaria's accession to the eurozone. HCPI and CPI measures the total relative change in the price level of goods and services.

The Bulgarian National Bank expects that during the first half of 2016 inflation will remain negative, but with the trend towards a gradual slowdown in the pace of decline that will be determined mainly by predicted slower decrease in prices of energy products and increase in some prices as a result of the rise in the vignette tax and excise duty on tobacco products since the beginning of 2016.

The forecast is based on the assumption for a modest increase in international food prices in euros during the first half of 2016 compared to the end of 2015, while retaining the decrease on an annual basis. Prices set by administrative way are expected to contribute positively to the overall inflation, which will reflect the increase in the vignette tax and excise duty on tobacco products since the beginning of 2016. Base inflation will have lower positive contribution to the overall inflation in line with the predicted growth in consumer spending of households with continued improvement in the labor market and growth in employees' compensations.

There are risks for lower annual inflation rate than predicted, stemming mainly from the possibility of oil prices to continue declining at a faster pace than expected. Additional decline in the price of certain goods and services can be expected as a result of the decrease of the regulated price of natural gas during the first quarter of 2016 by the Energy and Water Regulatory Commission (EWRC).

(ref. „BNB Forecast on the basic macroeconomic indicators for 2015-2017“).

INTEREST RATE RISK

The interest rate risk is related to possible, contingent adverse changes in the interest rates, set by the financial institutions in the Republic of Bulgaria.

At its session in December 2015, the Governing Council of the European Central Bank (ECB) made an overall assessment of the strength and duration of the factors that currently delay the return of inflation to levels below, but close to, 2 % in the medium term. The analysis confirmed the need for further monetary stimulus in order to ensure the return of the inflation rate to these levels. For these reasons the Governing Council of the ECB has taken the following decisions to achieve its objective of price stability:

- to reduce the interest rate on the deposit facility by 10 basis points to -0.30 % and the interest rate on the main refinancing operations and the interest rate on the marginal lending facility - to remain unchanged at the level of 0.05 % to 0.30 % ;
- to extend the period of the Asset Purchase Program (APP), providing that monthly asset purchases for EUR 60 billion under the APP will be held by the end of March 2017, and if necessary - even longer, but in any cases until a durable correction in the trend of inflation, consistent with the objective, is found in place;
- to be reinvested, as long as necessary, matured principal payments for securities purchased under the APP, which will contribute to more favorable liquidity conditions and more appropriate position of the monetary policy;
- to include liquid debt instruments denominated in euro and issued by regional and local authorities in the Eurozone in the list of assets eligible for regular purchases by the national central banks;
- to continue conducting its main refinancing operations and the quarterly LTROs (long term refinancing operations) as fixed rate and full allotment auctions for as long as necessary, but at least until the end of the last period for maintenance of the 2017 reserves;



The decisions were adopted with the objective for the inflation to return to the levels below, but close to 2 %, and thus to stabilize inflation expectations in the medium term. The new measures will ensure no restrictive financial conditions and will further strengthen the impact of the measures for significant facilitation taken from June 2014 onwards, which had a significant positive impact on the financing conditions, lending and the real economy.

2015 Base Interest Rates of the Bulgarian National Bank

Table № 21

Month	Base Interest Rate
January, 2015	0.01 %
February, 2015	0.01 %
March, 2015	0.01 %
April, 2015	0.01 %
May, 2015	0.01 %
June, 2015	0.02 %
July, 2015	0.02 %
August, 2015	0.01 %
September, 2015	0.01 %
October, 2015	0.01 %
November, 2015	0.01 %
December, 2015	0.01 %

*Source:BNB

In 2015 the interest rate policy of commercial banks and BNB paved the way for strong liquidity growth in the banking system, although it was closely related to the financial and economic consequences of the political processes in Greece. A series of restrictive measures were introduced by the Bulgarian National Bank to commercial banks in the country with Greek shareholdings during the period. Findings in relation to preservation of the capital buffers for credit institutions were within ranges except for one bank, which was not specified by the BNB.

According to BNB in 2015 the volumes traded on the BGN monetary market decreased significantly compared to the previous year due to the increased liquidity in the banking system and the weak credit activity. The low activity on the interbank monetary market in combination with the interest rates conditions in the Eurozone are pointed out by BNB as main factors for the decrease in the interest rates in all maturities traded between banks during the year. During the last 12 months the interest rates on interbank deposits with 3, 6 and 12 months term in the country and in the Eurozone continued following a long-term downward trend.

According to BNB the continuing growth of attracted funds from residents together with the interest rate conditions on the interbank monetary markets in the country and in the Eurozone have been the incentives for commercial banks to further lower the interest rates on deposits in 2015. As of November 2015, the weighted average interest rate on new fixed term deposits in total for the sectors “non-financial enterprises” and “households” amounted to 1.1 % (2.1 % as of December, 2014).

The decreasing price of borrowed funds and the increase in liquidity in the banking system together with the increased competition between banks in the presence of still low demand for borrowings have been the main factors according to BNB determining the decrease in the interest rates on loans in 2015.

