



**ANNUAL REPORT ON THE ACTIVITIES OF
BILLBOARD AD, SOFIA
FOR THE FINANCIAL YEAR 2015**

THIS REPORT WAS PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE. 33 OF THE ACCOUNTANCY ACT (effective until 31.12.2015), ARTICLE 100M, PARAGRAPH 7 OF THE LAW ON PUBLIC OFFERING OF SECURITIES AND ANNEX № 10 TO ART. 32, PARA. 1, ITEM 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 7 of the LPOS and Annex No 10 to art. 32, para. 1, item 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 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. The Report reflects in a credible way the condition and the development prospects of the company.

Information regarding the circumstances occurred in 2015 that the company's management believes could be of importance to investors when taking a decision to acquire, sell or continue holding shares of BILLBOARD AD 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.billbord.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.

Telephone: +359 2 9166500

Fax: +359 2 9630606

E-mail: ir@billboardprint.it; investors@billboardprint.it;

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

As 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 AD 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 then 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.

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 eight 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 Dextrax 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.

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 AND THE STATUS OF THE COMPANY

1. Major activity

The company has 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 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 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.	Transperant film	7.50 %	
		White film		
		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	0.70 %	
		Vinyl Tents		



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	4.30 %
		with no ligh	
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	3.60 %
		Mesh banner	
		Transperant of textile	
		Vertical vinyl baner	
		Textile banners	
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	1.30 %
		made of construction net	
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	1,40 %
		Reflective signs	
		Advertising and directive signs	
		Corporative totems	
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	1,00 %
		Whole tent of Vinyl	
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	0.90 %
		National Flags	
		Windblade	
		Special flags for strong wind	
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 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.	Branding of pistol holders	0.40 %
		Light boxes on the 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 Murchendise. 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	Stoppers	4.20 %
		Poster	



	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.	Carton board Poster made of vinyl PP poster 3D lenticular		35.20 %
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.	Backlite boxes Menu boards Translites	2.00 %	
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.	Made of Vinyl Textile banners Tranperants	3.20 %	
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 Stairways 3D floor graphics	5.20 %	
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 Sets for TV studios Sets of showrooms Theatre sets	0.80 %	
Refrigerating shop-windows and vending machines	Branding of refrigerating glass windows is used for indoor advertisement, mainly in the commercial sites and public 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.	Coffe machines Refrigerators Refrigerating shop-windows and automates	0.50 %	
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-	Lifts and escalators Elevetor doors	0.70 %	



	term image non-standard advertisement campaigns in the commercial or public sites, where there is a huge stream of passengers every day.	elevator		
		Halls		
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	2.40 %	15.90%
		partial branding		
		reflective		
		tunning of cars		
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	0.20 %	
		partial branding		
		reflective		
		tunning		
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	0.10 %	
		partial branding		
		reflective		
		tunning		
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 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	whole branding	6.20 %	
		partial branding		
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		
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.	Sepmling nad presentations	8.00 %	10.40 %
		Design		
		Engeneering		
		Prepress		
		Construction		
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.	Aplication	0.60 %	
		Reproduction of art		
		Photo Exhibitions		

During the past 2015 the development of several trends in the production of materials for outdoor and interior (indoor) advertising have been observed. The relative share of products related to outdoor advertising is aligned with those of the interior (indoor) advertising. The reason is in the development of "retail" business in Bulgaria, namely the increase of commercial areas via opening of new shopping centers, sports and entertainment sites. Products related to shop window graphics increased as well as floor graphics in the food chains.

A big part of the traditional vinyl billboards in the central part of Sofia were replaced by such facilities of scroller type. Thus, effectively on one facility are placed up to 12 simultaneous visions that change. Those visions are produced by a specialized wide format paper that can be used only once during the period. This differentiated a significant increase in the production of billboards for Sofia.

The trend to increase advertising at the point of sale continued. All retailers focused their efforts to attract customer's interest through various promotions, awards or other services. Examples of such activities are the chains Billa, Kaufland, Lidl and Fantastico which represent promotional products every week and generate a large market for production of printed products.



During the reported year BILLBOARD AD preserved its leading positions in the production of non-standard materials and increased its market share in car branding. In its capacity of the only authorized 3M producer for Bulgaria BILLBOARD AD is a preferred partner of many multinational companies for projects related to company cars' branding.

Technologies

In carrying out its activities in the different fields BILLBOARD AD uses various technologies, such as:

- **solvent printing** - characterized by high resistance to external conditions and suitable for the production of outdoor advertising with high resistance. BILLBOARD AD has the most modern equipment for digital wide format solvent printing with almost all models of the brand Vutek - a world leader in the field as all of them are the latest generation of 8-color models. Also, the printing base is equipped with a HP Turbojet 8530 machine, which is unique for its kind.

- **ink-jet printing** – the technologies for digital wide format printing on a water base are of high quality and are used for printing on paper. BILLBOARD AD has the latest models of the brand HP Designjet which manifest extremely high quality, reliability and fast performance. The company participated as a co-organizer in many exhibitions.

- **UV printing** - the most advanced technology in printing with liquid polymer inks, cured by irradiation with UV light. Instant drying of the inks enables this technology to be used for direct printing on all materials. The printing quality is very high in color mode, which enables displacing the screen printing technologies.

- **textile printing** – the Dye Sublimation technology is the basis for dyeing in textile industry. With the development of digital technologies, the classic method of printing is being displaced by direct printing with sublimation inks and non-standard sizes and formats.

- **3D printing** - the development of digital printing opens up new possibilities for production of 3D models applicable both in the art field and in the field of industrial design, architecture, etc. New technologies facilitate and expedite the process in modeling, which is already been implemented entirely by using computer systems, 3D modeling softwares and make it much more accessible for implementation.

- **multimedia screens** - development of digital technologies increasingly leads to imposition of multimedia screens as a means of visual communication with consumers in interior environments. Through them, static images are being developed in an interactive multimedia environment which creates a dynamic atmosphere and enhances the effect of advertising.

- In addition to the aforementioned technologies BILLBOARD AD has all the necessary equipment needed for cutting the printed output or finished color and for performing all finishing works such as sewing and gluing, laminating and laminating, routing and milling.

BILLBOARD AD disposes of high quality and advanced technology and excellent machine base, including VUTEK UltraVu 3360; VUTEK UltraVu 5330; VUTEK UltraVu 2600; HP DesignJet 9000ps, HP DesignJet Z6100, Z3100, TextileJet, VUTEK UltraVu 200/600W+, Vutek UltraVu 200/600 SC, HP Scitex TurboJet Digital Press, enabling the maximum good production of all of the products offered such as: billboards, banners, mega boards, posters, citylight posters, stickers, pictures, car



graphics, floor graphics, decoration for events, packaging of buildings, shop windows graphics, exhibition stands, interior decoration, banners, printing plates, POS advertising, decors.

2. Major raw materials

Prime and raw materials essential to the core business of BILLBOARD - wide-format digital printing are four main groups - vinyl and vinyl mesh, PVC folios, paper and ink.

Vinyl And Vinyl Mesh

In 2015 the vinyl and vinyl mesh did not register a change compared to previous year, which, on its part, had a negative impact on the profit margins and provoked BILLBOARD AD to prompt a search for possibilities to purchase materials directly from manufacturers in China, to optimize quantities and forms of delivery, and discuss alternatives with similar technical characteristics.

PVC folio

PVC folio is the material necessary for production of stickers. Conventionally this material can be divided into two types - high quality and regular folio. For high-quality folio BILLBOARD AD uses 3M products, and for the regular one - all leading European manufacturers. Although they are being made of petroleum products, PVC folios are also not affected by fluctuations in oil prices, or at least if such fluctuations exist, they are insignificant.

Prices of this type of material are being relatively stable with variations limited in the range of 1-2 % per year. In 2015 the price of this raw material reported stability.

Paper

Paper is a material, intended for short-term and promotional campaigns. This is the cheapest material for production, the price of which is almost constant. The basic characteristic, which determines the price of this kind of material is the volume being purchased. In this respect, the expenses of BILLBOARD AD declined over the years. Transportation expenses for delivery are also essential, which are also being influenced positively by the economies in the volumes.

In 2015 were not reported any changes in the price levels of paper as a raw material for digital printing and the management of the company believes that decreasing the price in 2016 is unlikely to be a trend.

Ink

Ink is another principal material for the production of the company. The cost of ink is directly dependent on the quantities used. BILLBOARD AD consumes about 12 tons inks for different types of machines per year, and given the volumes, the company achieves the best prices offered by suppliers in Bulgaria. For the last few years the management of BILLBOARD AD succeeded to negotiate more than 3 times reduction in the ink price.

