Grant Thornton

Annual Management Report
Independent Auditor's Report
Financial Statements

Management Company
Karoll Capital Management EAD

31 December 2017

karoll
CAPITAL MANAGEMENT

Contents

	Page
Annual Management Report	i
Independent Auditor's Report	ii
Statement of Financial Position	1
Statement of profit or loss and other comprehensive income	2
Statement of Cash Flows	3
Statement of Changes in Equity	4
Notes to the Financial Statements	5

ANNUAL MANAGEMENT REPORT

1. History and development of the Management Company

Karoll Capital Management EAD is registered in Bulgaria by Decision № 1 dated 2 September 2003 of the Sofia City Court. The Company is registered in the commercial register with capital of BGN 100,000, divided into 1,000 ordinary registered shares with voting rights, with a nominal value of BGN 100. The Company has a three-member Board of Directors. In 2005, the Company increased the share capital by BGN 150,000 using funds received from the sole owner and from the distribution of retained earnings. In 2006, the Company increased the capital by BGN 300,000 to a total of BGN 550,000, divided into 5,500 ordinary registered shares with voting rights, with nominal value of BGN 100. In 2008, the Company increased the capital by BGN 450,000 to a total of BGN 1,000,000 with nominal value of BGN 100. In 2017, the Company decreased the capital by BGN 100,000 by decreasing the nominal value per share. As of 31.12.2017, the capital is BGN 900,000, divided into 10,000 ordinary registered shares with voting rights, with a nominal value of BGN 90.

The Company is subject to regulation by the Financial Supervision Commission (FSC). Karoll Capital Management EAD is authorised by a resolution 328-UD of the FSC, dated 21 August 2003, to carry out operations within the meaning of the Public Offering of Securities Act. The license was complemented by a decision 115-UD of the FSC, dated 14 February 2006, pursuant to the amended Public Offering of Securities Act, with scope of activities - management of collective investment schemes and investment companies of closed type, individual portfolios and providing investment advice about securities. Karoll Capital Management EAD structures securities portfolios in accordance with the investment objectives of its clients by deciding on the purchase and sale of financial instruments and other assets.

Karoll Capital Management distributes in Bulgaria units of collective investment schemes, organised and managed by „Schroder Investment Management (Luxembourg)".

As of the end of 2017, Karoll Capital Management EAD manages five mutual funds:

- Advance Invest was initially licensed as an open-type investment company with a licence to perform activities issued by the FSC under Resolution № 561 – ID, dated 22.12.2003. Advance Invest is the first Bulgarian fund with focus on the new Member States of the European Union – Bulgaria and Romania. The public offering of securities of Advance Invest AD was launched on 10 May 2004. In 2013, the investment company was reorganised into a mutual fund - Advance Invest, by a decision № 736-DF dated 03.10.2013. The net value of the managed assets in the Fund as at 31.12.2017 amounts to BGN 5.9 million.

- Advance Eastern Europe, organised and managed by a Decision № 29-DF of the FSC dated 31.08.2006. It is the first Bulgarian mutual fund investing in emerging markets in six Eastern European countries – Russia, Serbia, Bulgaria, Romania, Croatia and Ukraine. The public offering of securities of Advance Eastern Europe was launched on 4 October 2006. The net value of the managed assets in the Fund as at 31.12.2017 amounts to BGN 6 million.

- Advance Emerging Europe Opportunities, organised and managed by the Company by virtue of a Decision 1410-DF of the FSC dated 7 November 2007. In 2015, the name of Advance IPO Fund was changed to Advance Emerging Europe Opportunities according to FSC decisions № 112-DF, 113-DF and 114-DF, dated 23 February 2015. The Fund invests in securities issued by companies in Central and Eastern Europe, mainly from Poland, the Czech Republic, Hungary, Estonia, Lithuania and Latvia, as well as in Austrian companies with revenues primarily generated in the region. The public offering of securities of Advance Emerging Europe Opportunities was launched on 23 November 2007. The net value of the managed assets in the Fund as at 31.12.2017 amounts to BGN 3.6 million.

- Advance Global Trends, organised and managed by a Decision № 353-DF of the FSC dated 08.06.2011. It invests primarily in ETFs (Exchange Traded Funds), exchange traded commodities (ETC) and exchange traded notes (ETN), using the approach of rotation between asset classes – equities, commodities, fixed income, alternatives and cash. The public offering of securities of Advance Global Trends was launched on 01.07.2011. The net value of the managed assets in the Fund as at 31.12.2017 amounts to BGN 1.4 million.

- Advance Conservative Fund, organised and managed by Decision № 779-DF dated 17.07.2012 of the FSC, based on which a permit № 109-DF dated 09.08.2012 of FSC is issued. It invests primarily in low-risk and highly liquid assets – deposits, short-term debt securities, bonds and repos, where the share of equities in the portfolio is minor. The public offering of units of Advance Conservative Fund was launched on 30.07.2012. The net value of the managed assets in the Fund as at 31.12.2017 amounts to BGN 0.9 million. In 2014, the Management Company, acting on behalf of Advance Conservative Fund, signed a contract for assignment (cession) from Corporate Commercial Bank AD on open deposit accounts, as the license to operate as a bank institution was revoked by a Decision of the BNB of November 2014. As of 31.12.2017 most of the receivables of the Fund are receivables under a cession contract. The continuing uncertainty regarding the payments under the cession contract and the ensuing risk of partial uncollectibility of the receivables provoked impairment of the rest of the receivable of Advance Conservative Fund by 2.55% pursuant to a decision of the Board of Directors of the Management Company.

Karoll Capital Management EAD offers management of individual portfolios, as per contracts signed with the clients (wealth management). The total amount of the managed portfolios as at 31.12.2017 amounts to BGN 55.7 million.

Despite the significant volatility, 2017 was a positive one for the global markets in general. During the first half, the investors' attitudes were dependent on political factors, primarily the presidential elections in France and the fear of leaving the European Union. Subsequently, the investors' attention was focused again on the foundations and the positive data about Europe's development – during the second half, the sentiment was positive and the fear of correction (against the background of the high valuation levels in the USA) was not justified. The developing markets outran the developed ones in terms of rate of increase, with the MSCI Emerging Markets index rose by 18% (measured in EUR).

The combination of strong macroeconomic development in Central and Eastern Europe and the low valuation ratios accumulates growing interest toward the region, where the benchmark MSCI EFM Europe+CIS ex Russia was one of the best performing regional indices in the world during the last year. Several markets in the region were among the best performing ones globally but nevertheless they are still far below their highest levels 10 years ago. After weak performance in 2016, MSCI EFM Europe+CIS ex Ru rose by 22.4% (measured in EUR). Due to the pressure on the oil price and respectively on the Russian market during the first half of the year, the benchmark including Russia, where the weight of the Russian shares is almost 50%, finished the year with a very poor performance (+2.66%).

The performance in terms of generated returns for each Fund of Karoll Capital Management in 2017 was the following:

- Advance Invest: +21.56%
- Advance Eastern Europe: -0.73%
- Advance Emerging Europe Opportunities: +20.96%
- Advance Global Trends: +2.64%
- Advance Conservative: -0.92%

The funds of Karoll Capital Management for Eastern Europe took the first two places in terms of yield for 2017 and are among the top 10 regional strategies of the world asset managers.
There is an increase of the customers' interest in management services of individual, the so-called 'Wealth Management'. In the past year, customers continued to take an active interest in global portfolios where, primarily through passive exchange traded funds (ETFs) and active mutual funds, we provide access to a huge number and variety of strategies, assets, regions and sectors worldwide.