Interest rate risk could adversely affect the company in any eventual increase in the interest rates on loans, because the expenses for interests on the debt financing used by the company will increase, and this could have an adverse impact on its liquidity and financial results.

POLITICAL RISK

Political risk is the likelihood of a governmental change or a sudden shift in its policy, occurrence of external or internal political disturbances and unfavorable changes in the European and/or national legislation, as a result of which the environment where local businesses operate to change adversely and investors - to suffer losses.

Political risks for Bulgaria in the international aspect are associated with the commitments for implementation of significant structural reforms in the country in its capacity of a full-right EU member, enhancing social stability and reducing inefficient expenses.

The Country Report Bulgaria of the European Commission, dated 26.02.2016 makes an in-depth review of all sectors and some of the main findings and forthcoming policy challenges for the country are indicated to be:

- The performance of the financial sector as a whole has stabilised, but risks remain. It is found that the banking sector liquidity and profitability has improved, but it is also indicated that a more robust assessment of the resilience of the sector can only be made based on the results of the upcoming asset quality review and stress test, which are expected towards late summer. Vulnerabilities in the non-banking sector have been identified that have yet to be addressed.

- Risks stemming from high corporate debt and barriers to deleveraging remain. The persistent negative inflation makes deleveraging more difficult and puts additional pressure on the profitability of non-financial corporations.

- The external position of the country as a whole has improved further but risks remain.

- Remaining weaknesses in the labour market continue to hinder growth and limit the adjustment capacity of the economy. It is noted that despite progress with reforms of active labour market policies, further improvement in matching people with vacancies is hindered by poor prioritisation, targeting and sustainability of measures in this area.

The Country Report Bulgaria also found that “challenges persist regarding the business environment. An unstable legal framework and low trust in the judicial system hinder private investment. Furthermore, corruption remains an important concern in Bulgaria and the response of the national authorities continues to be hampered by weak and fragmented institutions. The slow implementation of reforms in the areas of public administration and e-government prevents significant improvements in the business environment. Furthermore, the outstanding weaknesses of the public procurement system limit the use of the European Structural and Investment Funds. Insufficient access to finance and lack of appropriate framework conditions for R&D investment hamper innovation and competitiveness. Delays with critical structural reforms in key sectors such as energy could further impede competitiveness.”

Additional threat to the country represent the geopolitical risks including politics, diplomacy, international conflicts, crime and global governance. These risks are, in particular, terrorism, organized crime, illegal trade, corruption, regional military conflicts escalating conflicts over resources etc. In the report on global risks in 2015 were also added the following newly emerging risks: failure of national governments, inter-state conflicts with regional implications, large-scale terrorist attacks with political and / or religious purposes and weapons of mass destruction.

Bulgaria together with the other countries – EU members from the region continue being seriously affected by the common European problem with the intensive refugee flow from the Middle East.

Political risk will continue growing if the government fails to take adequate measures for consistent implementation and completion of the structural reforms in all sectors and implement an integrated policy for financial, economic and social stabilization of the country.

Other factors that also influence this risk are possible legislative changes and in particular those concerning the economic and investment climate in the country.



CURRENCY RISK

Exposure to currency risk is the dependence on and the effects from changes in the currency exchange rates. Systematic currency risk is the likelihood of any possible change of the currency regime in the country (currency board) which would either lead to devaluation of the BGN or the appreciation of the BGN against foreign currencies.

Currency risk will have impact over companies having market shares, payments to which are made in currencies different from the Bulgarian lev and the euro. In view of the fact that according to the current legislation in the country the Bulgarian lev is pegged to the euro at the rate of EUR 1 = BGN 1.95583 and the Bulgarian National Bank is obliged to maintain a level of Bulgarian lev in circulation equivalent to the foreign exchange reserves of the Bank, the risk of devaluation of the lev against the European currency is minimal and consists in a possible elimination of the currency board in Bulgaria ahead of term. At this stage it appears to be unlikely since the Currency Board is expected to be repealed upon adoption of the euro as an official legal tender in Bulgaria.

Theoretically, currency risk could increase when Bulgaria joins the second phase of the European Exchange Rate Mechanism (ERM II). This is a regime under which the country must maintain the currency rate against the euro within a + / -15% from central parity. In practice, all countries which are currently in the mechanism (Denmark, Estonia, Cyprus, Lithuania, Latvia, Malta) have witnessed fluctuations that were significantly smaller than the allowed $\pm 15\%$.

The fixed rate of the BGN to the EUR does not eliminate the risk for the Bulgarian currency of adverse movements in the euro exchange rate against other major currencies (U.S. dollar, British pound, Swiss franc) in the international financial markets, but at present the company does not consider that this risk would be significant in terms of its activity. The company might be affected by the currency risk, depending on the type of currency of its cash and the type of currency of the company's contingent loans.

The combination between the impact of the global recession and the intensive process of globalization changes the profile of the "users" of this type of risk. Insurance of any kind of financial and currency risks is a regular practice in the Western Europe countries, in order to limit the risk for the respective company to maintain or increase its growth, and to begin working with new or unknown partners, while at the same time expressing confidence in their ability to correctly pay by providing commercial credit.