3. Markets And Sales

As at 31.12.2015 the net sales revenues of BILLBOARD AD, pursuant to the annual financial statements, drawn up according to the IFRS forms, were in the amount of BGN 8 352 000 which represents a 8.30 % growth compared to the net sales revenues reported by 31.12.2014 in the amount of BGN 7 712 000. As at 31.12.2015 the production net sales revenues of the company were in the amount of BGN 7 682 000 and the service revenues were in the amount of BGN 670 000.



Table № 3

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Production sales including	7 088	6 703	7 682
Printed production sales	7 088	6 703	7 682
Net sales revenues from servives	1 011	1009	670
Sales of services	1 011	1009	670
Total	8 099	7712	8 352

In 2015 BILLBOARD AD has generated the following revenues from abroad:

- The Check Republic - BGN 224 688.19
- France – BGN 258 047.02
- Macedonia - BGN 4 689.09
- Others – BGN 3 025.17

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

As a result of the economic activity carried out in 2015 BILLBOARD AD reported negative financial individual result - net loss in the amount of BGN 1 565 000 compared to the net loss in the amount of BGN 2 133 000 registered for 2014. In 2015 BILLBOARD AD generated loss before taxes in the amount of BGN 1 738 000 compared to the company's loss before taxes for 2014 in the amount of BGN 2 175 000.

The 2015 loss reported by the company as well as the one reported for 2014 is due to an impairment of assets. The impairment of company's assets as of 31.12.2015 was in the amount of BGN 1 912 000.

Table № 4

SHAREHOLDERS' EQUITY, MINORITY HOLDINGS AND LIABILITIES	2013	%	2014	%	2015
a	1		2		3
A. SHAREHOLDERS' EQUITY					
I. Share capital	15000	0%	15000	0%	15000
II. Reserves	3668	23,2%	4519	0%	4519
III. Financial result					
1. Retained earnings (loss) from previous periods including:	4980	2,9%	5123	-41,6%	2990
undistributed profit	5485	2,6%	5123	-41,6%	2990
loss not covered	-505	-100%	0	422%	0
one-time effect from changes in accounting policy	0	0%	0	0%	0
2. Current year profit	143	-100%	0	0%	0
3. Current year lost	0	0%	-2133	-26,6%	-1565
Total for Group III:	5123	-41,6%	2990	-52,3%	1425
TOTAL SHAREHOLDERS' EQUITY "A" (I+II+III):	23791	-5,4%	22509	-7%	20944



Table № 5

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Operating financial result	859	-1 302	-831

Operating revenues by category

Table № 6

(in thousand BGN)

REVENUES	2013	%	2014	%	2015
a	1		2		3
A. Operating revenues					
I. Net revenues from the sale and other revenues and profits:					
1. Finished goods	7 088	-5,4%	6 703	14,6%	7 682
2. Services	1 011	-0,2%	1 009	-33,6%	670
3. Goods for sale (materials)	965	43,7%	1 387	-43,5%	783
4. Sale of real estates, machines and equipment	38	0%	0	0%	1 456
5. Sale of investments	0	0%	0	0%	58
6. Other revenues and profits	4	1 800%	76	52,6%	116
I: Total net revenues from sale	9 106	0,8%	9 175	17,3%	10 765
II. Revenues from financing for fixed assets incl. government grants					
II: Total		0%		0%	
III. Financial income					
1. Interest revenue	300	-2,7%	292	-27,7%	211
2. Divident income	0	0%	43	-100%	0
3. Gains from operations with financial assets and instruments	0	0%	0	0%	47
4. Gains from foreign exchange operations	16	-100%	0	0%	0
5. Others	0	0%	0	0%	0
III: Total financial income	316	6,0%	335	-37,0%	211
B. Total revenues before extraordinary activities (I+II+III)	9 422	0,9%	9 510	15,4%	10 976

Operating expenditures by category

Table № 7

(in thousand BGN)

EXPENSES	2013	%	2014	%	2015
a	1		2		3
A. Expenditures					
I. Operating expenses					
1. Materials	2868	-26,9%	2096	20,8%	2533
2. External services	1913	9,8%	2100	18,8%	2494
3. Depreciation	1312	-2,1%	1284	-5,2%	1217
4. Salaries	930	2,8%	956	5,4%	1008
5. Social security	134	-4,5%	128	30,5%	167
6. Net book value of assets sold (finished goods excluded)	967	42,7%	1380	61,4%	2228
7. Assets under construction and write off of assets	0	0%	0	0%	0



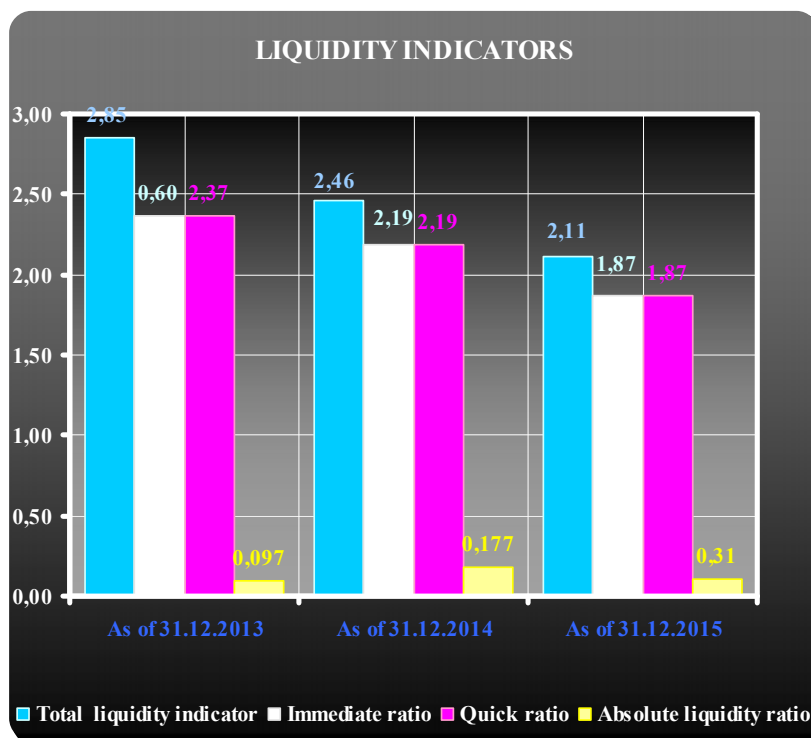
8. Other expenses incl.	123	1959,3%	2533	-23,1%	1949
impairment of assets	47	0%	2433	-21,4%	1912
provisions	0	0%	0	0%	0
Total for Group I:	8 247	27,0%	10 477	10,7%	11 596

FINANCIAL INDICATORS

LIQUIDITY

Table № 8

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Total liquidity indicator	2,85	2,46	2,11
	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Immediate ratio	2,37	2,19	1,87
	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Quick ratio	2,37	2,19	1,87
	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Absolute liquidity ratio	0,097	0,177	0,107



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 considered to be universal and represents the ratio of current assets to current liabilities. The optimum values of this ratio are over 1-1.5.

As of 31.12.2015 the value of the total liquidity ratio of BILLBOARD was 2.11 and reported a decrease compared to the value of 2.46 registered by the company for 2014. The decrease in the value of the liquidity ratio for 2015 compared to 2014 is due to the decrease in the current assets of the company by 15.7 % and the decrease of the current liabilities by 1.6 %.

Table № 9

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Total liquidity indicator	2,85	2,46	2,11

IMMEDIATE LIQUIDITY RATIO

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

In 2015 compared to 2014 the value of the immediate liquidity ratio was 1.87 and reported a decrease compared to the value registered for the previous financial year. In 2015 compared to 2014 the current receivables decrease by 13.6 %, the cash of the company decreased by 40.2 % and the current liabilities decreased by 1.6 %.

Table № 10

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Immediate ratio	2.37	2.19	1.87

QUICK LIQUIDITY RATIO

The quick liquidity ratio represents the ratio of current assets minus inventories to current liabilities.

Table № 11

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Quick liquidity ratio	2,37	2,19	1,87

The value of the quick liquidity ratio of BILLBOARD AD as of 31.12.2015 was 1,87 and decreased compared to its values reported for 2014.

The decrease in the value of the quick liquidity ratio of BILLBOARD AD for 2015 compared to 2014 was due to the decrease in the value of the company's current liabilities by 1.6 %, decrease in the value of the current assets by 15.7 % and decrease of the company's inventories by 14.9 %.