In parallel, the assets of the Advance funds for Eastern Europe also mark an increase. Another achievement in 2017 was the mandate for Eastern Europe awarded by the Korean Federation of the SMEs (K-Biz). With the aim of attracting international institutional investors for the products and services for Eastern Europe, Karoll Capital Management entered the Canadian market through its partnership with an exclusive representative – Cheverny Capital.

The year was also dynamic with respect to offering the funds of our global partner Schroders. For yet another period we report an increasing interest in investment in the funds of the British Asset Management Company both by individual and institutional investors in the country. There has been an increase in the demand for our saving plans with Schroders funds. Karoll Capital Management attracted additionally almost BGN 60 mln in Schroders funds to a total of BGN 260 mln.

Key priorities in the past year were also the excellent service to clients of Karoll Capital Management, technological development, expansion on the market, effective participation in professional organisations in the industry and participation in the processes of developing the legislation and the market infrastructure and last but not least – the corporate social responsibility with a focus on a number of educational initiatives.

At the end of 2017, Karoll Capital Management became the one and only Bulgarian company, which observes the 6 principles of the UN of responsible investment – UN Principles for Responsible Investment. The Management Company was included in the global register of investment companies with a clear commitment to responsible investment and thinking about the future of the society and the environment.

2. Results of the Activity of the Management Company in 2017

In 2017, Karoll Capital Management has revenues from operating activities amounting to BGN 1,297 thousand, comprising of:

- Management fees from collective investment schemes under management, amounting to BGN 443 thousand;
- Fees for wealth management to the amount of BGN 189 thousand;
- Income from distribution of funds of Schroders to the amount of BGN 519 thousand;
- Fees for provided investment advice on financial instruments amounting to BGN 146 thousand.

The finance income to the amount of BGN 95 thousand consists of interest income to the amount of BGN 5 thousand and gain from transactions with financial assets to the amount of BGN 90 thousand.

For the respective period, the operating expenses of Karoll Capital Management EAD amount to BGN 955 thousand. The finance costs to the amount of BGN 58 thousand derive from loss from transactions with financial assets to the amount of BGN 52 thousand and other finance cost to the amount of BGN 6 thousand.

The financial result for the reporting period is profit to the amount of BGN 339 thousand.

The company meets all regulatory requirements for liquidity and capital adequacy.

3. Major risks for the Management Company

Major risks for the activities of the Management Company are described in detail in the Risk Management Manual of Karoll Capital Management EAD, publicly available on the website of the company www.karollcapital.bg.

The Management Company distinguishes the following risk types related to the activities, procedures and systems:

1. Internal – related to the organisation of work of the Management Company, which comprise but are not limited to:
    a) Personnel risks;
    b) Process risks;
    c) System risks;

2. External – related to macro-economic, political and other factors, which influence and/or may influence the activity of the Management Company. They include, but are not limited to:

a) Environment risks;

b) Risk of physical interference

4. Post reporting date events

No reportable events and circumstances have occurred after the date of the Financial Statements until the date of its drafting.

5. Expected future development of the Company

In 2018, Karoll Capital Management will seek to offer its customers the highest-quality portfolio management and customer service - factors which are a prerequisite for long-term success based on solid experience gained over the years. The main task is to focus the activity on individual customer needs by avoiding the product approach, which limits the investment process, and putting a focus on the personal expectations of the client. With the intention to provide Bulgarian customers with innovative solutions for global investment with maximum flexibility, Karoll Capital Management EAD deepens its cooperation with the international giant Schroders and strengthens the local team of investment specialists. Our expectations are for another successive year to attract a number of retail customers and new institutional investors in the rich product range of our partners from Schroder Investment Management. To this end, in the spring of 2018 we will launch also a marketing campaign with the face of the renowned Bulgarian Alpinist Boyan Petrov under the slogan „Climbing Peak after Peak - with Karoll and Schroders".

The interest rates on bank deposits, which are close to zero percent, favour the trend of the citizens searching for ways to channel savings towards investments in regional and global capital markets. Our strategy is precisely in response to this new reality in Bulgaria. The wealth management service remains at the foreground where the portfolio managers of Karoll Capital Management work more closely with individual clients to provide them with personalised global solutions as per their risk profile and preferences.

In the long run, Karoll Capital Management aims to take a leading position among the asset management companies in Bulgaria and a well-deserved position in the region as a whole. The company will offer its services in management of investment portfolios to various types of institutional and individual investors – local and international – including pension funds, insurance companies, universities and foundations, individuals and legal entities. The investment focus of the managed products will cover, as until now, a broad range of markets in Eastern Europe and worldwide. Additionally, our strategy includes also offering products managed by our global partners to our local clients. We will place an accent on attracting international clients – professional investors for our regional strategies, through direct contacts and partnership with specialised companies at the respective markets.

6. Research and development activities

The specifics of the activities of the management company does not imply research and development in the traditional sense of the term. Innovation activities of Karoll Capital Management EAD are mainly related to development and improvement of processes and methods for asset management and customer service, including through introduction of modern software solutions in these areas.

7. Information pursuant to Art. 187d and art. 247 of the Commerce Act

In 2005, the Company increased the share capital by BGN 150 thousand using funds received from the sole owner and from the distribution of retained earnings. In 2006, the Company increased the capital by BGN 300 thousand through distribution of retained earnings and reserves. In 2008, the Company increased the capital by BGN 450 thousand to a total of BGN 1 million. In 2017, the Company decreased the capital by BGN 100 thousand by decreasing the nominal value per share to

BGN 90. The reduction of the capital was used to cover a part of the accumulated loss from previous years. As of 31 December 2017, the capital of the Company is BGN 900 thousand divided into 10,000 ordinary registered shares with voting rights and nominal value of BGN 90. The Company shares are registered with the Central Depository AD as dematerialised.

The remunerations of the Board of Directors received in 2017 under employment contracts amount to BGN 379 thousand.

There are no restrictions on the rights of Board of Directors members to acquire shares of the Company.

Daniel Ganev holds more than 25 percent of the share capital of KP&G OOD and does not participate in the management as a manager or a board member of other companies.

Stanimir Karolev owns more than 25 percent of the capital of Karoll AD, Drakar OOD, Mebelor OOD, Karoll Finance EOOD, Nettelkom EOOD, Karoll Standard EOOD and participates in the management of Karoll Investment EAD, Karoll AD and Karoll Finance EOOD.

In 2017, the Company has elected the specialised auditing company Grant Thornton OOD, reg. Number 032, to audit the annual financial statements for 2017. The remuneration amounts to BGN 3,975.00, VAT not included, and it is the full remuneration for the independent financial audit.

8. Offices of the Company

Pursuant to an agreement signed with an investment brokerage firm, Karoll Capital Management EAD offers the possibility of receiving orders for subscription and repurchase of shares by investors in offices in Sofia, Varna, Burgas, Stara Zagora and Ruse.

14.03.2018

Chief Executive Officer:
/Daniel Ganev/

Member of the Board of Directors:
/Bistra Kotseva/

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
СОФИЯ
ЕАД

Grant Thornton OOD
26 Cherni Vrah Blvd., 1421 Sofia
4 Paraskeva Nikolau Str., 9000 Varna
T (+3592) 987 28 79, (+35952) 69 55 44
F (+3592) 980 48 24, (+35952) 69 55 33
E office@bg.gt.com
W www.gtbulgaria.com

INDEPENDENT AUDITOR'S REPORT

Attn: the owner of
Karoll Capital Management EAD Management Company
1 Zlatovrah Str., Sofia

Report on the audit of the Financial Statements

Opinion

We have audited the Financial Statements of **Karoll Capital Management EAD Management Company** ("The Company"), which comprise the Statement of Financial Position as at 31 December 2017, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, as well as the Notes to the Financial Statements including a summary of significant accounting policies.