LIQUIDITY RISK

The appearance of liquidity risk with regard to the company is being associated with the possible lack of timely and/or sufficient cash to meet all current liabilities. This risk may occur, either in case of significant delays in payments from debtors of the company, or in case of insufficiently effective management of the company's cash flows.

UNSYSTEMATIC RISKS

SECTOR RISK

As a result of the impact of the economic crisis the advertising and printing industry in Bulgaria faced serious problems - decreased demand, increased share of lower quality but, at the same time, cheaper printed materials and services, and even outflow of clients. Most sectors of the economy, that suffer the effects of the economic crisis most essentially, reduced their advertising costs, which also had an impact on the activity of a number of graphic and advertising studios and printing houses, respectively.

BILLBOARD AD is dependent mostly on the general trends in the field of printing, marketing and advertising. Since the amount of investments in marketing depends on the amount and allocation in time of the cash flows of the client itself and the overall situation of the sector where the advertiser operates, BILLBOARD AD is directly dependent on the cyclicity of the economy.



Slowdown of the Bulgarian economy growth and reducing the cost of advertising and printing, respectively, may have a major negative impact on the company's revenues and profit.

This risk is somewhat compensated by the extensive production capabilities and know-how that would allow BILLBOARD AD quickly redirect to new demand of products and services in the event of change in the demands' structure.

Advantage to the company is also the new and modern technological equipment which give BILLBOARD AD the opportunity to realize production of very high quality. In practice, in this respect, the range of competitors of BILLBOARD AD on the territory of the country that have the technical and technological capacity to produce printed products of such quality, is very limited. Further advantages are the finally entered into service high tech printing line in Varna, which is expected to expand the market presence of BILLBOARD AD and the companies in the group both outside the territory of Bulgaria and on the local market, and the serious increase of the metro advertising volume as a result of the final completion and put into operation of the first diameter of the Sofia Underground.

RISK OF INTRODUCTION OF NEW TECHNOLOGIES

BILLBOARD AD is in a permanent process of investing in new equipment, which ensures that the production is in line with the technological processes development trends. Practice has shown that more substantial changes in the technologies used in the sector does not occur in less than 5 years as older technologies are not fully replaced by the new ones. This enables gradual integration of new technologies when such technologies appear.

Regarding the risk of introduction of other, already existing, but not applied in Bulgaria, printing technologies, such as rotogravure, it should be noted that in order for such technologies to become cost-effective it is required much larger volumes of the single orders, which determines the different application field of these technologies, and the fact that they are not particularly competitive in the segments where the company operates.

V. IMPORTANT EVENTS, OCCURRED AFTER THE DATE OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

There are no essential events that occurred after the end of the financial period that could affect the annual financial statements of the Company for the year ended on December 31st, 2015.

VI. CURRENT TRENDS AND PROBABLE FUTURE DEVELOPMENT OF THE GROUP

In 2015, for the first time since the beginning of the economic crisis, recovery processes in the sector in where BILLBOARD AD operates were observed. Despite the market stagnation, many customers, provoked by previous mistakes, opt for quality products and seek safety and reliability in the performance of their projects and campaigns. The only parameter, until recently - the lowest price began to retreat to the parameter the best price. BILLBOARD AD has always been an example of correct attitude and has gained the trust of many customers. One of the advantages for the company is the professional sales team which, despite the price pressure, provides the best solution for the customers. However, the external negative factors still have an essential impact on the customers, who have a cautious approach and limit their advertising activities.

As at 31.12.2015 BILLBOARD AD reports a growth by more than 9 % in the production in real volume terms compared to 2014.

Pursuant to the annual consolidated financial statements of BILLBOARD AD, drawn up according to the IFRS forms, as at 31.12.2015 BILLBOARD AD reports consolidated net sales



revenues in the amount of BGN 32 692 000 which is an increase by 8,78 % compared to the 2014 consolidated net sales revenues in the amount of BGN 30 054 000. The consolidated production net sales revenues of BILLBOARD AD as at 31.12.2015 BILLBOARD AD are in the amount of BGN 27 505 000 and reports a growth by 8.78 % compared to the consolidated production net sales revenues as at 31.12.2014 and the services net sales revenues are to the amount of BGN 5 187 000 and increased by 8.76 % compared to 31.12.2014.

In the beginning of 2015 BILLBOARD AD entered into an Investment Loan Agreement with the Bulgarian Development Bank AD (BDB) in the amount of EUR 3 250 000 (three million two hundred and fifty thousand euros), to be used for a partial refinancing of the credit exposure of BILLBOARD AD in EBRD (European Bank for Reconstruction and Development), according to the Loan Agreement dated 20.12.2012, including, as well as for the internal debt structuring between BILLBOARD AD and its subsidiary DEDRAX AD, which is a joint debtor under the Loan agreement. The credit financing from the Bulgarian Development Bank AD and additional funds were used by BILLBOARD AD to fully early repay its credit exposure in the EBRD (European Bank for Reconstruction and Development). Receiving credit resources under more favorable conditions for the development of BILLBOARD AD increased the profitability and improved the financial situation of the company and hence its value, which has a positive impact on the shareholders as well.