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 № 12

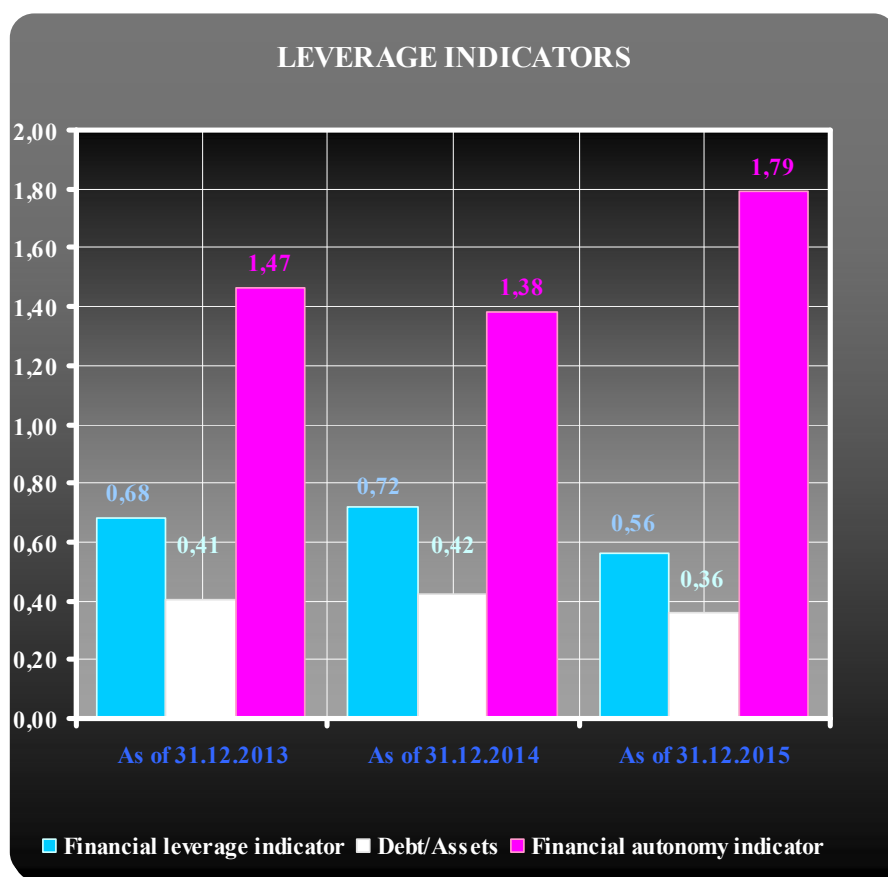
	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Absolute liquidity ratio	0,097	0,177	0,107

The value of the absolute liquidity ratio by 31.12.2015 was 0.107. In 2015 compared to 2014 the individual current liabilities of BILLBOARD AD decreased by 1.6 % and the cash decreased by 40.2 %.

2. CAPITAL RESOURCES

Table №13

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Financial leverage indicator	0,68	0,72	0,56
	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Debt / Assets	0,41	0,42	0,36
	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Financial autonomy indicator	1,47	1,38	1,79



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).

Indicators for the share of capital obtained through loans show what part of the total capital constitute borrowings. The larger the share of long-term debt compared to equity is, the greater the likelihood of failure in the payment of financial obligations will be.

FINANCIAL AUTONOMY RATIO

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

Table №14

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Financial autonomy indicator	1,47	1,38	1,79

As of 31.12.2015 the value of the financial autonomy ratio, equal to 1.79, reported an increase compared to its 2014 and 2013 values.

The increase in the value of the financial autonomy ratio of BILLBOARD AD in 2015 compared to 2014 is due to the decrease in the total debt by 27.8 % while the shareholder's equity decreased by 7 %.

FINANCIAL LEVERAGE RATIO

Table №15

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Financial leverage indicator	0,68	0,72	0,56

The financial leverage ratio shows the ratio between debt and equity in the company.

The value of the financial leverage indicator as of 31.12.2015 was 0.56 and reported a decrease compared to its values as of 31.12.2014 and 31.12.2013.

The decrease in the value of the financial leverage ratio of BILLBOARD AD for 2015 compared to 2014 is due to the decrease in the total debt by 27.8 % and the decrease in the shareholder's equity by 7 %.

DEBT TO TOTAL ASSETS RATIO

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

Table №16

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Debt / Assets	0,41	0,42	0,36

As of 31.12.2015 the value of the Debt / Assets ratio was 0.36 and decreased compared to its values for 2014 and 2013. In 2015 compared to 2014 the total debt of the company decreased by 27.8 % and the value of assets decreased by 15.70 %.

3. FINANCIAL INDICATORS OF BILLBOARD AD AS OF 31.12.2015

Table №17

(in thousand BGN)			
Indicators	2013	2014	2015
Net sales revenues and other revenues/profits	9 106	9 175	10 765
Net profit	143	0	0
Shareholder's equity	23 791	22 509	20 944
Non-current liabilities	11 757	10 863	6 427
Current liabilities	4 465	5 392	5 306
Non-current assets	27 280	25 490	21 483
Current assets	12 733	13 274	11 194
Working capital	8 268	7 882	5 888
Cash and cash equivalents	432	953	570
Total debt	16 222	16 255	11 733
Total assets	40 013	38 764	32 677
Interest expenses	920	1 175	1 043
Inventories	2 131	1 468	1 250
Current Receivables	10 170	10 853	9 374
Operating expenses	8 247	10 477	11 596
Material expenses	2 868	2 096	2 533

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 absolute return to shareholders in terms of their absolute investments.

Table №18

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Return on Equity (ROE)	0,006	-0,095	-0,075

As at 31.12.2015 the value of the indicator was -0.075 due to the loss, reported by the company for 2015. In 2015 compared to 2014 the shareholder's equity of BILLBOARD AD decreased by 7.0 %.

RETURN ON ASSETS (ROA)

The Return on Assets indicator shows the effectiveness of using the total assets. ROA is calculated as a ratio of operating profit to total assets and shows what operating profit is being generated for one BGN assets.

Table № 19

	As of 31.12.2013	As of 31.12.2014	As of 31.12.2015
Return on Assets (ROA)	0,021	- 0,034	-0,025



As of 31.12.2015 the value of the Return on Assets indicator was -0.025. In 2015 compared to 2014 the company's total assets decreased by 15.7 %. At the same time the operating financial result has increased by 36.2 %.

IV. PRINCIPAL RISKS WHICH THE COMPANY FACES

SYSTEMATIC 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 it 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)

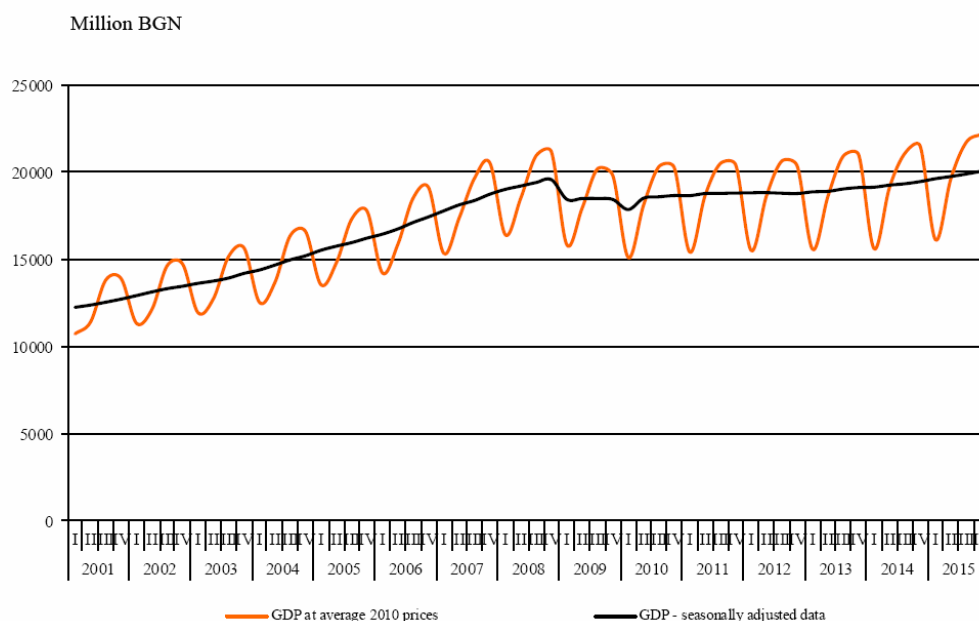
Pursuant to data of the National Statistical Institute (NSI) in the fourth quarter of 2015 the Gross Domestic Product (GDP) expanded with 3.1 % compared to the same quarter of the previous year and with 0.8 % compared to the third quarter of 2015 according to the seasonally adjusted data.