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

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report thereon

The Management is responsible for the other information. The other information comprises the annual management report prepared in accordance with the Bulgarian Accountancy Act but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless expressly mentioned otherwise in the report and to the extent stated. In connection to our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the

Bulgarian legislation, and for such internal control as the Management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs and the Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under the ISAs, described above in section "Information Other than the Financial Statements and Auditor's Report Thereon", regarding annual management report, we have performed the procedures, in addition to those under the ISAs, contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures are related to checks on the existence, form and contents of the other information in order to help us form an opinion whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

Statement Pursuant to Article 37, Paragraph (6) of the Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

(a) the information in the management report is consistent with the financial statements for the same reporting period

(b) the management report is prepared in accordance with the applicable legal requirements; and

(c) as a result of the acquired knowledge and understanding of the activities of the Company and the environment, in which it operates, we have found no cases of material misrepresentation in the management report.

Mariy Apostolov
Managing Partner

Silvia Dinova
Registered Auditor responsible for the audit

Grant Thornton Ltd.
Audit firm

21 March 2018
Sofia, Bulgaria

Одиторско дружество
София
Рег. № 032
Грант Торнтон ООД

KAROLL CAPITAL MANAGEMENT EAD
STATEMENT OF FINANCIAL POSITION
31 December 2017
All amounts are presented in BGN'000, unless otherwise stated

	Note	As at 31.12.2017	As at 31.12.2016
Assets			
Non-current assets			
Plant and equipment	5	13	12
Deferred tax assets	7	-	17
Long-term related party receivables	22	10	127
Non-current assets		**23**	**156**
Current assets			
Financial assets carried at fair value through profit or loss	8	490	331
Trade and other receivables	9	345	156
Related party receivables	22	150	148
Cash and cash equivalents	10	387	237
Current assets		**1,372**	**872**
Total Assets		**1,395**	**1,028**
Equity and liabilities			
Equity			
Share capital	11	900	1,000
Reserves	11	100	100
Retained earnings/(Accumulated loss)		344	(95)
Total equity		**1,344**	**1,005**
Liabilities			
Current liabilities			
Payables to employees and social security institutions	12	-	4
Tax payables	13	37	5
Short-term related party payables	22	14	14
Total liabilities		**51**	**23**
Total equity and liabilities		**1,395**	**1,028**

Daniel Ganev: ____________
Executive Director
Karoll Capital Management EAD

Stoyka Koritarova: ____________
Chief Accountant

Bistra Kotseva: ____________
Member of the Board of Directors
Karoll Capital Management EAD
Date: 14.03.2018

Audited according to audit report, dated 21 March 2018:

Silvia Dinova
Registered auditor, responsible for the engagement

Mariy Apostolov
Managing partner, Grant Thornton OOD
Audit Firm

The accompanying notes on pages from 5 to 28 form an integral part of the financial statements.

All amounts are presented in BGN'000, unless otherwise stated

	Note	As at 31.12.2017	As at 31.12.2016
Revenue	14	1,297	782
Cost of material	15	(15)	(17)
Cost of hired services	16	(260)	(256)
Wages and other remuneration	12	(621)	(518)
Depreciation of non-financial assets	5	(2)	(3)
Other operating expenses	17	(57)	(54)
Operating profit /(loss)		**342**	**(66)**
Net loss from operations with financial assets carried at fair value through profit or loss	18	38	(80)
Financial (expenses)/income, net	19	(1)	7
Profit/(loss) before tax		**379**	**(139)**
Income tax	20	(40)	14
Profit/(loss) for the year		**339**	**(125)**
Total comprehensive income for the year		**339**	**(125)**
Profit/(loss) per share:		**BGN**	**BGN**
Profit/(loss) per share	21	**33.93**	**(12.53)**

Daniel Ganev: ____________
Executive Director
Karoll Capital Management EAD

Stoyka Koritarova: ____________
Chief Accountant

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
СОФИЯ
ЕАД

Bistra Kotseva: ____________
Member of the Board of Directors
Karoll Capital Management EAD
Date: 14.03.2018

Audited according to audit report, dated 21 March 2018:

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 032
ГРАНТ ТОРНТОН ООД

Silvia Dinova
Registered auditor, responsible for the engagement

Mariy Apostolov
Managing partner, Grant Thornton OOD

Audit Firm

The accompanying notes on pages from 5 to 28 form an integral part of the financial statements.

All amounts are presented in BGN'000, unless otherwise stated

	Note	As at 31.12.2017	As at 31.12.2016
Operating activities			
Cash receipts from managed funds		442	346
Cash receipts from customers		708	397
Cash paid to suppliers		(170)	(168)
Cash paid to employees and social security institutions		(637)	(482)
Income tax		(10)	-
Proceeds related to other taxes		1	4
Other taxes paid		(19)	(45)
Payments related to commissions, etc.		(6)	(5)
Other proceeds related to the operating activity		-	1
Other payments related to the operating activity		(43)	(37)
Net cash flows from operating activities		**266**	**11**
Investing activities			
Purchase of non-derivative financial assets		(200)	-
Proceeds from non-derivative financial assets		78	78
Interest proceeds		6	12
Net cash flows from investing activities		**(116)**	**90**
Net change of cash and cash equivalents during the period		**150**	**101**
Cash and cash equivalents, beginning of year	10	237	136
Cash and cash equivalents, end of year		**387**	**237**

Daniel Ganev:
Executive Director
Karoll Capital Management EAD

Stoyka Koritarova:
Chief Accountant

Bistra Kotseva:
Member of the Board of Directors
Karoll Capital Management EAD
Date: 14.03.2018

Audited according to audit report, dated 21 March 2018:

Silvia Dinova
Registered auditor, responsible for the engagement

Mariy Apostolov
Managing partner, Grant Thornton OOD

Audit Firm

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	Share capital	Reserves	Retained earnings/ (Accumulated loss)	Total equity
Balance as at 01 January 2016	**1,000**	**100**	**30**	**1,130**
Loss for the year	-	-	(125)	(125)
Total comprehensive loss for the year	-	-	(125)	(125)
Balance as at 31 December 2016	**1,000**	**100**	**(95)**	**1,005**
Change at the expense of the owners	(100)	-	100	-
Profit for the year	-	-	339	339
Total comprehensive income for the year	-	-	339	339
Balance as at 31 December 2017	**900**	**100**	**344**	**1,344**

Daniel Ganev: ____________
Executive Director
Karoll Capital Management EAD

Stoyka Koritarova: ____________
Chief Accountant

Bistra Kotseva: ____________
Member of the Board of Directors
Karoll Capital Management EAD

КАРОЛ КАПИТАЛ МЕНИДЖМЪНТ
СОФИЯ
ЕАД

Date: 14.03.2018

Audited according to audit report, dated 21 March 2018:

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 032
ГРАНТ ТОРНТОН ООД

Silvia Dinova
Registered auditor, responsible for the engagement

Mariy Apostolov
Managing partner, Grant Thornton OOD

Audit Firm

Notes to the Financial Statements

1. General Information

Karoll Capital Management EAD (the Company) is registered in Bulgaria by Decision № 1 dated 2 September 2003 of the Sofia City Court. The Company is registered with the Commercial Register under UIC 131134055 with capital of BGN 100,000, divided into 1,000 ordinary registered shares with voting rights, with a nominal value of BGN 100. In 2005, the Company increased the share capital by BGN 150,000 using funds received from the sole owner and from the distribution of retained earnings. In 2006, the Company increased the capital by BGN 300,000 to a total of BGN 550,000. In 2008, the Company increased the capital by BGN 450,000. In 2017, the Company decreased the capital by BGN 100 thousand by decreasing the nominal value per share to BGN 90. As of 31 December 2017, the capital of the Company is BGN 900,000 divided into 10,000 ordinary registered shares with voting rights and nominal value of BGN 90.

