

Interim Activity Report
Interim Condensed Consolidated Financial Statements

MONBAT AD

31 March 2014



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Interim condensed consolidated statement of financial position

Assets	Note	31 March 2014 BGN'000	31 December 2013 BGN'000
Non-current assets			
Other intangible assets	6	1 015	1 054
Property, plant and equipment	7	117 280	116 484
Receivables from trade loans		455	455
Long-term financial assets		8	8
Non-current assets		<u>118 758</u>	<u>118 001</u>
Current assets			
Inventories		50 191	55 607
Trade receivables		41 148	39 316
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Related party receivables			
Receivables from trade loans		24	24
Tax receivables		5 125	4 958
Other receivables		1 304	1 373
Cash and cash equivalents		5 608	7 673
Current assets		<u>126 211</u>	<u>129 729</u>
Total assets		<u>244 969</u>	<u>247 730</u>

Prepared by:
 / Belnikolov Petrov and Partners OOD – Henry
 Belnikolov Manager /

Executive Director:
 /Petar Hristov/

Date: 27.05.2014

Interim condensed consolidated statement of financial position (continued)

	Note	31 March 2014 BGN'000	31 December 2013 BGN'000
Equity and liabilities			
Equity			
Share capital	9	39 000	39 000
Share premium		28 611	28 611
Revaluation reserves		5 969	5 969
General reserves		55 772	55 719
Foreign currency translation reserve		349	503
Retained earnings		37 697	32 002
Equity attributable to the owners of the parent		167 398	161 804
Non-controlling interests		(1 050)	(891)
Total equity		166 348	160 913
Liabilities			
Non-current liabilities			
	Error! Reference source not found.0		9 661
Long-term borrowings		9 391	
Finance lease liabilities		460	823
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Long-term related party payables		7	
Other liabilities		29	31
Long-term grants		2 733	2 848
Deferred tax liabilities, net		1 724	1 700
Non-current liabilities		14 344	15 070
Current liabilities			
Guarantee provisions		797	797
Pension and other employee obligations		1 033	1 086
	Error! Reference source not found.0		50 386
Short-term borrowings		48 728	
Finance lease liabilities		714	739
Trade payables		9 301	14 758
	Error! Reference source not found.4		129
Short-term related party payables		10	
Tax liabilities		1 899	2 030
Short-term grants		456	700
Other liabilities		1 339	1 122

The accompanying notes on pages from 7 to 25 form an integral part of the interim condensed consolidated financial statements.

Current liabilities	64 277	71 747
Total liabilities	78 621	86 817
Total equity and liabilities	244 969	247 730

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Date: 27.05.2014

Executive Director:
/Petar Hristov/

Interim condensed consolidated income statement

	Note	3 months to 31 March 2014 BGN'000	3 months to 31 March 2013 BGN'000
Sales revenue		59 425	64 342
Other revenue		204	115
Cost of materials		(38 910)	(39 332)
Hired services expenses		(3 808)	(4 140)
Employee benefits expense		(3 788)	(3 751)
Depreciation, amortization and impairment of non-financial assets	6,7	(2 755)	(2 600)
Cost of goods sold and other current assets		(1 085)	(986)
Changes in finished goods and work in progress		(1 181)	(6 246)
Other expenses		(998)	(1 246)
Gain from sale of non-current assets		24	2
Operating profit		7 128	6 158
Finance costs		(1 078)	(884)
Finance income		318	127
Other financial items		24	(59)
Profit before tax		6 392	5 342
Tax expense		(803)	(730)
Profit for the period		5 589	4 612
Profit for the period, attributable to:			
Non-controlling interests		(159)	(195)
Owners of the parent		5 748	4 807
Basic earnings per share	122.1	0.15	0.13

The accompanying notes on pages from 7 to 25 form an integral part of the interim condensed consolidated financial statements.

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Date: 27.05.2014

Executive Director:
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Interim condensed consolidated statement of changes in equity

All amounts are presented in BGN '000	Share capital	Share premium	Revaluati on reserves	General reserves	Foreign currency translation reserve	Retained earnings	Total attributable to owners of parent	Non- controlling interests	Total equity
Balance at 1 January 2014	39 000	28 611	5 969	55 719	503	32 002	161 804	(891)	160 913
Profit for the period	-	-	-	-	-	5 748	5 748	(159)	5 589
Other comprehensive income:	-	-	-	-	-	-	-	-	-
Currency translation differences from foreign operations	-	-	-	-	(154)	-	(154)	-	(154)
Total comprehensive income for the period	-	-	-	-	(154)	5 748	5 594	(159)	5 435
Transfer of retained earnings to other reserves	-	-	-	53	-	(53)	-	-	-
Balance at 31 March 2014	39 000	28 611	5 969	55 772	349	37 697	167 398	(1 050)	166 348