Given the economic situation in the European Union and Bulgaria in 2015, and in particular the market where the Company operates, as well as the complicated political situation in a domestic and international aspect during the last year, the management of BILLBOARD AD believes that in 2016 the company will achieve around 6 % increase in the sales revenue compared to 2015. In terms of the results in financial aspects, BILLBOARD AD will continue being dependent on the not very active domestic consumption and the conservative advertising budgets of companies in the country.

In 2016 the Company will also retain a conservative policy of making investments in new production facilities.

VII. RESEARCH AND DEVELOPMENT ACTIVITIES

During the last three years BILLBOARD AD has not carried out research and development activities.

Since October 2010 the subsidiary of BILLBOARD AD - DEDRAX AD started implementation of the project Increasing the the qualification and adaptability of employees in the printing base DEDRAX by providing professional training and training in key competences. The project is worth BGN 177 597.86 Levs and is being implemented with the financial support of the Operational Programme "Human Resources Development" 2007-2013, co-financed by the European Social Fund of the European Union.

VIII. INFORMATION ON THE NUMBER AND THE NOMINAL VALUE OF THE SHARES OF THE ISSUER AND THE COMPANIES IN THE ECONOMIC GROUP

BILLBOARD AD is a part of an economic group within the meaning of §1, item 7 of the Additional Provisions of Ordinance № 2 of FSC and is a parent company within the meaning of the cited provision, which holds over 50 % of the votes at the general assembly of several subsidiaries.

As at 31.12.2015 the companies in the economic group of BILLBOARD AD are:

○ **DEDRAX AD**

Scope of activity: desktop publishing and graphic design, publishing and advertising activities, development, adaptation, implementation, support of software products and systems, marketing



and distribution of the same. Domestic and foreign trade, and any other activity not prohibited by law.

The company was registered with a capital amounting to BGN 5 000. In 2010 the company's capital was increased to BGN 2 800 000 by its own funds representing a part of the profit for 2009 in the amount of BGN 310 750.92 and non-distributed company's profit from previous years in the amount of BGN 2 484 248.08.

At the regular annual session of the general assembly of the shareholders of Dedrax AD, held on 30.07.2014 was approved a resolution for a capital increase from BGN 2 800 000 to BGN 4 878 627 as the increase in the amount of BGN 2 078 627 was made by company's own funds representing not distributed profit for the period 2010 – 2013.

As at 31.12.2015 BILLBOARD AD holds directly 60 % of the votes at the general assembly.

- **MOTION ARTS Ltd.**

Scope of activity: trading, production, management, tourism, services, computer animation and design, as well as any other activity not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

As at 31.12.2015 BILLBOARD AD holds directly 255 company stakes, representing 51 % of the votes at the general assembly.

- **INSTOR MEDIA EOOD**

Scope of activity: domestic and foreign trade, manufacturing and marketing of promotional materials and equipment, advertising, design, and other activities and services that are not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

As at 31.12.2015 BILLBOARD AD is a single owner of the company's capital.

- **DIGITAL PRINT EOOD**

Scope of activity: digital printing, advertising, intellectual property transactions, leasing, and any other transactions which are not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

On 28.05.2015 in the Commercial Register to the Registry Agency under the batch of the company was filed a capital increase based on a resolution of the single owner. The company's capital is in the amount of BGN 3 000 000 (three million) out of which BGN 5 000 (five thousand) – money contribution and BGN 2 995 000 (two million nine hundred ninety-five thousand) – contribution in kind.

The single owner of capital BILLBOARD AD transferred at nominal value, fully and unconditionally its receivable to DIGITAL PRINT Ltd. in the amount of BGN 2 995 000 (two million nine hundred and ninety-five thousand) levs, representing part of monetary receivables arising from a Loan agreement concluded between BILLBOARD AD - lender and DIGITAL PRINT Ltd. - borrower, which receivable is part of the principal under the Loan agreement as from 01.08.2008 at nominal value amounting to BGN 5 000 000 (five million) levs and the part of the receivables - subject to the contribution in kind is in the total amount of BGN 2 995 000 (two million nine hundred and ninety-five thousand) levs.



Amount: BGN 2995000.

Number of the Act for assignment of experts: 20150312145317/13.03.2015.

As at 31.12.2015 BILLBOARD AD is a single owner of the company's capital.

○ **TIPO PRINT Ltd. – associated company of BILLBOARD AD**

Scope of activity: development of digital printing, screen printing, offset printing, manufacturing and marketing of household goods, industrial products and foodstuffs, commercial representation and intermediation of Bulgarian and foreign individuals and legal entities, transport and forwarding activities, restaurant, hotel and tourism, import and export, any other activity permitted by law.

The company was registered with a capital in the amount of BGN 142 700.

As at 31.12.2015 BILLBOARD AD holds 30.13 % of the capital of TIPO PRINT Ltd and the subsidiary company DIGITAL PRINT EOOD holds 50.03 % of the capital.