The Company's registered office is in Sofia 1303, Vazrajdane District, 57 Hristo Botev Blvd. The correspondence address of the Company is Sofia 1164, Lozenets District, 1 Zlatovrah Str.

The Company has a three-member Board of Directors: Stanimir Karolev – Chairman of the BoD, Bistra Kotseva – Vice Chairperson of the BoD, and Daniel Ganev – Executive Director. In December 2016, the Board of Directors decided to dismiss Alexander Nikolov from his position as Vice Chairman of BoD and elected Bistra Kotseva for this position. The changes were recorded in the Commercial Register on 25 January 2017. The Company is represented always by two of the members of the Board of Directors, acting jointly. The sole and ultimate owner of the capital is Stanimir Karolev.

As at 31.12.2017, the employees of the Company are 16, all of whom have been employed under full-time labour contracts.

The Company is subject to regulation by the Financial Supervision Commission (FSC). Karoll Capital Management EAD is authorised by a resolution 328-UD of the FSC, dated 21 August 2003, to carry out operations within the meaning of the Public Offering of Securities Act. The license was complemented by a decision 115-UD of the FSC, dated 14 February 2006, pursuant to the amended Public Offering of Securities Act, with scope of activities - management of collective investment schemes and investment companies of closed type, individual portfolios and providing investment advice about securities.

Karoll Capital Management distributes in Bulgaria units of collective investment schemes, organised and managed by „Schroder Investment Management (Luxembourg)".

Karoll Capital Management EAD structures securities portfolios in accordance with the investment objectives of its clients by deciding on the purchase and sale of financial instruments and other assets pursuant to contracts concluded with the clients. In case of tripartite agreements for management of individual portfolios, the clients' assets are stored in sub-accounts of Karoll AD investment intermediary, which is a party to the agreement.

Karoll Capital Management EAD manages five collective investment schemes:

- Advance Invest, with a licence to perform its activity pursuant to decision No. 561-ID dated 22.12.2003 and subsequent decision No. 736-DF dated 03.10.2013. Advance Invest is the first Bulgarian fund focused on shares from the new European Union Member Countries – Bulgaria and Romania. The public offering of securities of Advance Invest started on 10 May 2004.

- Advance Eastern Europe, organised and managed by the Company pursuant to a Decision № 29-DF of the FSC dated 31.08.2006. It is the first Bulgarian mutual fund investing in emerging markets in six Eastern European countries – Russia, Serbia, Bulgaria, Romania, Croatia and Ukraine. The public offering of securities of Advance Eastern Europe started on 04 October 2006.

- Advance Emerging Europe Opportunities, organised and managed by the Company pursuant to a Decision № 1410-DF, dated 7 November 2007 by FSC and subsequent Decision № 112 - DF/ 23.02.2015, Decision № 113 - DF / 23.02.2015 and Decision № 114 - DF / 23.02.2015. The fund invests in equities of companies from the region of Central and Eastern Europe, mainly from Poland, the Czech Republic, Hungary, Estonia, Latvia and Lithuania, as well as in Austrian companies with sources of revenue in the mentioned region. The public offering of securities of Advance Emerging Europe Opportunities started on 23 November 2007.

- Advance Global Trends, organised and managed by a Decision № 353-DF of the FSC dated 08.06.2011. It invests primarily in ETFs (Exchange Traded Funds), exchange traded commodities (ETC) and exchange traded notes (ETN), using the approach of rotation between asset classes – equities, commodities, fixed income, alternatives and cash. The public offering of securities of Advance Global Trends started on 01.07.2011.

- Advance Conservative Fund, organised and managed by a Decision № 779-DF dated 17.07.2012 of the FSC, based on which a permit № 109-DF dated 09.08.2012 of FSC is issued. It invests primarily in low-risk and highly liquid assets – deposits, short-term debt securities, bonds and repos, where the share of equities in the portfolio is minor. The objective of the fund is to preserve and increase the real value of money at low risk. The public offering of units of Advance Conservative Fund was launched on 30 July 2012.

Karoll Capital Management EAD has been authorised to offer investment advice in Eastern Europe pursuant to a contract with Shinhan Investment Corp. and Daishin Asset Management for the "Daishin KZ-8" Fund of K-Biz - the Korea Federation of Small and Medium Business.

2. Basis for preparation of the financial statements

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as developed and issued by the International Accounting Standards Board (IASB) and approved by the European Union (IFRS approved by EU). Within the meaning of Paragraph 1, item 8 of the Supplementary Provisions of the Accountancy Act, in force in Bulgaria, the term "IFRS approved by EU" means the International Accounting Standards (IAS) adopted pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information for 2016), unless otherwise stated.

The financial statements are prepared according to the going concern principle.

As at the date of preparation of these financial statements, the management has assessed the ability of the Company to continue as a going concern on the basis of the available information for the foreseeable future.

Following a review of the Company's activity, the Board of Directors expects that the Company has sufficient financial resources to continue its operational activities in the near future and continue to apply the principle of going concern when preparing the financial statements.

3. Changes in accounting policies

3.1. New standards, amendments and interpretations of the IFRS effective as of 1 January 2017

The Company has adopted the following new standards, revisions and amendments to IFRS issued and published by the International Accounting Standards Board, which must be applied for the annual period beginning 1 January 2017 but have no material effect of being applied on the financial result and the financial status of the Company:

- IAS 7 "Statement of Cash Flows" (amended), in force as of 1 January 2017, adopted by the EU
- IAS 12 "Income Taxes" (amended), in force as of 1 January 2017, adopted by the EU

3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

As at the date of authorisation of these Financial Statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2017 and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.

IFRS 9 "Financial Instruments", in force as of 01 January 2018, adopted by the EU

IFRS 9 "Financial instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement" The new standard introduces substantial changes in the classification and valuation of financial assets and a new model of the expected credit loss in impairment of financial assets. IFRS 9 includes also a new guide on hedge accounting.

The Company does not expect that the new requirements will have an impact on the classification and valuation of its financial assets.

IFRS 15 "Revenue from Contracts with Customers", in force as of 01 January 2018, adopted by the EU

IFRS 15 replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations and introduces a new model for recognition of revenue based on control. The new standard changes the rules for determining whether the revenues are to be recognised as at a certain moment or for a certain period of time and leads to extending and improving the revenue-related disclosures. IFRS 15 is based on a main principle that requires from the Company to recognise revenue in a way that reflects the transfer of goods or the provision of services to clients and in size, which reflects the expected consideration, which the Company will receive in exchange for these goods or services. Earlier application of the standard is allowed. The companies are supposed to apply the standard retrospectively for each presented preceding period or retrospectively with the cumulative effect of the initial recognition being reflected in the current period.

Currently, the Company is in a process of reviewing all of its contracts to assess the impact of the new requirements on the accounting of its revenue.