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Executive Director:
/Petar Hristov/

Date: 27.05.2014

Interim condensed consolidated statement of changes in equity

All amounts are presented in BGN '000	Share capital	Share premium	Revaluation reserves	General reserves	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non- controlling interests	Total equity
Balance at 1 January 2013	36 377	14 631	5 969	54 293	(540)	15 794	126 524	(273)	126 251
Redeemed own shares	2 623	13 980	-	-	-	-	16 603	-	16 603
Dividends	-	-	-	-	-	(7 755)	(7 755)	-	(7 755)
Transactions with owners	2 623	13 980	-	-	-	(7 755)	8 848	-	8 848
Profit for the year	-	-	-	-	-	25 389	25 389	(618)	24 771
Other comprehensive income:	-	-	-	-	-	-	-	-	-
Currency translation differences from foreign operations	-	-	-	-	1 043	-	1 043	-	1 043
Total comprehensive income for the year	-	-	-	-	1 043	25 389	26 432	(618)	25 814
Transfer of retained earnings to reserves	-	-	-	1 426	-	(1 426)	-	-	-
Balance at 31 December 2013	39 000	28 611	5 969	55 719	503	32 002	161 804	(891)	160 913

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Executive Director:
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Date: 27.05.2014

Interim condensed consolidated statement of cash flows

	Note	3 months to 31 March 2014 BGN'000	3 months to 31 March 2013 BGN'000
Operating activities			
Cash receipts from customers		58 470	64 870
Cash paid to suppliers		(49 652)	(54 560)
Cash paid to and on behalf of employees		(3 882)	(3 712)
Income taxes paid		799	1 877
Other payments for operating activities		(293)	(325)
Net cash flow from operating activities		5 442	8 150
Investing activities			
Purchase of property, plant and equipment		(2 918)	(2 703)
Loans granted		(1 685)	(3 798)
Loan repayments received		11	120
Cash flow used in investing activities		(4 592)	(6 381)
Financing activities			
Received borrowings		8 678	2 936
Payments on borrowings		(10 257)	(1 225)
Payments on finance leases		(159)	(280)
Proceeds from (payments for) redemption of shares		-	189
Interest paid		(501)	(503)
Dividends paid		(115)	-
Other payments for financial activities		(412)	(126)
Net cash flow from (used in) financing activities		(2 766)	991
Net change in cash and cash equivalents		(1 916)	2 760
Cash and cash equivalents, beginning of year		7 673	2 626
Losses on foreign currency translation		(149)	(93)
Cash and cash equivalents, end of period		5 608	5 293

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Date: 27.05.2014

Executive Director :
/Petar Hristov/

Notes to the interim condensed consolidated financial statements

1. Nature of operations

The main activities of MonbatAD and its subsidiaries (“The Group”) include manufacturing, maintenance and realization of batteries; engineering and development activity; production and trade of equipment used in battery manufacturing; domestic and foreign trade and construction of commercial networks; specialized stores and representatives, recycling of lead and lead contain alloys.

The parent company Monbat AD has the same principle activities. The company is registered as joint stock company in c.d. 4636/1999 SGS. The parent company’s domicile, which is also its principal place of business, is on 4 ‘Golo bardo’ str., Sofia. The company is registered on the Bulgarian stock exchange on 22.12.2006.

The principle place of the activity is town of Montana, 76 ‘Industrialna’ str.

The Group is managed through single-tier management system consisting of Board of Directors.

The members of the Board of Directors are:

1. Atanas Stoilov Bobokov - chairman
2. Petar Hristov Petrov
3. Ivan Petrov Karageorgiev
4. Plamen Stoilov Bobokov
5. Aleksandar Viktorov Chaushev
6. Nikolay Georgiev Trenchev
7. Stoyan Jivkov Stalev
8. Kamen Zahariev
9. Florian Huth

Executive director is Petar Hristov Petrov.

The ultimate owner of the group, is Prista Oil EAD, owns 47.73% of the Monbat AD’s capital and through the related party Monbat Trading Ltd. holds 7.06 %. The total number of the shares and votes hold directly and through related parties by PRISTA OIL HOLDING EAD 54.79 %

2. Basis for the preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements as at 31 March 2014 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information and disclosures required in full annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

The interim condensed consolidated financial statements are presented in Bulgarian Leva (BGN), which is also the functional currency of the Group. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2012) unless otherwise stated.