IX. FINANCIAL INSTRUMENTS USED BY BILLBOARD AD AND THE COMPANIES INCLUDED IN THE ECONOMIC GROUP

BILLBOARD AD and the companies in the economic group use standard bank financing for working capital and investment purposes as well as leasing and factoring schemes in the implementation of their investment policies.

Except for the described above, the companies do not use special financial instruments when implementing their financial policies, incl. in hedging and managing their financial risk.

X. ADDITIONAL INFORMATION UNDER SECTION VI A OF APPENDIX NO 10 OF ORDINANCE NO 2 OF FSC

1. Information given in value or quantitative terms about the main categories of commodities, products and/or provided services, with indication of their share in the revenues from sales of the issuer as a whole and the changes that occurred during the reporting fiscal year

Pursuant to the annual consolidated financial statements of BILLBOARD AD, drawn up according to the IFRS forms, as at 31.12.2015 BILLBOARD AD reports consolidated net sales revenues in the amount of BGN 32 692 000 which is an increase by 8,78 % compared to the 2014 consolidated net sales revenues in the amount of BGN 30 054 000. The consolidated production net sales revenues of BILLBOARD AD as at 31.12.2015 BILLBOARD AD are in the amount of BGN 27 505 000 and reports a growth by 8.78 % compared to the consolidated production net sales revenues as at 31.12.2014 and the services net sales revenues are to the amount of BGN 5 187 000 and increased by 8.76 % compared to 31.12.2014.

Table № 21

Revenues (in thousand BGN)	31.12.2013	31.12.2014	31.12.2015
Production sales	24 282	25 285	27 505
Services sales	3 309	4 769	5 187
Total	27 591	30 054	32 692

2. Information about the revenues allocated by separate categories of activities, domestic and external markets as well as information about the sources for supply of materials required for



the manufacture of commodities or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenues from sales, information shall be provided about every person separately about such person's share in the sales or purchases and his relations with the issuer

Table № 22

Revenues (in thousand BGN)	31.12.2013	31.12.2014	31.12.2015
Production sales	24 282	25 285	27 505
Services sales	3 309	4 769	5 187
Total	27 591	30 054	32 692

There is no concentration or dependence of BILLBOARD AD and the companies included in the economic group in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenues from sales of BILLBOARD AD and the companies included in the economic group.

- ◇ Information about the the revenues allocated by local and external markets.

Breakdown of the markets of BILBOARD AD on a consolidated basis as of 31.12.2015 is the following:

- Czech Republic – BGN 224 688.19
- France – BGN 258 047.02
- Germany – BGN 323 000
- Italy – BGN 296 000
- Netherlands – BGN 248 000
- Denmark – BGN 213 000
- Romania – BGN 179 000
- Greece – BGN 51 000
- Macedonia – BGN 4 689.09
- Other – BGN 133 025

3. Information about concluded big transactions and such of material importance for the activities of the companies in the economic group of the issuer. Information about the transactions concluded between the companies in the economic group of the issuer and related parties during the reporting period, proposals for conclusion of such transactions as well as transactions which are outside their usual activity or substantially deviate from the market conditions, to which the issuer or its subsidiary is a party, indicating the amount of the transactions, the nature of relatedness and any information necessary for an estimate of the influence over the issuer's financial status and the financial status of the companies in the economic group

In 2015 big transactions and such of material importance for the company's operations have not been concluded, except for the stated big transactions with related parties and the concluded by BILLBOARD AD and DEDRAX AD Investment Loan Agreements with the Bulgarian Development Bank AD (BDB) in the amount of up to EUR 6 000 000 (six million euros), to be used for a partial refinancing of the credit exposure of BILLBOARD AD in EBRD (European Bank for Reconstruction and Development), according to the Loan Agreement dated 20.12.2012, as well as for the internal debt structuring between BILLBOARD AD and its subsidiary DEDRAX AD, which is a joint debtor under the Loan agreement. The credit financing from the Bulgarian Development Bank AD and



additional funds were used by BILLBOARD AD to fully early repay its credit exposure in the EBRD (European Bank for Reconstruction and Development).

Information on the larger transactions with related parties concluded in 2015 outside the group of BILLBOARD AD is presented in detail in the 2015 annual consolidated financial statements in the IAS/IFRS forms.

4. Information about events and indicators of unusual for the companies in the economic group of the issuer nature, having substantial influence over its operation and the realized by it revenues and expenses made; assessment of their influence over the results during the current year

During 2015 has not occurred an unpredictable and unforeseen circumstance of an extraordinary nature, which has had an impact on BILLBOARD AD and the companies included in the economic group except for the negative influence of the world financial and economic crisis.

5. Information about off-balance kept transactions in 2014 – nature and business objective, indication of the financial impact of the transactions on the operation, if the risk and benefits of these transactions are substantial for the assessment of the issuer’s financial status and the financial status of the companies in the economic group

During 2015 BILLBOARD AD and the companies included in the economic group have not concluded off-balance kept transactions.