IFRS 16 "Leases", in force as of 01 January 2019, adopted by the EU

This standard replaces the provisions of IAS 17 and introduces significant changes in lease accounting, especially on the part of lessees.
Pursuant to IAS 17, the lessees were required to distinguish between financial lease (recognised in the Balance Sheet) and operational lease (recognised out-of-balance). IFRS 16 requires from the lessees to recognised lease liabilities related to future lease payments and the right of using an asset for almost all lease contracts. The IASB has provided for a right of choice for some short-term leases and leases of small-value asset; this exception may be applied only by lessees.
Accounting by lessors remains almost unchanged.
Pursuant to IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company Management is in a process of assessing the impact of applying the standard, however quantitative information cannot be presented, yet. Full review of all contracts is being performed to assess whether additional contracts may be considered lease contracts pursuant to the new definition of IFRS 16.

Assessment is under way of the current disclosures of operational lease contracts, as they are likely to be the basis for determining the capitalisation amount and become assets with a right of use.
The following new standards, amendments and interpretations to existing standards that have been

published but are not effective yet are not expected to have significant impact on the Company's financial statements:

- IFRS 2 "Share-Based Payments" (amended), effective from 1 January 2018, not yet adopted by the EU
- IFRS 4 "Insurance Contracts" (amended), effective from 01 January 2018, adopted by the EU
- IFRS 9 "Financial Instruments" (amended) – Hedge Accounting, effective from 01 January 2018, adopted by the EU
- IFRS 9 "Financial instruments" (amended) – Prepayments Features with Negative Compensation, effective from 01 January 2019, not yet adopted by the EU
- IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" (amended), effective date to be determined, not yet adopted by the EU
- IFRS 14 "Regulatory Deferral Accounts", effective from 01 January 2016, not yet adopted by the EU
- IFRS 15 "Revenue from Contracts with Customers", (amended), effective from 01 January 2018, adopted by the EU
- IAS 28 "Investments in Associates and Joint Ventures" (amended) – Long-term Interests in Associates and Joint Ventures, effective from 01 January 2019, not yet adopted by the EU
- IAS 40 "Investment Property" (amended) – Transfers of Investment Property, effective from 01 January 2018, not yet adopted by the EU
- IFRS Interpretations Committee 22 "Foreign Currency Transactions and Advance Consideration", effective from 01 January 2018, not yet adopted by the EU
- Annual improvements of IFRS 2014-2016 – IFRS 1 "First-time Adoption of IFRS" and IAS 28 "Investments in Associates and Joint Ventures"

4. Summary of accounting policies

4.1. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policy below accompanying the individual financial statements.

It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

4.2. Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Company has elected to present the statement of profit or loss and other comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Company:

a) applies an accounting policy retrospectively;
b) makes a retrospective restatement of items in its financial statements, or
c) reclassifies items in the financial statements

and this has material impact on the statement of financial position at the beginning of the preceding period.

In 2017, none of the above conditions was met and therefore the financial statements of the Company are presented with one comparative period.

4.3. Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

All amounts are presented in BGN'000, unless otherwise stated

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4. Segment reporting

The Company operates in a single economic sector because of legal restrictions and the purpose for which it was created. For these reasons information on various sectors will not be presented.

4.5. Revenue

Revenue includes revenue from rendering of services presented in note 14.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding VAT.

Revenue is recognised, provided all of the following conditions are satisfied:

- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred can be measured reliably;

when the criteria for each of the Company's different activities have been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and on the contract conditions in each case as described below.

4.5.1. Rendering of services

The Company's activity is legally restricted. Major sources of revenue are distribution of units of collective investment schemes managed by Schroder Investment Management (Luxembourg), fees from managing collective investment schemes along with any related fees and transactional charges for issue and redemption of shares, management of individual customer portfolios and rendering of investment advice on financial instruments.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided.

The annual remuneration for management of the funds is as follows:

Mutual Fund Name	**% of average annual value of the Fund's assets**
Advance Invest MF	2.50 %
Advance Eastern Europe MF	2.50 %
Advance Emerging Europe Opportunities MF	2.50 %
Advance Global Trends MF	1.80 %
Advance Conservative MF	0.85 %

By decision of the Board of Directors and approval by the FSC, as of 26.02.2018, the annual remuneration for managing the Advance Eastern Europe MF and Advance Emerging Europe Opportunities MF has been decreased from 2.5% to 1.5% of the average annual value of the Fund's assets.

4.5.2. Interest income

Interest income is reported on an accrual basis in accordance with the contractual terms of the opened deposits and bank accounts.

4.5.3. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.5.4. Intangible assets

Intangible assets include software necessary for the activity of the Company and the managed mutual funds. They are accounted for using the cost model, where the cost comprises the purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Impairment losses are recognised in the statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

Residual values and useful life of intangible assets are reviewed by the Management at each reporting date.

Amortisation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Software 2 years
- Licenses and others 2 years

Amortisation has been included in the statement of profit or loss and other comprehensive income within 'Depreciation and amortisation of non-financial assets'.

The recognition threshold adopted by the Company for the intangible assets amounts to BGN 700.

4.5.5. Plant and equipment

Plant and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Impairment losses are recognised in statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of the its originally assessed standard of performance. All other subsequent expenditures are recognised as incurred.

Residual value estimates and estimates of useful life of property, plant and equipment are updated by the Management as of each reporting date.

Amortisation is calculated using the straight-line method over the estimated useful life of individual assets types, as follows:

- Vehicles 4 years
- Computers and servers 2 years
- Others 4 years

The recognition threshold adopted by the Company for property, plant and equipment amounts to BGN 700.

4.6. Impairment testing of intangible assets and plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All assets or cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist or have been reduced. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.7. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets are recognized on their settlement date.

Financial assets and financial liabilities are subsequently measured as described below.

4.7.1. Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'Finance costs', 'Finance income' or 'Other financial items', except for impairment of trade receivables which is presented within 'Other expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in profit or loss.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within 'Other expenses'.

Financial assets carried at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

If it is impossible to determine the price on the basis of information of regulated markets due to lack of trading as well as financial instruments that are not traded and are not admitted to trading on regulated markets or other venues - the evaluation is done by the method of discounted cash flows for debt instruments or equity method of price-earnings ratios of comparable companies or method of the net book value of assets.

4.7.2 Financial liabilities

The Company's financial liabilities include trade payables.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavourable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'Finance costs' or 'Finance income'.

Financial liabilities are subsequently measured at fair value through profit or loss.

Trade payables are recognised initially at their nominal value and subsequently measured at fair value less payments on debt settlement.

Dividends payable to shareholders are recognised when the dividends are approved at the general meeting of shareholders.

4.7.3. Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred and current taxes which are not recognized in other comprehensive income or directly in equity.

Current tax assets and / or liabilities comprise those obligations or claims from tax authorities relating to the current or prior reporting periods, that are unpaid at the date of the financial statements. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that are in force at the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax basis. Deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are not amortised. In their calculation are used tax rates that are expected to be applicable for the period of realisation, provided they are enacted or is certain, that they will enter into force at the end of the reporting period.

Deferred tax liabilities are recognized in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilise against deferred tax assets.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

At the reporting date the Company has recognized deferred tax assets and liabilities (see note 7).

4.8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current bank accounts, demand deposits and short-term deposit, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9. Share capital, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other reserves include legal reserves under the Commerce Act.

Retained earnings/ (Accumulated losses) include all current and prior period retained profits and uncovered losses.

Dividend payables to shareholders are included in 'Related party payables' when the dividends have been approved at the general meeting of shareholders prior to the reporting date.