The interim condensed consolidated financial statements are prepared under the going concern principle.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3. Accounting policies and significant changes during the period

Standards and Interpretations effective in the current period

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

- IFRS 13 “Fair Value Measurement”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 “First-time Adoption of IFRS” – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 “First-time Adoption of IFRS” – Government Loans, adopted by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 7 “Financial Instruments: Disclosures” - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 1 “Presentation of financial statements” – Presentation of Items of Other Comprehensive Income, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012),
- Amendments to IAS 12 “Income Taxes” – Deferred Tax: Recovery of Underlying Assets, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 19 “Employee Benefits” – Improvements to the Accounting for Post-employment Benefits, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to various standards “Improvements to IFRSs (cycle 2009-2011)” resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 27 March 2013 (amendments are to be applied for annual periods beginning on or after 1 January 2013),
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

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

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

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

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

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

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

- IFRS 9 “Financial Instruments” and subsequent amendments (effective date was not yet determined),
- Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),

- Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- IFRIC 21 “Levies” (effective for annual periods beginning on or after 1 January 2014).

The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements in the period of initial application, except for the one noted below which might have material effect on the financial statements:

- IFRS 9 Financial Instruments uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

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

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

3.1. Estimates

When preparing the interim consolidated financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2013.

3.2 Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial

statements; they should be read in conjunction with the annual consolidated financial statements as at 31 December 2013. There have been no changes in the risk management policies since year end.

4. Significant events and transactions during the reporting period

The world economic situation has worsened since the end of the last reporting period. As with all other types of business, the Group is affected by the shrinking of the economics. The goals and policies of the Group for the management of equity, credit risk and liquidity risk are described in the previous annual consolidated financial statements.

The Management believes that the Group is in a proper position, considering the current economic situation. The factors, complementing the stable position of the Group are:

- No significant decrease in the acceptance of larger projects.
- The Group does not expect to have a need for additional financing in the coming 12 months due to the large amount of financial resources it currently has, as well as the available loans and high liquidity reserves. The Group has significant resources which can cover its liabilities.
- The principal clients of the group have not had financial difficulties. The return of the trade receivables is estimated as good as at 31 March 2014.

Overall the Group's position is stable despite the current economic environment and has enough equity and liquidity to cover its operating activities and loans.

5. Segment reporting

No change has occurred in the basis of segment reporting or determining the profit or loss of the segments as compared to the prior period consolidated financial statements.

Segment information for the reporting periods under review can be analyzed as follows:

3 months ended 31 March 2014	Bulgaria	Serbia	Romania	Total
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
Revenue:				
- from external customers	58 730	589	310	59 629
- intersegment transactions	45 347	2 229	15 426	63 002
Segment revenues	104 077	2 818	15 736	122 631

3 months ended 31 March 2013	Bulgaria	Serbia	Romania	Total
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
Revenue:				
- from external customers	56 229	933	7 295	64 457
- intersegment transactions	50 997	6 733	10 502	68 232
Segment revenues	107 226	7 666	17 797	132 689

Assets	March 2014
	BGN'000
Total segment assets	423 320
Consolidation	(178 351)
Group assets	244 969

Liabilities	March 2014
	BGN'000
Total segment liabilities	156 251
Consolidation	(77 630)
Group liabilities	78 621

Assets	December
	2013
	BGN'000
Total segment assets	406 785
Consolidation	(159 055)
Group assets	247 730

Liabilities	December
	2013
	BGN'000
Total segment liabilities	145 383
Consolidation	(58 566)
Group liabilities	86 817

The total of segment profit/loss reconciles to the Group's profit before tax expense as presented in its interim condensed consolidated financial statements as follows:

	3 months to 31 March 2014 BGN'000	3 months to 31 March 2013 BGN'000
Profit		
Total segment profit	7 360	6 201
Elimination from intersegment profits from related party transactions	(232)	(43)
Group operating profit	<u>7 128</u>	<u>6 158</u>
Finance costs	(1 078)	(884)
Finance income	318	127
Other financial items	24	(59)
Group profit before tax	<u>6 392</u>	<u>5 342</u>

6. Other intangible assets

The Group's other intangible assets comprise software, trade marks and other intangible assets. The carrying amounts for the reporting periods under review can be analyzed as follows:

3 months to 31 March 2014	Software BGN'000	Trade marks BGN'000	Other assets BGN'000	Total BGN'000
Gross carrying amount				
Balance at 1 January 2014	389	1 184	1 203	2 776
Additions, separately acquired	3	18	8	29
Balance at 31 March 2014	<u>392</u>	<u>1 202</u>	<u>1 211</u>	<u>2 805</u>
Amortization				
Balance at 1 January 2014	(356)	(1 036)	(330)	(1 722)
Amortization	(15)	(10)	(43)	(68)
Balance at 31 March 2014	<u>(371)</u>	<u>(1 046)</u>	<u>(373)</u>	<u>(1 790)</u>
Carrying amount at 31 March 2014	<u>21</u>	<u>156</u>	<u>838</u>	<u>1 015</u>
12 months to 31 December 2013	Software BGN'000	Trade marks BGN'000	Other assets BGN'000	Total BGN'000
Gross carrying amount				
Balance at 1 January 2013	381	1 161	922	2 464
Additions, separately acquired	8	23	281	312
Balance at 31 December 2013	<u>389</u>	<u>1 184</u>	<u>1 203</u>	<u>2 776</u>
Amortization				
Balance at 1 January 2013	(270)	(998)	(173)	(1 441)
Amortization	(86)	(38)	(157)	(281)
Balance at 31 December 2013	<u>(356)</u>	<u>(1 036)</u>	<u>(330)</u>	<u>(1 722)</u>
Carrying amount at 31 December 2013	<u>33</u>	<u>148</u>	<u>873</u>	<u>1 054</u>

7. Property, plant and equipment

Group's property, plant and equipment comprise lands, buildings, machinery, equipment, vehicles, business inventory and cost of acquisition. The carrying amount can be analyzed as follows:

3 months to 31 March 2014	Lands	Buildings	Machinery	Equipment	Vehicles	Business inventory	Asset acquisition expenses	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount								
Balance at 1 January 2014	8 358	38 659	88 486	31 282	9 316	3 825	7 151	187 077
Additions	-	303	307	23	163	23	2 667	3 486
Depreciation	-	-	-	-	(143)	-	(3)	(146)
Assets transfer	-	-	83	-	-	1	(84)	-
Balance at 31 March 2014	8 358	38 962	88 876	31 305	9 336	3 849	9 731	190 417
Depreciation								
Balance at 1 January 2014	-	(7 243)	(50 645)	(4 820)	(4 787)	(3 098)	-	(70 593)
Disposals	-	-	-	-	143	-	-	143
Depreciation	-	(377)	(1 660)	(351)	(227)	(72)	-	(2 687)
Balance at 31 March 2014	-	(7 620)	(52 305)	(5 171)	(4 871)	(3 170)	-	(73 137)
Carrying amount at 31 March 2014	8 358	31 342	36 571	26 134	4 465	679	9 731	117 280

12 months to 31 December 2013	Lands	Buildings	Machinery	Equipment	Vehicles	Business inventory	Asset acquisition expenses	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Gross carrying amount								
Balance at 1 January 2013	7 470	35 964	81 485	31 032	8 818	3 587	6 000	174 356
Additions	888	1 117	3 241	117	765	116	7 228	13 472
Disposals	-	(12)	(165)	(28)	(350)	(16)	(180)	(751)
Assets transfer	-	1 590	3 925	161	83	138	(5 897)	-
Balance at 31 December 2013	8 358	38 659	88 486	31 282	9 316	3 825	7 151	187 077
Depreciation								
Balance at 1 January 2013	-	(5 860)	(44 323)	(3 506)	(4 219)	(2 798)	-	(60 706)
Disposals	-	3	58	12	329	-	-	402
Depreciation	-	(1 386)	(6 380)	(1 326)	(897)	(300)	-	(10 289)
Balance at 31 December 2013	-	(7 243)	(50 645)	(4 820)	(4 787)	(3 098)	-	(70 593)
Carrying amount at 31 December 2013	8 358	31 416	37 841	26 462	4 529	727	7 151	116 484

As at 31 December 2013 the fair value of land and buildings is measured at the basis of market data through an evaluation, performed by an independent qualified valuer. The fair value of machines and equipment is their market value, after an evaluation.

8. Seasonality and cycles of the interim operations

The demand of accumulator batteries is not a subject to significant seasonal changes. However, practice shows that the demand reaches its peak values in autumn and winter.

9. Share capital

The registered share capital of the Group consists of 39 000 000 ordinary shares with a nominal value of BGN 1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Group.