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

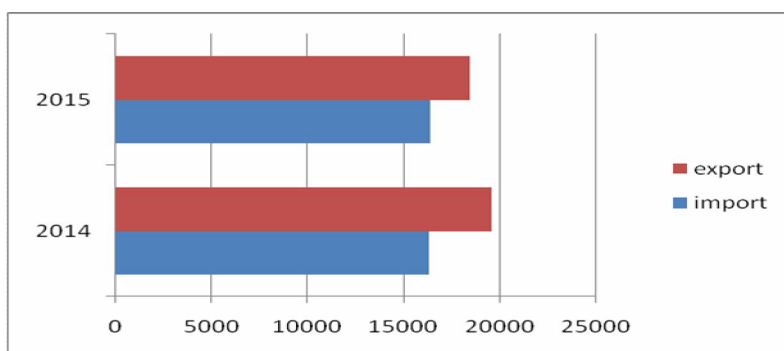


Source: NSI

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.

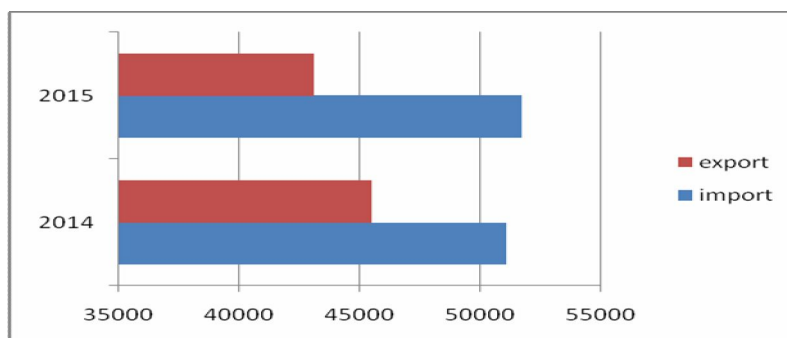
Bulgarian imports from third countries in 2015 decreased by 5.9 % compared to 2014 and added up to BGN 18.4 Billion (at CIF prices). The largest amounts were reported for the goods imported from the Russian Federation, Turkey, China and Ukraine. In December 2015 Bulgarian imports from third countries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

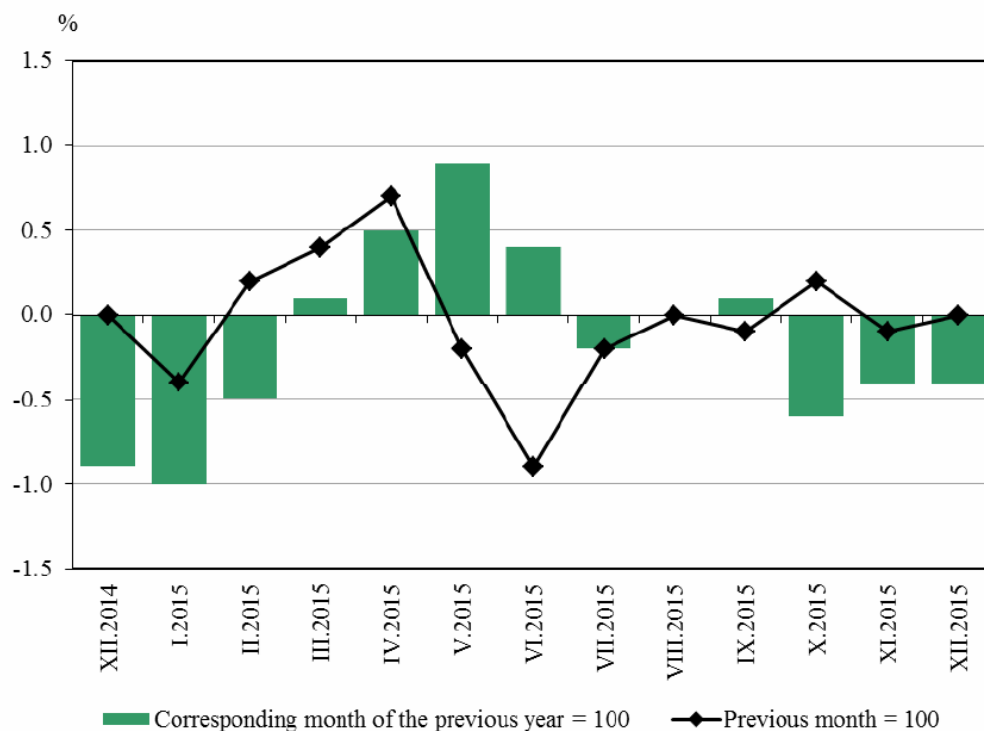
INFLATION RISK

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 FINANCIAL STATEMENTS



As of the date of this Activities Report there are no other events, occurred after the annual closure, which require correction to the financial statements or represent important information affecting the price of the securities.

VI. CURRENT TRENDS AND PROBABLE FUTURE DEVELOPMENT

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 over 6 % growth in the production in real volume terms compared to 2014.

Pursuant to the annual financial statements of BILLBOARD AD, drawn up according to the IFRS forms, as at 31.12.2015 the company generated net sales revenues in the amount of BGN 8 352 000 which is a 8.30 % growth compared to the net sales revenues for 2014. As of 31.12.2015 the production sales revenues of the company were in the amount of BGN 7 682 000 and the revenues from services were in the amount of BGN 670 000. The production net sales revenues represent 91,98 % of the net sales revenues and the share of the services net sales revenues is 8.02 %. In 2015 BILLBOARD AD did not report a significant change in the prices of products and services.

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 5 % 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. Such have been carried out within its economic group of companies by Nimisoft Ltd. The team of the subsidiary company systematically designs and builds integrated information



management systems intended for specific printing business - both in the field of digital printing and offset printing.

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.

VII. INFORMATION REQUIRED PURSUANT TO ART. 187D AND ART. 247 OF THE COMMERCIAL ACT

1. The number and the nominal value of the acquired and transferred through the year own stocks; the share of the capital which they represent, as well as the price at which the acquisition or transfer have been executed

In 2015 BILLBOARD AD has not acquired neither has transferred own shares.

2. The number and the nominal value of the possessed own stocks and the share of the capital which they represent

The company does not hold own shares.

3. The total remuneration received during the year by the board members

The overall gross amount of the 2015 remunerations of the members of the Board of Directors of BILLBOARD AD was given under table 31 herein as well as in the Report on the applicaytion of the Remuneration Policy.

4. The acquired, possessed and transferred stocks and bonds of the company by the members of the boards during the year

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

Table 23

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 %
Borislav Hristov Borisov	independent member of the Board of Directors	0	0 %
Desislav Grozev Tomov	independent member of the Board of Directors	0	0 %

During the deported year members of the company's Board of Directors have not transferred and acquired shares from the capital of BILLBOARD AD.

5. The rights of the members of the boards to acquire stocks and bonds of the company

Members of the Board of Directors of the Company may freely acquire shares from the company's capital on the regulated securities market subject to the provisions of the Law against Market Abuse with Financial Instruments and the Law on Public Offering of Securities.



Pursuant to the provision of art.16, para. 1 and para. 3 of the Measures Against Market Abuse With Financial Instruments Act, members of the Board of Directors, other persons discharging managerial responsibilities within an issuer and persons closely associated with them shall notify in writing the Financial Supervision Commission on the existence of transactions conducted for their account relating to shares issued by BILLBOARD AD within 5 working days from conclusion of the transaction. The obligation for notification shall not apply where the total amount of the transactions concluded by a person discharging managerial responsibilities within the issuer and the persons closely associated with them does not exceed BGN 5,000 within a calendar year.

6. Participation of the board members in commercial companies as unlimited liable partners, possession of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperations as procurators, managers or members of boards as at 31.12.2015

Table № 24

Full name	Participation in management and supervisory bodies of other companies or cooperations and participation as unlimited liable partners	Direct participation exceeding 25 % of the capital of other companies	Companies where the person exercises direct control
Kalin Vassilev Genchev	1. Managing Director of Instor Media Ltd. with UIC: 175025285; 2. Managing Director of Motion Arts Ltd. with UIC: 121446455; 3. Managing Director of Tipo Print Ltd. with UIC: 130109095; The person does not participate in the management of other companies as a procurator. The person does not participate in the management of cooperations. The person does not participate in commercial companies as a unlimited liable partner.	Holds directly over 25 per cent of the votes at the general assembly of Megaproject Ltd. – officially closed company	The person does not exercise direct control.
Stefan Vassilev Genchev	1. Managing director of GVS computing Ltd. with UIC:831334212 The person does not participate in the management of other companies as a procurator. The person does not participate in the management of cooperations. The person does not participate in commercial companies as a unlimited liable partner.	Motion Arts Ltd. with UIC: 121446455.	The person does not exercise direct control.
Borislav Hristov Borisov	The person does not participate in the management of other companies as a	The person does not have direct holdings exceeding 25 per cent of the votes at	The person does not exercise direct control.



	managing director and procurator. The person does not participate in the management of cooperations. The person does not participate in commercial companies as a unlimited liable partner.	the general assembly of other legal entities.	
Desislav Grozev Tomov	The person does not participate in the management of other companies as a managing director and procurator. The person does not participate in the management of cooperations. The person does not participate in commercial companies as a unlimited liable partner.	The person does not have direct holdings exceeding 25 per cent of the votes at the general assembly of other legal entities.	The person does not exercise direct control.