At the reporting date no dividends are distributed to the sole owner.

All transactions with owners of the Company are recorded separately within equity.

4.10. Post-employment benefits and short-term employee benefits

The Company has no short-term obligations for compensated leaves arising from unused annual leave or amounts related to salaries.

The Company has not developed and does not apply plans for post-employment benefits, nor other long-term remunerations and post-employment plans in the form of compensations with shares or equity interests.

Pursuant to Ordinance №48 on the requirements of the FSC for the remuneration of employees, the Company has adopted and applies a remuneration policy.

4.11. Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, granted product warranties, legal disputes or onerous contracts. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liabilities are to be measured subsequently at the higher value between the above-described comparable provision and the amount initially recognized less accumulated depreciation.

At the reporting date the Company has recognised provisions (note 12.2).

4.12. Significant management judgement in applying accounting policies

Significant management judgments in applying accounting policies of the Company that have the most significant impact on the financial statements are described below. The main sources of uncertainty in the use of accounting estimates are described below.

4.13. Estimation uncertainty

In preparing the financial statements management makes a number of assumptions, 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.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

4.13.1. Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4.13.2. Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date.

At 31 December 2017 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts of the assets are analysed in note 5.

4.13.3. Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as legal disputes. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

5. Plant and equipment

Equipment includes computer and server systems, copy machines and printers. The carrying amount of this group may be analysed as follows:

	Computer and server systems	Copy machines and printers	Vehicles	Paintings	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount					
Balance as at 01 January 2017	42	8	378	10	438
Additions	3	-	-	-	3
Balance as at 31 December 2017	45	8	378	10	441
Depreciation					
Balance as at 01 January 2017	(40)	(8)	(378)	-	(426)
Depreciation	(2)	-	-	-	(2)
Balance as at 31 December 2017	(42)	(8)	(378)	-	(428)
Carrying amount as at 31 December 2017	**3**	**-**	**-**	**10**	**13**

	Computer and server systems	Copy machines and printers	Vehicles	Paintings	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount					
Balance as at 01 January 2016	41	8	378	10	437
Additions	1	-	-	-	1
Balance as at 31 December 2016	42	8	378	10	438
Depreciation					
Balance as at 01 January 2016	(37)	(8)	(378)	-	(423)
Depreciation	(3)	-	-	-	(3)
Balance as at 31 December 2016	(40)	(8)	(378)	-	(426)
Carrying amount as at 31 December 2016	**2**	**-**	**-**	**10**	**12**

Depreciation expense is included in the statement of profit or loss and other comprehensive income within "Depreciation of non-financial assets".

As of 31 December 2017 and 31 December 2016 there were no contractual obligations concerning the purchase of property, plant and equipment.

The Company has not pledged property, plant and equipment as collateral for liabilities.

6. Operating lease as a lessee

The Company is lessee under lease agreement for office building dated 03.05.2007, with Karoll Finance EOOD. The Company has paid in advance the amount of the lease described in detail in note 22 .

The lease payments recognised as an expense for the period amount to BGN 117 thousand. This amount includes minimum lease payments.

The operating lease agreement of the Company does not contain provisions for contingent rent or purchase option or escalation clauses or restrictions on dividends or additional debt.

7. Deferred tax assets and

Deferred taxes arising from temporary differences can be summarised as follows:

Deferred tax liabilities (assets)	1 January 2017	Recognised through profit or loss	31 December 2017
	BGN '000	BGN '000	BGN '000
Unused tax losses	(17)	17	-
	(17)	**17**	**-**
Recognised as:			
Net deferred tax assets	**(17)**	**17**	**-**

Deferred tax liabilities (assets)	1 January 2016	Recognised through profit or loss	31 December 2016
	BGN '000	BGN '000	BGN '000
Unused tax losses	(3)	(14)	(17)
	(3)	**(14)**	**(17)**
Recognised as:			
Net deferred tax assets	**(3)**	**(14)**	**(17)**

All deferred tax assets are included in the statement of financial position.

8. Financial assets carried at fair value through profit or loss

8.1. Equities in BGN

	ISIN	As at 31.12.2017	As at 31.12.2016
Advance Equity Holding AD	BG1100033064	268	232

The financial assets are recognised at fair value through profit or loss where the current market prices of the last trading session on BSE Sofia are used to measure their fair value. The shares are not pledged as collateral for liabilities of the Company.

All amounts are presented in BGN'000, unless otherwise stated

8.2. Bonds in foreign currency

Issuer	ISIN	Interest rate	Currency	Par amount	As at 31.12.2017	As at 31.12.2016
Micro Credit AD	BG2100002158	8%	EUR	1,000	20	99

In 2015 the Company acquired corporate bond published by Micro Credit AD, with a par value 1,000 EUR and maturity 13.02.2018. Interest payments are made every 3 months, calculated and payable on the outstanding principal balance of the bond. Principal is repaid through ten equal instalments with the last ten interest payments. The bond is registered in the Central Depository AD and is not traded on BSE (Bulgarian Stock Exchange). Financial assets are recognised at fair value through profit or loss. The method of discounted cash flows is used as a measure of value. Financial assets are not pledged as a collateral for liabilities of the Company. As at the date of the financial statements, all principal and interest liabilities have been entirely repaid.

8.3. Units of collective investment schemes in foreign currency

	ISIN	Currency	As at 31.12.2017	As at 31.12.2016
Advance Emerging Europe Opportunities MF	BG9000023077	EUR	202	-

The held units of collective investment schemes are recognised at fair value through the profit or loss where the measure used for their fair value is the last announced redemption price of the Fund for 2017.

9. Trade and other receivables

	As at 31.12.2017	As at 31.12.2016
Current and other receivables		
Trade receivables	341	152
Financial assets	**341**	**152**
Pre-paid expense	4	4
Other receivables	-	-
Non-financial assets	**4**	**4**
Trade and other receivables	**345**	**156**

All amounts are presented in BGN'000, unless otherwise stated

10. Cash and cash equivalents

	As at 31.12.2017	As at 31.12.2016
Cash on hand and in banks in BGN	365	101
Cash on hand and in banks in foreign currency	22	136
TOTAL	**387**	**237**

An open overnight deposit with an annual interest rate of 0.10%amounting to BGN 362 thousand is included in the cash on hand and in banks in BGN amounting to BGN 365 thousand.

11. Equity

11.1. Share capital

The registered capital of the Company consists of 10,000 fully paid ordinary registered shares with a par value of BGN 90 per share. All shares are entitled to receive dividends and a liquidation share and provide a voting right at the general assembly of the shareholders.

	As at 31.12.2017	As at 31.12.2016
Number of issued and fully paid shares:		
At the beginning of the year	10,000	10,000
Face value	BGN 90/share	BGN 100/share
Total number of shares issued and fully paid as at 31 December	**10,000**	**10,000**
Equity capital as at 31 December	**900**	**1,000**

In 2017, the Company decreased the capital by BGN 100,000 by decreasing the nominal value per share.

The sole owner of the capital as at 31 December of both the current and the comparative period is Stanimir Karolev.

11.2. Reserves

The reserves of the Company amounted to BGN 100 thousand represent legal reserves formed pursuant to Art. 246 of the Commerce Act.

12. Employee compensations

12.1. Employee benefits expense

Expenses recognised as employee benefits include:

	2017	2016
Salaries	(577)	(475)
Social and health security costs	(44)	(43)
	(621)	**(518)**

Employee benefits expenses include the monthly salaries and benefits of employees under employment contracts. The Company is not charging a provision for the cost of benefits on retirement, because there are no employees close to retirement age.