During 31 March 2014 120 redemptins are being sold.

During the nine months period to 31 December 2013, 40 470 shares have been redeemed. During 31 December 2013 2 663 215 redemptins are being sold.

The issued and authorized shares for reporting periods can be presented as follows:

	31 March 2014 BGN	31 December 2013 BGN
Number of shares issued and fully paid,		
- beginning of the period	38 999 880	36 377 135
- shares bought back during the period	-	(40 470)
- sold redemption for the period	120	2 663 215
Number of shares issued and fully paid	39 000 000	38 999 880
Total number of shares authorized at the end of the period	39 000 000	38 999 880

The list of the principal shareholders' of the Group is as follows:

	31 March 2014	31 March 2014	31 December 2013	31 December 2013
	Number of shares	%	Number of shares	%
Prista Oil EAD	14 028 250	35.97	18 080 129	46.36
Unicredit Ban Austria AG	8 103 758	20.78	-	-
PRISTA HOLDCO COOPERATIEF U.A.	5 964 521	15.29	10 016 400	25.68
Monbat Trading OOD	1 376 400	3.53	1 376 400	3.53
Other natural persons and entities	9 527 071	24.43	9 527 071	24.43
	39 000 000	100	39 000 000	100
Buyback of own shares from natural persons and entities	-	-	(120)	-
	39 000 000	100	38 999 880	100

Unicredit Bank Austria AG has been engaged as a sub-custodian by Prista Holdco Cooperatief U.A. (being a shareholder in Prista Oil Group BV which is in turn the sole shareholder of Prista Oil Holding EAD and 90% owner of Monbat Trading OOD).

This change in the legal form is pursuant to the replacement of Gramercy as an ultimate minority shareholder in and a creditor of Prista Oil Group BV with Prista Holdco Cooperatief U.A. in 2012. As a result, the new security structure of the Loan and Call Option Agreement between Prista Holdco Cooperatief U.A., Prista Oil Group BV, Prista Oil Holding EAD and Monbat Trading OOD requires the change in form.

Under the custodian agreement Unicredit Bank Austria AG held 1 376 400 shares with beneficial owner Monbat Trading OOD, and 8 640 000 shares with beneficial owner Prista Oil Holding EAD. Under the new arrangement Prista Oil Holding EAD continues to be the ultimate beneficial shareholder in Monbat AD, holding 68.51% (representing 26 720 129 shares) and Monbat Trading OOD holding beneficial ownership of 7.06% shares (representing 2 752 800 shares).

PRISTA OIL HOLDING EAD sold 8 103 758 voting shares or 20.78 % of the capital of Monbat AD with a settlement date of the transaction in the Central Depository on 21.02.2014 for 4 051 879 voting shares and on 28.02.2014 for 4 051 879 voting shares.

As a result of the change PRISTA OIL HOLDING EAD holds directly 18 616 371 shares and the same number of votes at the General Assembly of the Shareholders or 47.73% of the capital of Monbat AD and through the related party Monbat Trading Ltd. holds 2 752 800 voting shares or 7.06 %.

The total number of the shares and votes hold directly and through related parties by PRISTA OIL HOLDING EAD is 21 369 168 shares or 54.79 %

PRISTA HOLDCO COOPERATIEF U.A., a cooperative, incorporated, registered and existing under the laws of the Netherlands, having its registered office at Saturnusstraat 25-I, NL – 2132 HB Hoofddorp, the Netherlands, registered at the Dutch Commercial Register under number 54691001 bought 8 103 758 voting shares or 20.78 % of the capital of Monbat AD with a settlement date of the transaction in the Central Depository on 21.02.2014 for 4 051 879 voting shares and on 28.02.2014 for 4 051 879 voting shares.

As a result of the change PRISTA HOLDCO COOPERATIEF U.A holds directly 8 103 758 shares and the same number of votes at the General Assembly of the Shareholders or 20.78 % of the capital of Monbat AD.

PRISTA HOLDCO COOPERATIEF U.A exercises the right to vote at the General Assembly of the Shareholders under 8 103 758 shares of the capital of the public company directly and not through parties under control.

10. Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	31 March 2013 BGN '000	31 December 2012 BGN '000	31 March 2013 BGN '000	31 December 2012 BGN '000
Financial liabilities measured at amortized cost:				
Other bank loans	48 728	50 386	9 391	9 661
Total carrying amount	48 728	50 386	9 391	9 661

10.1. Borrowings at amortized cost

Details of the contracts for banking loans:

1. Eurobank EFG Bulgaria AD

Contract № 100-532 from 16.05.2007

Maturity date: 16.05.2017

Amount borrowed: EUR 6 100 000

Type of credit: Investment loan

Interest: 3-month EURIBOR + fixed mark-up

Collateral: Mortgage on real estate: Land in Regulation XXIII 27 250 sq. m. in Montana, including the buildings on it. Pledge on movable property owned by Monbat AD – Property, plant and equipment worth EUR 2 934 860, automobiles at the amount of EUR 131 484 and equipment acquired with the loan.

Utilized amount as of 31.03.2014 at the amount of EUR 2 414 424 or BGN 4 722 203

2. Rajfaizenbank EAD

Contract dated 28.11.2013, Annex 2/12.02.2014

Maturity date: 15.12.2016

Amount borrowed: EUR 5 700 000

Type of credit: Investment loan

Interest: 1-month EURIBOR + fixed mark-up

Collateral: First rank collateral of assets including Engite line, first rank conventional mortgage of own real estate, on the territory of Monbat

Utilized amount as of 31.03.2014 at the amount of EUR 2 535 447 or BGN 4 958 903

3. Eurobank EFG Bulgaria AD

Contract № 339/07.12.2004

Maturity date: 01.09.2014

Amount borrowed: EUR 2 200 000

Type of credit: Credit line

Interest: 3-month EURIBOR + fixed mark-up

Collateral: Pledge, registered in the Special Pledge Registry

Utilized amount as of 31.03.2014 at the amount of EUR 1 663 138 or BGN 3 252 815

4. Unicredit Bulbank AD

Contract № 1099 from 14.06.2007

Maturity date: 11.06.2017

Amount borrowed: EUR 6 228 000

Type of credit: Investment loan

Interest: 1-month EURIBOR + fixed mark-up

Collateral:

First rank conventional mortgage of own real estate, cadaster № 48489.5.279, 20 640 sq.m.

First rank conventional mortgage of own real estate, cadaster № 48489.5.280, 24 800 sq.m.

Second rank conventional mortgage of own real estate, cadaster № 48489.5.281, 7 940 sq.m.

First rank asset collateral with market estimation value at the amount of EUR 2 102 200

First rank collateral of assets, acquired using funds from the loan at the amount of EUR 3 450 000.

First rank collateral of receivables of Monbat AD from Monbat DOO Serbia at the amount of EUR 3 673 000.

Utilized amount as of 31.03.2014 at the amount of EUR 0 or BGN 0

The loan is refinanced from Rajfaizenbank EAD.

5. Eurobank EFG Bulgaria AD

Annex N 4 to Contract № 100-242/31.03.2006

Maturity date: 30.07.2013

Amount borrowed: EUR 2 200 000

Type of credit: Credit line

Interest: 3-month EURIBOR + fixed mark-up

Collateral: Pledge, registered in the Special Pledge Registry

Utilized amount as of 31.03.2014 at the amount of EUR 0 or BGN 0

There is annex from 31.03.2014 and the loan is transferred from EUR in BGN

Maturity date: 01.09.2014 r.

Amount borrowed: 4 302 826 BGN

Type of credit: Credit line

Interest: 3 M Sofibor + + fixed mark-up

Collateral: Promissory note

Utilized amount as of 31.03.2014 at the amount of BGN 4 173 746

6. Societe Generale ExpressBank AD

Overdraft contract

Maturity date: 30.09.2014

Amount borrowed: EUR 3 500 000

Type of credit: For working capital and issue of bank guarantees

Interest: 1-month EURIBOR + fixed mark-up

Collateral: Pledge on inventories – lead, lead composites and accumulator batteries and similar, owned by Monbat AD

Utilized amount as of 31.03.2014 at the amount of EUR 3 281 260 or BGN 6 417 587

7. Eurobank EFG Bulgaria AD

Contract № 100-972 / 23.11.2010

Maturity date: 01.09.2014

Amount borrowed: EUR 1 300 000

Type of credit: Working capital

Interest: 3-month EURIBOR + fixed mark-up

Collateral:

Real estate 1: ½ ideal part of land with identification N48489.282 on the cadastral map of Montana, buildings and factories, warehouse currently owned by Monbat AD, approved with Directive № RD-18-19-/05.04.2006 of the executive director of AK.

Real estate 2: ½ ideal part of land with identification N48489.282 on the cadastral map of Montana, buildings and factories, warehouse currently owned by Monbat AD, approved with Directive № RD-18-19-/05.04.2006 of the executive director of AK.