7. Executed contracts in 2015 with members of the Board of Directors or their related persons beyond the usual activity of the company or substantially diverted from the market requirements

In 2015 have not been executed transaction with members of the Board of Directors or their related persons beyond the usual activity of the company or substantially diverted from the market requirements.

8. Planned economic policy for the next year, including the expected investments and development of the personnel, the expected revenue from investments and development of the company, as well as the forthcoming transactions of substantial importance for the activity of the company

Information on the planned economic policy and forthcoming projects for the next year is presented under item V. CURRENT TRENDS AND PROBABLE FUTURE DEVELOPMENT herein.

IX. AVAILABILITY OF BRANCHES OF THE ENTERPRISE

The company does not have registered branches in the country and abroad.

X. FINANCIAL INSTRUMENTS USED BY THE COMPANY

The Company actively uses leasing and factoring in the implementation of its investment policy. Standard bank financing for working capital and investment purposes are possible.

Beyond the described above, the Company does not use special financial instruments in implementing the financial policy, including upon hedging and managing financial risk.

XI. INFORMATION ON THE CORPORATE GOVERNANCE PROGRAM AND ITS IMPLEMENTATION

BILLBOARD became a public company with the entry of the company itself and the issue of securities in the amount of BGN 7 500 000 issued by BILLBOARD AD and representing the registered



capital of the company in the Register of public companies and other issuers of securities, kept by the Financial Supervision by Resolution № 153-PD of 30.01.2008.

By a resolution of the Board of Directors of BILLBOARD AD dated 06.03.2008 the company joined the National Corporate Governance Code – officially adopted in October, 2007. All members of the Board of Directors explicitly stated that in their complete activities they will conform with and observe the good corporate governance principles and the recommendations laid down in the Code and will make efforts for these principles to be the basis of the overall activities of BILLBOARD AD and the companies in the economic group.

The company's Corporate Governance Program, adopted on 27.03.2008 and updated on 16.03.2009, was elaborated in consistency with the principles and recommendations laid down in the Code. The Program established the guidelines for the corporate policy of the Board of Directors of BILLBOARD AD in view of ensuring the possibility for the shareholders to exercise their rights effectively, in accordance with the regulations and the Articles of the Company, as well as to ensure maximum transparency and information for all shareholders, stakeholders and the entire investment community regarding the whole activity of the company and its subsidiaries.

The Corporate Governance Program of BILLBOARD AD will be applicable also in 2016.

INFORMATION ON THE APPLICATION OF THE NATIONAL CORPORATE GOVERNANCE CODE ON THE PART OF BILLBOARD AD in 2015

The Corporate Governance Program of BILLBOARD AD is subject to the “COMPLY OR EXPLAIN” principle, under which the corporate board of the company should provide information on whether the company applies the principles of conduct that are enshrined in the National Corporate Governance Code and provide an explanation on how problematic situations will be resolved when one or other principle is not applicable to BILLBOARD AD.

1. Chapter one – Corporate Board

BILLBOARD AD has a one-tier management system. The company is being managed by a Board of Directors consisting of three members and represented before third parties – by the Executive member of the Board. All members of the Board of Directors meet the legal requirements for taking the position they occupy, have the necessary qualifications and managerial experience and are directly accountable to the shareholders of BILLBOARD AD. The decision making process within the company is flexible due to the simplified structure and management system.

In 2015 changes in the members of the company's Board of Directors have not been made. In 2015 has not been changed the way of representation. No appointment or discharge of procurator of BILLBOARD AD has occurred.

Election and dismissal of members of the corporate board of BILLBOARD AD are carried out in accordance with the requirements of Chapter I, Section 2 of the Code and the provisions of Section II of the Rules of Procedure of the Board of Directors.

Remunerations of the board members are only permanent, as information on their amount for 2015 was disclosed in the Annual Report of the Board of Directors on the activities during the reporting year. It is not provided that members of the Board of Directors may be compensated for their work with shares or options.

The members of the Board of Directors avoid and do not admit any real or potential conflict of interests. In the reported 2015 have not been concluded transactions between the company and members of the Board of Directors or their related parties.

The Board of Directors has adopted detailed Rules of Procedure of the Board of Directors of BILLBOARD AD, entirely consistent with the recommendations of the National Corporate Governance Code. The Rules regulate in details the requirements on the composition, selection and dismissal procedures of board members; their rights, duties and responsibilities; the requirements that the amount



and structure of the board members' remunerations should be consistent with; the functions, competence and powers of the Board of Directors; the rules for disclosure of conflict of interest; the procedures for conducting meetings and making decision from the Board of Directors and the requirements for the executive board members and their relations with the company.

In the reported 2015 the Board of Directors of BILLBOARD AD has not made changes in its Rules of Procedure and has fully operated in accordance with their provisions. Pursuant to the recommendations of the Code and the provisions of the adopted Rules, during the reporting year the Board of Directors of BILLBOARD AD has managed the company in an independent and responsible manner in accordance with established vision, goals and strategy for 2015 and the interest of the shareholders.

The Board of Directors of BILLBOARD AD has adopted a Code of Ethics, that establishes standards for ethical and professional conduct of the corporate board, the managers and employees of BILLBOARD AD in all aspects of their work as well as in their relations with company's shareholders and potential investors in order to prevent events of unprofessionalism, bureaucracy, corruption and other illegal activities that may have negative impact on the trust of shareholders and all stakeholders, and may impair the authority of the company as a whole.

All workers and employees of the company are familiar with the established standards of ethical and professional conduct and during the reporting 2015 were not detected cases of non-compliance with them.

In relation to the policy applied in terms of information disclosure and investor relations, during the reporting 2015 the Board of Directors of BILLBOARD AD continued the established practice to hold meetings with different groups of investors in any case of stated interest on their part, which were attended by all members of the corporate board and the Investor Relations Director. The company has developed a functioning risk management and internal audit system as well as a financial information system.

2. Chapter Two – Audit and Internal Control

BILLBOARD AD has a developed and functioning internal control system that guarantees the proper identification of risks related to the activities of the company and supports their efficient management; ensures the adequate functioning of the accountability and information disclosure systems.

Certified auditor, elected by the general assembly of the shareholders of BILLBOARD AD to verify and certify the annual financial statements of the company for 2015 is NS Consulting EOOD with its registered seat and business address at 74 "Bulgaria" Blvd., 1404 Sofia, entr.A, fl.2, ap.107 with UIC: 175282408, registered in the Register of the Institute of the Certified Public Accountants (ICPA) in 2010.

With a view to ensure efficient work of the external auditors of BILLBOARD AD, the Board of Directors has elaborated and adopted Measures Ensuring the Efficient Implementation of the Company's Auditors' Obligations based on the requirements of the Independent Financial Audit Act.

At the regular annual session of the General Assembly of the Shareholders held on 30.06.2015 was elected an audit committee of BILLBOARD AD with a 2-year mandate with the following members: Valeri Tanov – Chairperson and Stanimir Genchev – member of the audit committee.

Pursuant to the provisions of the Independent Financial Audit Act the Audit Committee performs the following functions:

1. Observes the financial reporting processes in the company;
2. Observes the efficiency of the internal control systems in the company;
3. Observes the efficiency of the risks management systems in the company;
4. Observes the independent financial audit in the company;
5. Performs a verification of the independence of the company's registered auditor in compliance with the requirements of the law and the Code of Ethics of the Professional



Accountants, including observes the provision of additional services from the registered auditor to the audited company.

The certified auditor, elected by the company's general assembly of the shareholders reports to the Audit Committee on the basic issues related to the audit implementation with particular attention to the weaknesses of the company's internal control systems with reference to the financial reporting process.

With regard to the recommendation for election of an external auditor, the Audit Committee has applied the rotation principle.