All amounts are presented in BGN'000, unless otherwise stated

12.2 Payables to employees

	As at 31.12.2017	As at 31.12.2016
Payables related to unused paid leaves	-	3
Payables for social security	-	1
	-	**4**

13. Tax payables

Company's tax payables for the period could be summarized as follows:

	As at 31.12.2017	As at 31.12.2016
VAT	13	5
Corporate tax payables	24	-
Tax payables	**37**	**5**

Tax VAT payables have been paid to the state budget as at the date of preparation of these financial statements.

14. Revenue

The non-financial revenue of the Company includes:

	2017	2016
Revenue from distribution of Schroder's Funds	519	393
Wealth management services	189	43
Management fee for Advance Eastern Europe Mutual Fund	157	135
Management fee for Advance Invest Mutual Fund	156	108
Investment advice services	146	-
Management fee for Advance Emerging Europe Opportunities Mutual Fund	83	69
Management fee for Advance Global Trends Mutual Fund	25	25
Revenue from issue of units of Advance Invest Mutual Fund	11	-
Management fee for Advance Conservative Mutual Fund	8	9
Revenue from issue of units of Advance Emerging Europe Opportunities Mutual Fund	3	-
TOTAL	**1,297**	**782**

15. Cost of material

Cost of material includes:

	2017	2016
Electricity	(10)	(10)
Heating	(3)	(3)
Vehicle supplies	(1)	(4)
Promotion materials	(1)	-
Cost of material	**(15)**	**(17)**

All amounts are presented in BGN'000, unless otherwise stated

16. Cost of hired services

Hired services expenses include as follows:

	2017	2016
Rent	(117)	(117)
Consulting services	(52)	(49)
Remuneration for administration (servicing of trustees)	(37)	(35)
Annual fees and subscriptions	(41)	(32)
Advertising Costs	(2)	(9)
Communications	(4)	(4)
Vehicle-related costs	-	(4)
Audit expenses	(3)	(3)
Other	(4)	(3)
Cost of material	**(260)**	**(256)**

17. Other operating expenses

Other operating expenses comprise of:

	2017	2016
Business trips	(26)	(44)
Supplementary pension insurance costs	(20)	-
Non-deductible tax credit	(7)	(8)
Donations	(3)	-
Trainings and seminars	(1)	-
Expense tax and others	-	(2)
Cost of material	**(57)**	**(54)**

The Company is registered for VAT pursuant to art. 96 para 1 of the law. During the reporting period, the Company performed exempt and taxable supplies within the meaning of the VAT Act. In these financial statements, the other operating expenses include costs for unrecognised partial tax credit on purchases in 2017 amounting to BGN 7 thousand.

18. Net loss from operations with financial assets carried at fair value through profit or loss.

	2017	2016
Gain from revaluation of financial assets carried at fair value through profit or loss, net	90	182
Loss from revaluation of financial assets carried at fair value through profit or loss, net	(52)	(262)
Profit/(Loss) from operations with financial assets, net	**38**	**(80)**

All amounts are presented in BGN'000, unless otherwise stated

19. Financial income, net

	2017	2016
Interest income on corporate bonds	5	12
Other financial costs	(6)	(5)
TOTAL	**(1)**	**7**

20. Income tax

The relationship between the expected tax expense based on the applicable tax rate in Bulgaria of 10 % and the reported tax income actually in profit or loss can be reconciled as follows:

	2017	2016
Profit/(loss) before tax	379	(139)
Tax rate	10%	10%
Expected tax expense	(38)	-
Current tax	**(23)**	-
Utilisation of unused tax losses	(17)	14
Income tax income/expenses	**(40)**	**14**

21. Income per share

The income per share has been calculated using the profit attributed to shareholders of the Company as the numerator. The weighted average number of outstanding shares used for calculating the basic earnings per share, as well as profit attributable to shareholders are as follows:

	2017	2016
Profit/(Loss), attributable to the shareholder (BGN)	339,251	(125,296)
Weighted average number of outstanding shares	10,000	10,000
Basic earnings per share (BGN per share)	**33.93**	**(12.53)**

The Company has not issued any financial instruments that would reduce the value of basic earnings per share and therefore has not calculated diluted earnings per share.

22. Related parties

The related parties of the Company include: the managed mutual funds, group companies of Karoll, the owner and key management personnel. Unless otherwise stated, transactions with related parties are not performed under special conditions and no guarantees have been given or received. Amounts from and to related parties are transferred only via bank accounts.

All amounts are presented in BGN'000, unless otherwise stated

22.1. Related party transactions

	2017	2016
Sales of services		
Revenue from management of mutual funds:		
Management fee for Advance Eastern Europe Mutual Fund	157	135
Management fee for Advance Invest Mutual Fund	156	108
Management fee for Advance Emerging Europe Opportunities Mutual Fund	83	69
Management fee for Advance Conservative Mutual Fund	8	9
Management fee for Advance Global Trends Mutual Fund	25	25
Revenue from issuing and repurchase of fund units	14	-
Total revenue from management of mutual funds:	**443**	**346**
Purchase of services from other related parties:		
Rent to Karoll Finance EOOD	(117)	(117)
Costs for administering clients of wealth management	(37)	(35)

Remuneration of key management personnel:	**2017**	**2016**
Salaries	(429)	(340)
Social security	(12)	(11)
Total	**(351)**	**(351)**

22.2. Related party balances at year end

	As at 31.12.2017	**As at 31.12.2016**
Non-current receivables from:		
Other related parties		
- Karoll Finance EOOD– advances granted	10	127
Total non-current receivables from related parties	**10**	**127**
Current receivables from:		
Mutual funds;		
- Advance Invest MF	12	10
- Advance Eastern Europe MF	11	13
- Advance Emerging Europe Opportunities MF	7	5
- Advance Global Trends MF	2	2
- Advance Conservative MF	1	1
Total receivables from mutual funds	**33**	**31**
Other related parties:		
- Karoll Finance EOOD– advances granted	117	117
Total current receivables from related parties	**150**	**148**
Current payables to:		
Other related parties:		
- Karoll Finance EOOD	14	14
Total current receivables from related parties	**14**	**14**

The Company's receivables from the managed mutual funds are short term and are calculated and settled in accordance with the terms specified in the approved Rules of each Fund.

All amounts are presented in BGN'000, unless otherwise stated

In 2007, Karoll Capital Management EAD signed a lease with Karoll Finance EOOD for a building under construction. By signing the agreement, the Company was obliged to prepay an advance rent of the area under contract. The portion of the advance payment amounting to BGN 10 thousand, which is expected to be expensed in 2018, is presented in the present report as non-current receivables from advance granted. The portion of the advance payment amounting to BGN 117 thousand, which is expected to be expensed in 2018, is presented in the present report as a current receivable from advance granted.

23. Non-cash transactions

During the reporting period the Company has not carried out investment and financial transactions, in which cash or cash equivalents were not used and were not reflected in the statement of cash flows.

24. Contingent assets and liabilities

The Company has no contingent asset or commitments.