6. Information about holdings of the issuer and the companies in the economic group, about its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as the investments in equity securities outside its economic group and the sources/ways of financing

As of 31.12.2015 BILLBOARD AD has holdings in the following subsidiary companies within the economic group if the issuer:

Table № 23

Name of the Company	Scope of Activity	Capital share or percentage of votes at the General Assembly
DIGITAL PRINT EOOD	Digital printing, advertising, intellectual property transactions, leasing, and any other transactions which are not prohibited by law	100 % of the capital
INSTOR MEDIA EOOD	Domestic and foreign trade, manufacturing and marketing of promotional materials and equipment, advertising, design, and other activities and services that are not prohibited by law.	100 % of the capital
DEDRAX AD	Desktop publishing and graphic design, publishing and advertising activities, development, adaptation, implementation, support of software products and systems, marketing and distribution of the same. Domestic and foreign trade, and any other activity not prohibited by law.	60 % of the capital
MOTION ARTS Ltd	Trading, production, management, tourism, services, computer animation and design, as well as any other activity not prohibited by law.	51 % of the capital
TIPO PRINT Ltd.	Development of digital printing, screen printing, offset printing, manufacturing and marketing of household goods, industrial products and foodstuffs, commercial representation and intermediation of Bulgarian and foreign individuals and legal entities, transport and	BILLBOARD AD holds 30.13 % of the capital and DIGITAL PRINT EOOD holds



forwarding activities, restaurant, hotel and tourism, import and export, any other activity permitted by law.	50.03 % of the capital.
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7. Information about the concluded by the issuer, by its subsidiary or parent undertaking, in their capacity of borrowers, loan contracts with indication of the terms and conditions thereof, including the deadlines for repayment as well as information on the provided guarantees and assuming of liabilities

Amount and maturity date of the loans of BILLBOARD AD as at 31.12.2015 the parameters of the liabilities under loan from financial institutions are as follows:

Таблица № 24

Bank / Creditor	Agreed amount of the credit	Interest rate %	Maturity date	Current part at depreciated value		Long-term part at depreciated value	
				Principal	Interests	Principal	Interests
Bulgarian Development Bank	6 000 000 EUR	3M EURIBOR + 4.20% (мин. 6.20 %)	20.3.2025	755	-	10 555	-
Eurobank EFG Bulgaria AD	500 000 EUR	3M EURIBOR + 6.50%	1.9.2016	978	2	-	-
Eurobank EFG Bulgaria AD	300 000 EUR	CBB EURIBOR + 0.00%	30.5.2016	537	1	-	-
SG Expressbank AD	400 000 EUR	3M EURIBOR + 4.25%	30.10.2016	358	-	-	-
SG Expressbank AD	3 360 000 EUR	3MEURIBOR + 4.75 %	30.12.2021	630	-	3 353	-

8. Information about the concluded by the issuer, by its subsidiary or the parent undertaking, in their capacity of lenders, loan contracts, including the provision of guarantees of any type, including to related persons, with indication of the concrete conditions there under, including the deadlines for repayment and the purpose for which they have been granted

Table № 25

Accrued Interest revenues on granted Loan				
Borrower	Receivables as at 31.12.2014	Calculated in 2015	Received in 2015	Receivables as at 31.12.2015
Oksizen OOD	29	5	34	-
Liudmil Terziiski	52	11	63	-
Stoyko Vasilev	52	11	63	-

9. Information on the use of the funds from a new issue of securities of BILLBOARD AD and the companies in the economic group of the issuer carried out during the reported period

In 2015 BILLBOARD AD has not issued a new issue of shares.

10. Analysis and assessment of the policy concerning the management of the financial resources with indication of the possibilities for servicing of the liabilities, eventual jeopardizes and measures which the issuer has undertaken or is to undertake with a view to their removal

The management of the financial resources is subject to the requirement to achieve maximum efficiency with the simultaneous observance of the terms of payment agreements with suppliers and with customers. The company serves promptly the leasing schemes developed in the implementation of its investment policy.



In the beginning of 2015 BILLBOARD AD entered into an Investment Loan Agreement with the Bulgarian Development Bank AD (BDB) in the amount of EUR 3 250 000 (three million two hundred and fifty thousand euros), to be used for a partial refinancing of the credit exposure of BILLBOARD AD in EBRD (European Bank for Reconstruction and Development), according to the Loan Agreement dated 20.12.2012, including for the internal debt structuring between BILLBOARD AD and its subsidiary DEDRAX AD, which is a joint debtor under the Loan agreement. The credit financing from the Bulgarian Development Bank AD and additional funds were used by BILLBOARD AD to fully early repay its credit exposure in the EBRD (European Bank for Reconstruction and Development). Receiving credit resources under more favorable conditions for the development of BILLBOARD AD increased the profitability and improved the financial situation of the company and hence its value, which has a positive impact on the shareholders as well.

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

Given the economic situation in the European Union and Bulgaria in 2015, and in particular the market where the Company operates, as well as the complicated political situation in an international aspect during the last months, the management of BILLBOARD AD believes that in 2016 the company will achieve around 6 % increase in the consolidated sales revenue compared to 2015. In terms of the results in financial aspects, BILLBOARD AD will continue being dependent on the not very active domestic consumption and the conservative advertising budgets of companies in the country.