3. Chapter three – Shareholders Rights' Protection

The Corporate Board of BILLBOARD AD guarantees equal treatment of all company's shareholders, including minority and foreign investors, and protects their rights by means of:

- applying clear rules, regulated in details, regarding the organization and conduct of regular and extraordinary sessions of the general assembly of the company's shareholders which also include detailed description of the shareholders' rights. Those Rules represent a part of BILLBOARD's Corporate Program, adopted in 2008 and are posted on the company's website - www.bilbord.bg, Investors section;
- providing circumstantial information, including through the website of the company, regarding the requirements towards the proxies and the rules for authorization of shareholders' representatives at the general meeting of the shareholders, as well as presenting a sample of a written proxy at the disposal of BILLBOARD's shareholders, in a sufficient period of time prior to the date of the general assembly's session, which facilitates the participation and exercising votes at the general assembly of the shareholders;
- ensuring the right of all company's shareholders to ask questions to the corporate Board of BILLBOARD AD and receive answers by means of the established practice of all members of the Board of Directors to be present at the sessions of the general assembly of the shareholders;
- providing information to all shareholders regarding the adopted resolutions at each session of the general assembly of the shareholders through respective notifications announced under the procedure for disclosure of regulated information and through publishing the minutes of the general assembly's session at the company's website in the shortest possible term;
- continuing the practice for timely announcement of information regarding important corporate events related to BILLBOARD AD and the companies included in the economic group, to the widest possible range of stakeholders, including through the website of the company;
- conducting a policy for supporting all shareholders upon exercising their rights.

4. Chapter four – Information Disclosure

The Board of Directors of BILLBOARD AD finds that, with the undertaken initiatives and its overall activities in 2015, it has established preconditions for a sufficient transparency in its relations with current shareholders of the company, potential investors, financial mass media and capital market analysts as well as with the regulatory authority – Financial Supervision Commission.

The corporate website of BILLBOARD AD – www.bilbord.bg, functioning both in Bulgarian and English language, set in conformity in terms of its structure and contents of the published information with the requirements of the National Corporate Governance Code and the acknowledged good practices regarding the information disclosure systems was supplemented with a new section Corporate Governance. In this section are published all current corporate documents of the company, including the Reports of the company on the implementation of the provisions of the National Corporate Governance Code and provides information on the certified auditor of BILLBOARD AD, the members and functions of the elected audit committee.



On the website may be found general information about the company and the respective spheres of activity of all companies, included in the economic group, current data on the financial and economic state of the company, including the interim and annual financial statements of BILLBOARD AD on individual and consolidated basis, as well as information regarding the structure of the economic group, the corporate board and corporate governance of the company and the issued securities. All shareholders, investors and stakeholders are able to receive information regarding future and already carried out important corporate events and sessions of the general assembly of shareholders.

During the reported 2015 BILLBOARD AD has announced any regulated information within the terms and under the procedure of the Public Offering of Securities Act and the respective sub delegated legislation. Except through the company's website, investors and all stakeholders timely receive the regulated information also through three media agencies – X3NEWS, Investor BG and Infostock.

The Investor Relations Director of BILLBOARD AD provides information regarding the company to both institutional investors and individual shareholders irrespective of the number of shares hold.

In 2015 the corporate board and all other persons with access to inside information about BILLBOARD AD complied with the adopted Rules on the Company's Insiders and Inside Information which regulate the liabilities, responsibilities and the procedure for public announcement of the inside information and prohibition for inside trading and manipulation of the financial instruments market. These Rules represent a part of the overall information disclosure system of BILLBOARD AD and reflect the company's policy directed towards providing a greater extent of transparency and guaranteeing more confidence of company's present shareholders and potential investors in non-admitting improper use and/or disclosure of company's inside information.

In accordance with the established practice, the Board of Directors of BILLBOARD AD has elaborated and approved a Corporate Calendar for the year 2016 on the company's most important events, the expected dates for their conduct, the terms for implementation of the obligations for information disclosure and this calendar was posted on the company's corporate website.

The Corporate Governance Program of BILLBOARD AD will be applicable to the company's activities also in 2016 and was enclosed to the 2015 Annual financial statements.

5. Chapter five – Stakeholders

BILLBOARD identifies as stakeholders, interested in its activities, all persons/entities which are not shareholders and which are interested in the economic prosperity of the company:

- Workers and employees;
- Customers,
- Suppliers and other contracting parties,
- Banks – creditors
- Bondholders, if such have been issued and
- the society in general.

The company's policy towards stakeholders is in compliance with the existing laws, based on the principles of transparency, accountability and business ethics. Stakeholders are being provided with the necessary information on the company's activities, current data on the financial status as well as any other information enabling their proper orientation and taking informed and well-grounded decisions.

In 2015 the company successfully passed the re-certification quality audit under ISO 9001:2008, concerning not only the quality management system but also the management of the organization as a whole. ISO 9001:2008 standard is based on eight fundamental principles, which guarantee the successful management and functioning of the company: purposefulness toward the customers; leadership; incorporating the employees in the organization; process approach; systematic management approach; continuous improvement; facts based decision making process; mutually beneficial relations with the suppliers.



The conducted audit proved again the ability of BILLBOARD AD to continuously provide products and services which meet the requirements of the customers and the applicable legal provisions, as well as its aspiration to continuously increase the customers' contentment.

The Board of Directors encourages the co-operation between the company and the stakeholders with a view to increase the prosperity and provides a stable growth of the company.

Due to the continuing economic stagnation and increased indebtedness among companies in Bulgaria in 2015, the corporate board of BILLBOARD AD applied diversified approach to customers, suppliers and other contractors of the company in order to preserve the trade and business relations with these stakeholder groups and achieve optimal good, realistic conditions for payment and delivery.

XII. 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

In 2015 BILLBOARD AD has generated the following revenues from abroad:

- The Check Republic - BGN 224 688.19
- France – BGN 258 047.02
- Macedonia - BGN 4 689.09
- Others – BGN 3 025.17

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 company

Table № 25

REVENUES	2013	%	2014	%	2015
a	1		2		3
A. Operating revenues					
I. Net revenues from the sale and other revenues and profits:					
1. Finished goods	7 088	-5,4%	6 703	14.6%	7 682
2. Services	1 011	-0.2%	1 009	-33.6%	670
3. Goods for sale (materials)	965	43,7%	1 387	-43.5%	783
4. Sale of real estates, machines and equipment	38	0%	0	0%	1 456
5. Sale of investments	0	0%	0	0%	58
6. Other revenues and profits	4	1 800%	76	52.6%	116
I: Total net revenues from sale	9 106	0,8%	9 175	17.3%	10 765
II. Revenues from financing for fixed assets					
incl. government grants					
II: Total		0%		0%	
III. Financial income					
1. Interest revenue	300	-2,7%	292	-27,7%	211



2. Divident income	0	0%	43	-100%	0
3. Gains from operations with financial assets and instruments	0	0%	0	0%	47
4. Gains from foreign exchange operations	16	-100%	0	0%	0
5. Others	0	0%	0	0%	0
III: Total financial income	316	6,0%	335	-37.0%	211
B. Total revenues before extraordinary activities (I+II+III)	9 422	0,9%	9 510	15,4%	10 976

There is no concentration or dependence of the company 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 on the revenues allocated in domestic and foreign markets
The revenues, generated by BILLBOARD AD from abroad in 2015 are shown under item 1 above.

3. Information about concluded big transactions and such of material importance for the activities of the company

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 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, 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).

4. Information about the transactions concluded between the company and related parties during the reporting period, proposals for conclusion of such transactions as well as transactions which are outside its 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

In 2015 BILLBOARD AD concluded big transactions with related parties as follows:

Table № 26

Related party	Type of relation	Volume of the transactions, in BGN thousand	Explanatory notes
DEDRAX AD	subsidiary where BILLBOARD AD holds 60 % of the capital	2 647	sales of printed production, sale of fixed assets and rentals, etc.
MOTION ARTS Ltd.	subsidiary where BILLBOARD AD holds 51 % of the capital	532	sales of production, services, fixed assets and rentals.
DIGITAL PRINT EOOD	subsidiary where BILLBOARD AD holds 100 % of the capital	367	sale of printed production and fixed assets, and incomes from services.



The concluded transactions with related parties are not outside its usual activity and do not substantially deviate from the market conditions.

5. Information about events and indicators of unusual for the issuer nature, having substantial influence over its operation

Events or indicators of unusual for the company nature have not occurred.

6. Information about off-balance kept transactions in 2015 – 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 issuer

During 2015 have not been concluded off-balance kept transactions.

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

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

Table № 27

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 forwarding activities, restaurant, hotel and tourism, import and export, any other activity permitted by law.	BILLBOARD AD holds 30.13 % of the capital and DIGITAL PRINT EOOD holds 50.03 % of the capital.