25. Other disclosures

Securities and cash held by clients of Karoll Capital Management EAD, invested in funds of Schroder Investment Management

Asset type	Currency	Market value as at 31.12.2017	Market value as at 31.12.2016
Cash	BGN	111	16
Cash	EUR	65	-
Mutual funds	EUR	28,846	13,248
Mutual funds	USD	26,070	4,171
TOTAL		**55,092**	**17,435**

26. Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities of the Company can be presented in the following categories:

Financial assets	Note	As at 31.12.2017	As at 31.12.2016
Financial assets carried at fair value through profit or loss			
Shares	8.1	268	232
Bonds	8.2	20	99
Units of collective investment schemes:	8.3	202	-
		490	**331**
Loans and receivables			
Trade and other receivables	9	345	156
Related party receivables	22.2	33	31
Cash and cash equivalents	10	387	237
		765	**424**

All amounts are presented in BGN'000, unless otherwise stated

Financial liabilities	**Note**	**As at 31.12.2017**	**As at 31.12.2016**
Current liabilities			
Related party payables	22	14	14
		14	**14**

See note 4.7 about information related to the accounting policy for each category of financial instruments. A description of the Company's policy and objectives of risk management in relation to the financial instruments is presented in the next note.

27. Financial instruments risks

The specific activities of Karoll Capital Management EAD as a management company determine certain risks inherent to the business of the companies managing collective investment schemes. The management of portfolios of mutual funds requires application of adequate systems for timely identification and management of various risks, with emphasis on the procedures for risk management, the mechanisms to keep risks within acceptable limits, optimal liquidity and portfolio diversification.

The main types of risks, to which the Company is exposed, are market risk, credit risk and liquidity risk.

Risk management is carried out governed by the principle of centralisation and is structured according to the level of competence as follows:

- Board of Directors - determines the acceptable levels of risk within the adopted development strategy;
- Executive directors - control the process of approval and implementation of adequate policies and procedures within the accepted strategy for risk management;

Analysis and Risk Management Department - performs the operating activity of measurement, monitoring, management and control of risks in the portfolio management of the funds and financial assets of the Company.

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments.

The Company's financial assets and liabilities by category are summarised in note 26.

With a view to the main Company activity and the use of financial instruments the Company is exposed to the following risks:

Market risk

Market risk is a systemic (overall) risk affecting the value of all assets. It arises from the characteristics of the macroeconomic environment and the state of the capital market, acting outside of the issuing company and generally cannot be diversified. Market risk consists of foreign exchange, interest rate and other price risks. The main methods to contain systemic risk and its individual components are collecting and processing information about the macroeconomic environment and on this basis – forecasting and ensuring compliance of the investment policy with the expected dynamics of this environment. All investments in securities may pose a risk of capital loss.

All amounts are presented in BGN'000, unless otherwise stated

The market risk is concentrated in the following positions:

	Fair value As at 31.12.2017	Fair value As at 31.12.2016
Financial assets carried at fair value through profit or loss	490	331
Interest receivables and other assets	341	155
Total exposure to market risk	**831**	**486**

Currency risk

The Company is exposed to a currency risk when conducting transactions with financial instruments denominated in a foreign currency. In conducting transactions in a foreign currency, revenues and expenses arising from foreign currency transactions are recognised in the statement of comprehensive income. These exposures are monetary assets and liabilities of the Fund denominated in a currency other than BGN and EUR.

In 2017 and 2016, the Company has not conducted transactions in a foreign currency other than BGN and EUR.

As at 31.12.2017 and as at 31.12.2016, the Company is not exposed to currencies other than BGN and EUR.

Interest rate risk

The Company activity depends on the dynamics of interest rates only to a negligible degree. The cost of interest-bearing assets with a fixed rate changes as a result of the fluctuation of market interest rates. On the other hand, regarding assets with floating interest rates, the Company is exposed to interest rate risk due to changes in the interest rate index bound to the respective financial instrument.

As at 31 December 2017, the Company is not exposed to interest rate risk.

Other price risks

The Company determines the price risk as the risk of reduction of the price of a financial asset or a portfolio of financial assets due to factors other than those arising from interest rate or currency risks. Such investments are constantly monitored. The shares give a voting right at General Assemblies of the shareholders of the issuers.

	ISIN	Currency	As at 31.12.2017	As at 31.12.2016
Advance Equity Holding AD	BG1100033064	BGN	268	232
Advance Emerging Europe Opportunities MF	BG9000023077	EUR	202	-

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example receivables from customers, placing deposits, investment in securities, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

All amounts are presented in BGN'000, unless otherwise stated

	As at 31.12.2017	As at 31.12.2016
Traded shares	268	232
Units of collective investment schemes:	202	-
Corporate Bonds	20	99
Trade and other receivables	345	156
Related party receivables	33	31
Cash and cash equivalents	387	237
Carrying amount	**1,255**	**755**

Liquidity risk

Pursuant to the provisions of Ordinance 44, the Management company must maintain at any time minimum liquidity, including cash on hand, deposits in bank, which is not in bankruptcy proceedings, government securities and mortgage and municipal bonds, which have a market price, in an amount not less than the amount of its current liabilities with a maturity of three months.

The Company has determined the cash flows from management fees for the managed mutual funds as payable within 1 month. Available cash resources and trade receivables do not exceed the current needs of cash outflow.
Pursuant to the provisions of contracts for management of individual portfolios (wealth management), contracts for distribution of funds of Schroders and contracts for provision of financial advice on financial instruments, all cash flows are due within one month.

28. Measurement of financial instruments at fair value

For the financial instruments measured at fair value in the statement of financial position, IFRS 7 requires disclosure of techniques for determining the fair value. The standard introduces the fair value hierarchy, as determined by the degree of observability of the data used to estimate the fair value. Data is defined as observable if it reflects market data obtained from independent sources, while the data that reflects market assumptions of the company are defined as unobservable. Both types of data set the following three levels of the fair value hierarchy:

Level 1 – Estimation of fair value based directly on price quotations in active markets for identical assets or liabilities;

Level 2 – Estimation of fair value based on observable data other than those in level 1 but based directly or indirectly on it and relevant to the asset or liability;

Level 3 – Estimation of fair value through valuation techniques, including data for the asset or liability that are not based on observable market data (unobservable data).

The following table provides information on financial instruments at fair value distributed in the levels 1 to 3:

As at 31 December 2017	**Level 1**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:			
- shares	268	-	268
- bonds	-	20	20
- units of collective investment schemes	202	-	202
TOTAL	**470**	**20**	**490**

As at 31 December 2016	**Level 1**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:			
- shares	232	-	232
- bonds	-	99	99
TOTAL	**232**	**99**	**331**

All amounts are presented in BGN'000, unless otherwise stated

29. Capital management policies and procedures

The Company's objectives regarding capital management are:

- to ensure the Company's ability to continue as a going concern; and
- to provide adequate return to shareholders.

The Company monitors capital in accordance with the provisions laid down in Art. 151-154 of Ordinance № 44 on the requirements for the activity of the collective investment schemes, closed-type investment companies and management companies of the Financial Supervision Commission.

Data reported for the period shows high ratio values and compliance with the legal requirements.

Ratios	**Legally defined minimum (%)**	**2017**	**2016**
Equity to minimum capital	100	452.09%	462.43%
Equity to fixed overheads	25	147.00%	150.36%

As of 31 December 2017 and 31 December 2016, the Company has complied with externally imposed capital requirements to which it is subject. The Company has not changed its objectives, policies and processes for managing capital, as well as ways of determining capital during the presented reporting periods.

30. Post reporting date events

No reportable events and circumstances have occurred after the date of the Financial Statements until the date of its drafting.

31. Authorisation of the financial statements

The financial statements were approved by the Board of Directors on 16 March 2018 and were signed on behalf of Karoll Capital Management EAD by:

Daniel Ganev: ____________
/Managing Director/

Stoyka Koritarova: ____________
/Chief Accountant/

Bistra Kotseva: ____________
/Member of the Board of Directors/

СОФИЯ