Pledges:

Pledge 1: Machines, installations and vehicles, located in the factory of Monbat AD in Montana, 72 “Industrial” str.

Pledge 2: Vehicle weighing machine and security room with an area of 102 sq.m., according to documentary evidence and inventory number 3000000003

Pledge 3: Unloading area, with an area of 1980 sq.m., according to documentary evidence and property inventory number 3000000004.

Utilized amount as of 31.03.2014 at the amount of EUR 1 000 000 or BGN 1 955 830.

8. Bank credit card accounts with credit limits BGN 100 000 and utilized amounts as of 31.03.2014 at the amount of BGN 36 000.

9. CiBank EAD

Contract № 1138 from 30.07.2013

Maturity date: 20.07.2014

Amount borrowed: EUR 3 000 000

Type of credit: working capital

Interest rate and commission: 6 M EURIBOR + fixed mark-up

Collateral: Mortgage on real estate: land with indent.N72624.603.300, including the buildings on it. Mortgage on real estate: land with indent.N72624.603.190, including the buildings on it.

Mortgage on real estate: land with indent.N72624.603.191, including the buildings on it.

Mortgage on real estate: land with indent.N72624.603.193, including the buildings on it.

Mortgage on real estate: land with indent.N72624.603.196, including the buildings on it.

Pledge on movable property owned by Monbat AD – Non-current tangible assets Machinery and equipment at the amount of BGN 4 850

Utilized amount as at 31.03.2014 at the amount of EUR 3 000 000 or BGN 5 867 490

10. Eurobank EFG Bulgaria AD

Contract N 100-1066/27.10.2011

Maturity date: 27.10.2014

Amount borrowed: EUR 3 000 000

Type of credit: Credit line

Interest rate and commission: 3 M EURIBOR + fixed mark-up

Collateral: UPI with an area of 22 280 square meters, located in the town of Panteleymon-Romania, along with all buildings constructed on the property.

Balance as at 31.03.2014 at the amount of EUR 999 723 or BGN 1 955 288.

11. Emporiki Bank

Contract N 019/21/2011

Maturity date: 05.12.2014

Amount borrowed: EUR 2 000 000

Type of credit: Credit line

Interest rate and commission: 3 M EURIBOR + fixed mark-up

Collaterals: Corporate guarantee on the name of Monbat AD, as well as reprocessing equipment for the recycling of wastage accumulator batteries – rotational furnace, boiler 5000.

Balance as at 31.03.2014 at the amount of EUR 3 500 000 or BGN 6 845 405

12. Emporiki Bank

Contract N 1031-12/04.07.2012

Maturity date: 04.07.2014

Amount borrowed: EUR 3 000 000

Type of credit: Credit line

Interest rate and commission: 3 M EURIBOR + mark-up

Collaterals: Special pledge on plant and equipment situated in Montana for amount of 3 630 000 EUR.

Balance as at 31.03.2014 at the amount of EUR 3 000 000 or BGN 5 867 490.

13.KBC Bank AD Beograd

Contract N 348/12-717/07.08.2012

Maturity date: 14.08.2015

Amount borrowed: EUR 1 000 000

Type of credit : working capital

Interest rate and commission: 3 M Euribor + fixed mark-up

Repayment schedule: Currently paid depending on the available cash and cash equivalents

Collaterals: Building N 5; 7 promissory notes

Balance as at 31.03.2014 at the amount of 1 000 000 EUR or BGN 1 955 830.

14. Eurobank Bulgaria AD

Factoring contract

Collateral: Trade receivables

Balance as at 31.03.2014: BGN 6 192 000

15.DSK Bank AD

Contract N 1203/21.05.2013

Maturity date: 21.05.2014

Amount borrowed: BGN 2 000 000

Type of credit : working capital

Interest rate and commission: 1 M Sofibor + fixed mark-up

Repayment schedule: Currently paid depending on the available cash and cash equivalents

Collaterals: Special pledge on technological equipment for producing of LED. Guarantee from Monbat Recycling EAD

Balance as at 31.03.2014 at the amount of BGN 1 999 627.

16. DSK Bank AD

Contract N 1204/21.05.2013

Maturity date: 21.05.2015

Amount borrowed: BGN 2 400 000

Type of credit : Investment loan

Interest rate and commission: 1 M Sofibor + fixed mark-up

Repayment schedule: Special pledge on technological equipment for producing of LED.

Guarantee from Monbat Recycling EAD

Balance as at 31.03.2014 BGN 1 920 000.