8. Information about the concluded by the issuer, by its subsidiary or parent undertaking, in their capacity of borrowers, loan contracts

As of 31 December 2015 the parameters of the liabilities under loan agreements are:



Table № 28

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 AD	EUR 3250	3M EURIB + 4.2% > 6.20%	20.3.2025	389	-	5 748	-
Eurobank EFG Bulgaria AD	EUR 500	3M EURIB + 6.50%	01.9.2016	978	2	-	-

9. Information about the concluded by the issuer, by its subsidiary or the parent undertaking, in their capacity of lenders, loan contracts

Table № 29

Borrower	Agreed amount of the credit	Interest rate %	Maturity date	Current part at depreciated value		Long-term part at depreciated value	
				Principal	Interests	Principal	Interests
Digital Print EOOD	BGN 5013	Base interest rate + 3%	01.8.2018	-	1 337	5 013	-

Table № 30

Accrued Interest revenues on granted Loan				
Borrower	Receivables as of 31.12.2014	Accrued in 2015	Received in 2015	Receivables as of 31.12.2015
Dedraks AD	72	5	77	-
Digital Print EOOD	1148	189	-	1 337
Solarset EOOD	3	-	3	-

10. Information on the use of the funds from a new issue of securities during the reported period

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

11. 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.

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.



12. 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 5 % 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.

13. 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.

14. 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);

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

15. Information on the changes in the management and supervisory bodies of the company in 2014

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.



16. Information about the known to the company agreements as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders

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.

17. 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 31

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.

18. 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 32

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 %
Borislav Hristov Borisov	independent member of the Board of Directors	0	0 %
Desislav Grozev Tomov	independent member of the Board of Directors	0	0 %

The company has not provided options on securities.



19. 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

There are not any pending legal, administrative or arbitration proceedings relating to issuer's liabilities or receivables at the amount of at least 10 percent of its equity.

20. Information about the Investor Relations Director:

Sophia Argirova - Atanasova

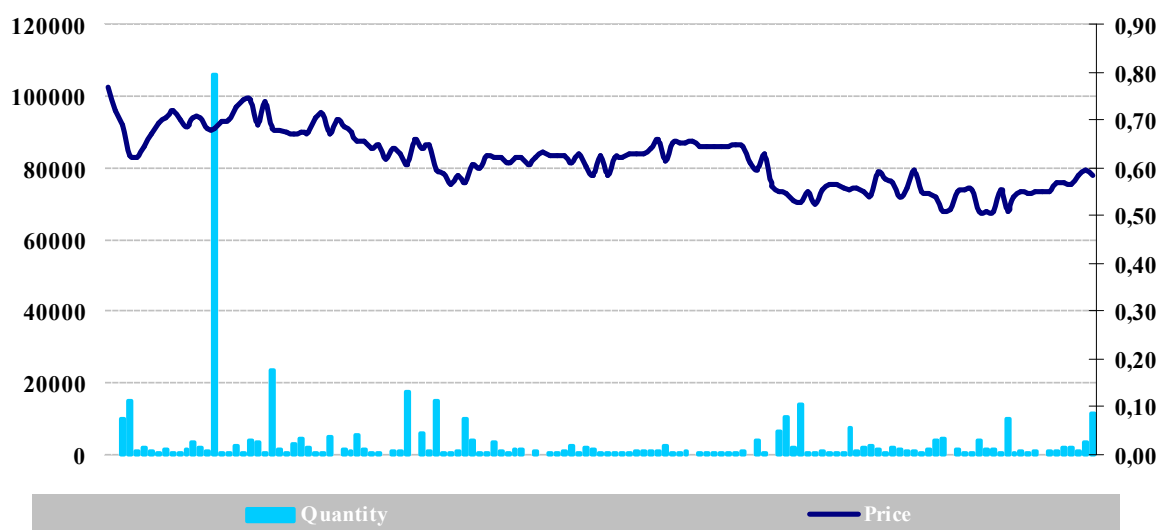
Tel. +359 2 988 24 13;

e-mail: ir@billboardprint.it

No 1 Bulgaria Sq., National Palace of Culture, AI4 entr., 1464 Sofia.

XIII. 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



XIV. ANALYSIS AND CLARIFICATION ON THE INFORMATION UNDER ANNEX NO 11

1. Structure of the capital of BILLBOARD AD, including the securities that have not been admitted to trading on a regulated market in the Republic of Bulgaria or another Member State, with indication of the different classes of shares, the rights and liabilities attaching to any of the classes of shares and the portion of the total capital which each individual class constitutes

As at 31.12.2015 the capital of BILLBOARD AD amounts to BGN 15 000 000, divided into 15 000 000 shares with nominal value of BGN 1.00 each of them. All shares of the company belong to one class - ordinary, registered, dematerialized, freely transferable and each share entitles to one vote at the general assembly of shareholders, right to dividend and a liquidation quota, proportionate to the nominal value of the share.

The initial issue of company's shares in the amount of BGN 7 500 000, divided into 7 500 000 shares with nominal value of BGN 1.00 each of them was registered for trading on the Non-official Market of Equities, segment A of the BSE-Sofia AD on 15.02.2008. A subsequent issue of shares in the amount of BGN 7 500 000, divided into 7 500 000 ordinary, registered, dematerialized voting shares



with nominal value of BGN 1.00 each of them from the capital increase of BILLBOARD AD conducted in 2008 was admitted to trading on BSE-Sofia AD on 17.09.2008.

Based on the amendments to the Rules and Regulation of the Bulgarian Stock Exchange – Sofia AD, effective as from 01.03.2012, as at the date of this document the issue of shares of BILLBOARD AD in the amount of BGN 15 000 000 ordinary, registered, dematerialized voting shares was being traded on the BSE Main Market, Standard Equity segment.

In 2015 has not been conducted capital increase or capital decrease.

The company has not issued other securities that have not been admitted to trading on a regulated market in the Republic of Bulgaria or another EU Member State.

CAPITAL STRUCTURE OF BILLBOARD AD AS AT 31.12.2015

Name of the shareholder	Percentage of the capital
Vassil Stefanov Genchev	25.024 %
Stefan Vassilev Genchev	20.000 %
Kalin Vassilev Genchev	20.000 %
Veneta Stefanova Gencheva	9.89 %
Other shareholders – individuals and legal entities	25.086 %

2. Limitations over the securities transfer, such as limitations for holding of securities or a requirement to obtain approval of the company or another shareholder

Pursuant to the provisions of art. 9 of the Articles of Association of BILLBOARD AD, the company shares are freely transferable, publicly offered securities which certify that their holder participates in the Company's capital with the par value indicated on the share. The Company may not issue shares with different par value. The shares are indivisible. When a share is co-possessed by several persons they shall exert their rights jointly, appointing a representative.

Pursuant to the provisions of art. 13 of the Articles of Association of BILLBOARD AD, the shares shall be transferred freely, without any limitations or conditions, subject only to the requirements of the effective legislation for transactions with dematerialized shares. Transactions with registered dematerialized shares of the Company shall only be executed on a regulated market of securities through a respective investment intermediary. The transfer of registered dematerialized shares, issued by the Company shall take effect as of the moment of filing the transaction with the register of the Central Depository, which shall issue a document certifying the rights over these shares.

There are no limitations for acquiring and holding shares from the company's capital neither it is necessary to obtain approval of BILLBOARD AD or another shareholder therefore.

3. Information on the direct and indirect holding of 5 or more percent of the voting rights in the company's general assembly, including data about the shareholders, the amount of their holding and the manner in which the shares are owned

The shareholders of BILLBOARD AD as at 31.12.2015 holding 5 or more percent of the voting rights in the company's general assembly of the shareholders are:

1. Vassil Stefanov Genchev, holding directly 3 753 730 shares or 25.024 % of the company's capital;



2. Stefan Vassilev Genchev, holding directly 3 000 000 shares or 20 % of the company's capital;
3. Kalin Vassilev Genchev, holding directly 3 000 000 shares or 20 % of the company's capital;
4. Veneta Stefanova Gencheva, holding directly 1 483 738 shares or 9.89 % of the company's capital.

4. Data about the shareholders with special control rights and description of these rights

BILLBOARD AD does not have any shareholders with special control rights.

5. The control system in exercising the voting right in cases when officials of the company are also its shareholders and when the control is not exercised directly by them

BILLBOARD AD does not have a control system in exercising the voting right in cases when officials of the company are also its shareholders and when the control is not exercised directly by them. Any official who is a shareholder of the company exercise his/her right to vote at his/her own discretion.

6. Limitations over the voting rights, such as limitations over the voting rights of the shareholders with a given percent or number of votes, deadline for exercising the voting rights or systems whereby with the company's assistance, the financial rights attaching to the shares are separated from the holding of shares

There are no limitations over the voting rights of any shareholder of BILLBOARD AD.