In 2016 the Company will also retain a conservative policy of making investments in new production facilities.

12. Information about occurred during the reporting period changes in the base principles for management of the issuer and its economic group

For BILLBOARD AD and the companies included in the economic group have not occurred changes in the base principles for management.

13. Information about the main characteristics of the applied by the issuer in the course of preparation of the financial statements internal controls system and risk management system

In order to ensure effectiveness of the external auditors' work, the Company has adopted and applies internal measures consistent with the provisions of the Accounting Act, the Independent Financial Audit Act and international practices for ensuring efficiency of the auditors' work. Proposals for election of an auditor are to be motivated before the General Assembly of Shareholders according to the proposal of the Audit Committee, elected by the General Assembly of Shareholders, based on established requirements for independence, professional competence, confidentiality, integrity and objectivity.

Regarding the election of an external auditor of the company is applied the rotation principle.

BILLBOARD AD has a developed and functioning internal control and risk management systems. The purpose of the internal control and risk management systems introduced by BILLBOARD AD is to ensure conformity between the legal and regulatory requirements, on one part, and the proper functioning of the internal processes. These systems are established in accordance with the specific features of the company - its business, financial characteristics, industrial sector, needs and resources.

The internal control and risk management systems have the following purposes:
o identification of risks to which the Company may be exposed ((a) risks related to the core business



of the company and (b) risks that could materially affect the preparation and presentation of financial statements processes);

- presentation of relevant information on these risks to the Board of Directors in order to provide the opportunity to make informed management decisions;
- control on the presence of compliance with legal provisions, regulations and guidelines of business management;
- monitoring the activities of the company.

Responsibilities and Interaction Between the Board of Directors, Audit Committee and the External Auditors of the Company

Functions of the Audit Committee

The Audit Committee shall perform the function for ensuring general monitoring of the effectiveness of the internal control and risk management systems without duplicating the ongoing monitoring carried out by the senior management. Other functions of the Audit Committee include monitoring the financial reporting process, monitoring the annual external audit of the individual and consolidated financial statements, verification of the independence of the external auditor and giving recommendations for entering into an agreement with him.

In order to efficiently carry out its functions, the Audit Committee of BILLBOARD AD receives the necessary information on the essential characteristics and important updates on internal control and risk management systems, including the allocation of responsibilities between the Board of Directors and the external auditor of the company. The Audit Committee is also informed about the main results of the ongoing monitoring and control activities undertaken by the senior management.

Functions of the Board of Directors

The Board of Directors of the company has major responsibilities in terms of the internal control and risk management systems. The role of the senior management is to perform the following functions:

- The Board of Directors is responsible for managing and defining the purpose, the implementation and maintenance of the internal control and risk management systems that are best suited for the company with regard to its specific features and activity. This includes setting general and specific guidelines, setting priorities and taking appropriate corrective action, if necessary.
- The Board of Directors carries out a regular assessment of whether the internal control and risk management systems are appropriate in terms of the core business and the characteristics of the company, whether they operate in accordance with their intended purpose and whether they are adequately adapted as a result of changed conditions.
- The Board of Directors ensures provision of relevant information to the audit committee and, if necessary - to the public.

Functions of the External Auditor

The purpose of the legally prescribed (external) audit is to verify the reliability of the financial statements. This is achieved by expressing an opinion from the external auditor on whether the financial statements are prepared, in all material aspects, in accordance with the applicable financial reporting framework. The external auditor should assess the risks of substantial false considerations in the financial statements. He may collect data and information from sources within the company, to perform analytical procedures, monitoring and inspections through which to obtain information on the process of risk assessment in the company attributable to the financial statements.

14. Information on the changes in the management and supervisory bodies of the company and the companies in the economic group during the reporting financial year

As at 31.12.2015 the Board of Directors of BILLBOARD AD includes the following members:

1. Kalin Vassilev Genchev – Chairperson of the Board of Directors
2. Stefan Vassilev Genchev – Executive Director
3. Borislav Hristov Borisov – independent member of the Board of Directors
4. Desislav Grozev Tomov – independent member of the Board of Directors

No changes in the members of the Board of Directors and the way of representation of the company have been made during the reported financial year. No appointment or discharge of procurator has occurred.

15. Information on the amount of the remunerations, rewards and/or the benefits of everyone of the members of the management and control bodies for the fiscal year under review, paid by the issuer and its subsidiaries, irrespective of whether they have been included in the issuer's expenses or rise from profit distribution, including:

- a) received amounts and non-money remunerations;
- b) contingent or deferred remunerations, occurred during the year, even if the remuneration is due at a later time;
- c) amount owed by the issuer or its subsidiaries for payment of pensions, compensations at retiring on a pension or other similar compensations

In 2015 the members of the Board of Directors have received the following remuneration from the company:

Table 26

Full name	Position	Gross in BGN
Kalin Vassilev Genchev	Chairperson of the Board of Directors	31 080
Stefan Vassilev Genchev	Executive Director	31 080
Desislav Grozev Tomov	independent member of the Board of Directors	22 200
Borislav Hristov Borisov	independent member of the Board of Directors	22 200

In 2015 the members of the Board of Directors have not received non-money remunerations. The company does not have contingent or deferred remunerations, occurred during the year, even if the remuneration is due at a later time.