11. Income tax expense

Income tax expense is recognized based on management's best estimate of the annual income tax rate expected for the full financial year. The estimated annual tax rate for income tax for 2014 and 2013 is 10%.

12. Earnings per share and dividends

12.1. Earnings per share

Basic earnings per share have been calculated using the profit attributed to the shareholders of the Group as the numerator.

The weighted average number of outstanding shares used for basic earnings per share as well as profit attributable to shareholders is as follows:

	31 March 2014 BGN	31 March 2013 BGN
Profit attributable to the shareholders (BGN)	5 748 000	4 807 000
Weighted average number of outstanding shares	38 999 920	36 411 980
Basic earnings per share (BGN per share)	0.15	0.13

12.2. Dividends

At the General meeting of the shareholders, held on 26.06.2013, a decision was made to distribute dividends in the amount of BGN 7 755 000, which is a part of the income for 2012.

Until 31 March 2014 the Company has paid dividends at the amount of BGN 115 000

Until 31 December 2013 the Company has paid dividends in the amount of BGN 1 975 539. This amount represents a payment in the amount of BGN 0.2109857 per share.

13. Related parties transactions

The Group's related parties include its owners, subsidiaries, companies under common control, key management and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

13.1. Transactions with owners

	31 March 2014 BGN '000	31 March 2013 BGN '000
Purchases of goods and services		
- purchases of raw materials from Prista oil Holding EAD	(2)	(5)
- purchases of goods from Prista oil Holding EAD	-	(8)
- purchases of services from Monbat Holding B.V.	-	(8)
- purchases of services from Monbat Trading OOD	(90)	(218)
- purchases of services from Prista Oil B.V.	-	(47)
	<u>(92)</u>	<u>(286)</u>
Sale of services		
- sale of services to Monbat Trading OOD	6	6
	<u>6</u>	<u>6</u>
Other		
- loan granted to Prista Oil Holding EAD	(1 600)	(2 934)
- dividends paid to Monbat Trading OOD	(115)	-
- interest on loan granted to Prista Oil Holding EAD	283	100

13.2. Transactions with other related parties under common control

	31 March 2014 BGN '000	31 March 2013 BGN '000
Sale of goods and services		
- sale of products to IBT	95	54
	<u>95</u>	<u>54</u>
Purchases of goods and services		
- purchases of assets from PCMV	-	(834)
- purchases of services from Kom EOOD	(3)	(9)
- purchases of raw materials from Kom EOOD	(19)	(18)
- purchases of assets from IBT	-	(133)
- purchases of materials from IBT	(1)	-
	<u>(23)</u>	<u>(994)</u>

Other transactions

- interest accrued PCHMV	20	-
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14.3 Transactions with key management personnel

Key management personnel of the Group include members of the Management board and Supervisory board. Key management personnel remuneration includes the following expenses:

	31 March 2014 BGN '000	31 March 2013 BGN '000
Short-term employee benefits:		
-Salaries	674	602
-Social security costs	56	79
-Company cars	32	31
Total short-term employee benefits	<u>762</u>	<u>712</u>
Total employee benefits	<u>762</u>	<u>712</u>

14. Related parties balances at year end

	31 March 2014 BGN '000	31 December 2013 BGN '000
Current		
Receivables from:		
- Monbat Trading OOD- trade receivables	2	2
- Prista oil Holding EAD – loan	20 172	18 572
- Atanas Bobokov - loan	177	92
- PCMV EAD – loan	1 360	1 360
- PCMV EAD – interests	67	47
- Prista oil Holding EAD – interest	776	493
- IBT – loan	185	185
- IBT – trade receivables	66	21
- IBT – interests	5	5
- KOM – interests	1	1
Total current receivables	<u>22 811</u>	<u>20 778</u>
Total receivables from related parties	<u>22 811</u>	<u>20 778</u>
Non current		
Payables to:		
- Ecobat AD – dividends	6	6
- Bat AD – dividends	1	1
Total noncurrent payables to related parties	<u>7</u>	<u>7</u>

Current

Payables to:

- Prista Oil Holding EAD – trade payables	1	1
- Monbat Trading - dividends	-	115
- Octa Light EOOD-trade payables	6	6
- Kom EOOD- trade payables	-	5
- IBT – trade payables	1	-
- Prista oil Romania trade payables	2	2
Total current payables to related parties	10	129
Total payables to related parties	17	136

15. Post - reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

16. Authorization of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements as of 31 March 2014 (including comparatives) were approved for issue by the managing board on 29 May 2014.