Pursuant to the provisions of article 10 of the Articles of Association of BILLBOARD AD, each share gives the right to one vote at the general assembly of the shareholders, as well as to dividend and liquidation quota, which shall be proportional to the par value of the share. The right to vote at the general assembly shall occur with the full payment of the issue value of each share and after filing the respective capital increase with the commercial register. The Company cannot issue privileged shares, giving the rights to more than one vote or to additional liquidation quota. The Company makes public, under the conditions and procedure of the Public Offering of Securities Act and the respective by-laws, any changes in the rights evolving from the different classes of shares, including changes in the rights evolving from derivative financial instruments, issued by the Company, which give the right to acquire Company's shares.

The right to vote at the general assembly of the shareholders of BILLBOARD AD is being exercised by persons that had acquired shares and had been filed with the book of shareholders latest 14 days prior to the date of the assembly. Pursuant to the provisions of article 20, paragraph 2 of the company's Articles of Association, the shareholders participate in the general assembly personally or by proxy, authorized in writing for a particular session of the general assembly with an explicit, notary certified proxy in accordance with the requirements of POSA and the respective by-laws.

7. Agreements among the shareholders, which are known to the company and which may result in limitations over the transfer of shares or the voting right

The Company is not aware of agreements among shareholders which may result in limitations over the transfer of shares or the voting right.

8. The provisions about the appointment and dismissal of the members of the company's management bodies and about introduction of amendments and supplements to the articles of association

Pursuant to the provisions of the Articles of Association of BILLBOARD AD, the Board of Directors shall be appointed by the general assembly and shall consist of three to nine members. A



member of the Board of Directors may be any individual having a legal capacity or a legal entity through an appointed representative.

Members of the Board of Directors may not be persons that:

1. have been members of an executive or controlling body of a company or a co-operation terminated due to bankruptcy during the last two years preceding the date of the decision for declaring bankruptcy if there remain unsatisfied creditors;
2. as of the moment of election, have been convicted and have an effective sentence of misappropriation, crimes against the industry or against the financial, tax or insurance systems committed in the Republic of Bulgaria unless they have been exculpated;

At least one third of the members of the Board of Directors must be independent persons. An independent member of the board may not be:

1. an officer in the company;
2. a shareholder who owns directly or through related persons at least 25 percent of the votes at the general meeting or a person related to the company;
3. a person who has lasting trade relations with the company;
4. a member of a management or supervisory body, procurator or officer in a company or another legal entity under items 2 and 3 of this paragraph;
5. a related person to another member of a management or supervisory body of the company.

Pursuant the Rules of Procedure of the Board of Directors of BILLBOARD AD, the composition of the selected by the General Assembly Board of Directors must ensure the independence and impartiality of the judgments and actions of its members in terms of the company's course of business. The Board of Directors must ensure proper division of tasks and responsibilities among its members, as a major function of independent directors shall be to monitor the actions of the executive management and to participate effectively in the work of the company in accordance with the shareholders' interests and rights.

The company's Articles of Association shall be amended and supplemented by the general assembly. Resolutions to approve amendments and supplements shall be taken by a qualified majority of 2/3 of the represented shares.

9. The powers of the management bodies of BILLBOARD , including the right to take decisions for the issue and redemption of shares in the company

The members of the Board of Directors of BILLBOARD AD shall organize and manage the company's activities in compliance with the law, the Articles of Association and the resolutions of the general assembly. The Board of Directors shall appoint one executive member to represent the company in the company's relations with third persons.

In compliance with the Articles of Association and the resolutions of the general assembly, the Board of Directors of BILLBOARD AD shall:

1. Execute the resolutions of the general assembly;
2. Propose to the general assembly to make amendments in the Articles of Association, to reorganize or terminate the company.
3. Prepare and propose for approval at the general assembly the annual financial statements, the management report and the proposal for profit distribution.
4. Prepare interim financial statements of the company, interim report on the company's activities and any other necessary documents, related to the periodic information disclosure on the part of the company.
5. Propose to the general assembly to increase or decrease the company's capital.
6. Elaborate and approve a Business Program, Corporate Governance Program, Code of Ethics and other internal acts of the company.
7. Approve the reports and manage the activities of the company's branches and representation offices.



8. Permit covering and respectively – writing off the company's balance of bad receivables, shortages and losses.

9. Adopt internal labor regulations as well as Rules for labor organization and labor salaries.

10. Adopt decisions for conclusion of transactions under Art. 236, para. 2 of the Commerce Act, except when an explicit authorization by the general assembly is required by a special law. Decisions of the Board of Directors pursuant to Art. 236, para. 2 of the Commercial Act shall be adopted unanimously.

11. Resolve on all other issues except for those, which are exclusive competence of the general assembly of the shareholders.

Resolutions of the Board of Directors shall be adopted by a qualified majority of 2/3 from the Board members.

Pursuant to the provisions of art. 12, para. 3 of the Rules of Procedure of the Board of Directors of BILLBOARD AD, the company's Board of Directors shall:

1. establish and control the strategic directions for development of the company;
2. establish the company's risk management policy and control the establishment and functioning of the risk management and internal audit system;
3. ensure the compliance with the legal, regulatory and contractual obligations of the company;
4. be responsible for the establishment and proper functioning of the financial information system of the company;
5. give directions, approve and monitor the implementation of the business plan of the company, transactions of material essence and other activities provided by the company's Articles of Association and its other statutes;
6. establish the company's information disclosure and investor relations policy;
7. provide shareholders and stakeholders with all the necessary information about the company in accordance with the legal acts and the generally acknowledged good corporate governance practices.

The Articles of Association of BILLBOARD provides the possibility for the company's capital to be increased by a resolution of the Board of Directors. Pursuant to the provision of art. 14, para. 11 of the Articles of Association of BILLBOARD AD, approved with a resolution of the GAS dated 30.06.2008 and amended by a resolution of the GAS dated 27.06.2014, within 5 years following the filing of the amendments of the Articles of Association with the Commercial Register, the Board of Directors may adopt resolutions to increase the company's capital up to an aggregate nominal amount of BGN 50 000 000 / fifty million / levs by issuing new ordinary and/or preferred shares. The capital increase from the Board of Directors in accordance with the provision of Art.196, para. 1 of the Commercial Act may be done without a particular due delegation from the general assembly of the shareholders for each particular case but entirely on the grounds of the authorization provided by this provision of the Articles of Association. In the resolution for the capital increase the Board of Directors shall specify the amount and the purpose of each increase; the number and the kind of the new shares, the rights and preferences for them; the period and conditions for transferring the rights within the meaning of § 1, p. 3 of the Public Offering of Securities Act, issued for the existing shares; the period and conditions for subscription of the new shares; the amount of the issues value and the term and conditions for its payment; the investment intermediary assigned to carry out the subscription as well as any other parameters and circumstances requested by the provisions of the legislation in force, necessary for the implementation of the respective capital increase.

Pursuant to art. 16, para. 2 of the Articles of Association of BILLBOARD AD, approved with a resolution of the GAS dated 30.06.2009, the company may perform reverse buying out of company's own shares to the limits and under the conditions, provided by the Commercial Act and the Public Offering of Securities Act both under a resolution of the general assembly of shareholders and under a decision of the Board of Directors for a period not exceeding 18 months as of the date of the decision of the respective body. The reverse buying out under a decision of the Board of Directors may be done without a particular due delegation from the general meeting of shareholders for each particular case but entirely on the grounds of the authorization provided by this article, for a period of up to 2 years as of



the filing the current amendments of the Articles of Association with the Commercial Register. In the decision of the Board of Directors for reverse buying out must be pointed out the maximum number of shares, liable to reverse buying out; the conditions and procedure under which the Board of Directors shall perform the buying out within the specified period not exceeding 18 months; the minimum and maximum price for buying out as well as the investment intermediary through which the buying out will be performed.

As at 31.12.2015 the company has not performed capital increase or a reverse buying out procedure based on a resolution of the Board of Directors.

10. Significant contracts of BILLBOARD AD which give rise to action, have been amended or terminated due to change in the control of the company upon carrying out of obligatory tender offer and the consequences thereof, save for the cases when the disclosure of such information may cause serious damages to the company; the exception of the previous sentence shall not apply in the cases when the company must disclose information by virtue of the law

BILLBOARD AD has not entered into contracts which give rise to action, have been amended or terminated, due to change in the control of the company upon carrying out of obligatory tender offer.

11. Agreements between the company and the members of its management bodies or officials for payment of compensation upon quitting or dismissal without legal grounds or upon termination of the labor relations due to reasons, related to a tender offer

There are no agreements between BILLBOARD AD and the members of its Board of Directors or officials of the company for payment of compensation upon quitting or dismissal without legal grounds or upon termination of the labor relations due to reasons, related to a tender offer.

XIV. 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:
29.03.2016
Sofia

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