As at 31.12.2015 BILLBOARD AD do not owe amounts for payment of pensions, compensations at retiring on a pension or other similar compensations.

16. Information about the owned by the members of the management and of the control bodies, procurators and the senior management shares of the issuer, including the shares held by anyone of them separately or as a percent from the shares of each class, as well as provided to them options on securities of the issuer by the latter – type and amount of the securities over which the options have been set up, price of exercising of the options, purchase price, if any, and term of the options

As at 31.12.2015 members of the Board of Directors of BILLBOARD hold shares from the capital of the company as follows:



Table 27

Full name	Position	Number of shares	% of the capital
Kalin Vassilev Genchev	Chairperson of the Board of Directors	3 000 000	20 %
Stefan Vassilev Genchev	Executive Director	3 000 000	20 %
Desislav Grozev Tomov	independent member of the Board of Directors	0	0 %
Borislav Hristov Borisov	independent member of the Board of Directors	0	0 %

The company has not provided options on securities.

17. Information about the known to the company agreements (including also after the fiscal year closing) as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders and bondholder

The management of the company does not have information about known to the company agreements as a result of which changes may occur at a future time in the owned percentage of shares by current shareholders.

18. Information about pending legal, administrative or arbitration proceedings relating to liabilities or receivables of the companies in the economic group of the issuer at the amount of at least 10 percent of its equity; if the total amount of the issuer's liabilities or receivables under all initiated proceedings exceeds 10 per cent of its equity, information shall be submitted for each procedure separately

There are no pending legal, administrative or arbitration proceedings relating to issuer's liabilities or receivables at the amount of at least 10 percent of its equity.

19. Information about the Investor Relations Director:

Sophia Argirova

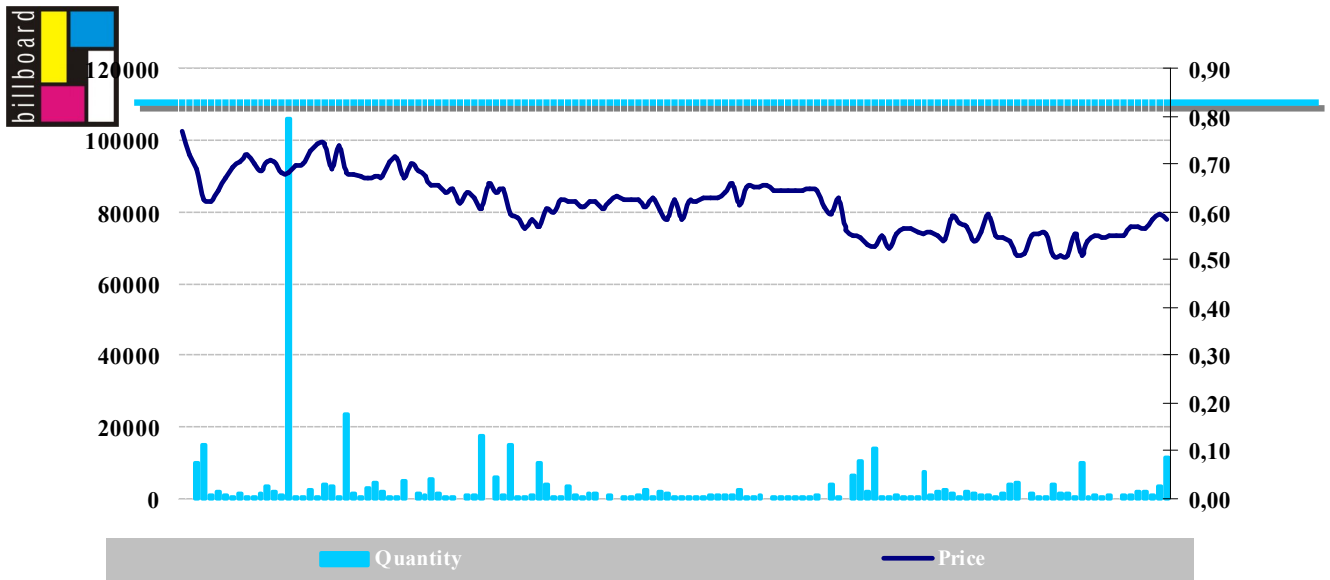
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XI. CHANGES IN THE PRICE OF THE COMPANY'S SHARES

**Movement of the share price of BILLBOARD AD for the period
01.01.2015 -31.12.2015**



The economic group of BILLBOARD AD does not include listed/public companies within the meaning of the Law on Public Offering of Securities and therefore information on the market price of their shares may not be presented.

XII. OTHER INFORMATION AT THE COMPANY'S DISCRETION

The Company estimates that there is no other information that has not been publicly disclosed by the company and that would be important for the shareholders and investors in taking a well-grounded investment decision.

Date of signing and approval for issuance:

18.04.2016
Sofia

For BILLBOARD AD
Stefan Genchev
/Executive member of the Board of Directors /