EASY ASSET MANAGEMENTAD

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

December 31, 2015

(Unofficial translation of the original in Bulgarian)

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ANNUAL SEPARATE REPORT ON THE ACTIVITIES

FOR 2015

EASY ASSET MANAGEMENT AD
ANNUAL SEPARATE REPORT ON THE ACTIVITIES

CORPORATE INFORMATION

EASY ASSET MANAGEMENT AD ("the Company") is a joint stock company, incorporated on December 8, 2005 in Bulgaria. The seat and management address of the Company Sofia, Bulgaria, 28, "Jawaharlal Nehru" Blvd. The Company is managed by a Board of Directors, which consists of:

- Stanimir Svetoslavov Vasilev - Chairman of the Board of Directors;
- Nedelcho Yordanov Spasov - Member of Board of Directors;
- Kiril Krumov Mihaylov – Member of Board of Directors and Executive Director.

The Company is represented by Kiril Krumov Mihaylov – Executive Director.

Kiril Krumov Mihaylov does not participate in any entity as unlimited liability partner, does not hold more than 25 per cent of the share capital of any other entity. He participates in the management of Pension Insurance Company Utre AD in his capacity of managing director and he is member of the Board of Directors.

Nedelcho Yordanov Spasov does no participate in any entity as unlimited liability partner, holds more than 25 per cent of the share capital of South-East European Wine and Spirits AD and is member of the Board of Directors. He holds more than 25 per cent of the share capital of Fintrade Finance AD. He holds more than 25 per cent of the share capital of "Spesh Cash Prime" AD and is deputy-chairman of the Board of Directors. He participates in the management of Pension Insurance Company Utre AD as a member of the Board of Directors. He participates in the management of Management Financial Group EAD as a member of the Board of Directors.Nedelcho Spasov is a member of the Managing Board of Association Endevour Bulgaria – a non-profit organization for public benefit.

Stanimir Svetoslavov Vasilev does not participate in any entity as unlimited liability partner, holds more than 25 per cent of the share capital of South-East European Wine and Spirits AD and is member of the Board of Directors. He holds more than 25 per cent of the share capital of Fintrade Finance AD. He holds more than 25 per cent of the share capital of "Spesh Cash Prime" AD and is a Chairman of the Board of Directors. He participates in the management of Pension Insurance Company Utre AD as member of the Board of Directors. He is executive director of Management Financial Group EAD and is chairman of the Board of Directors.

The members of the Board of Directors do not receive remuneration as such in 2015 and they did not acquire or transfer shares or bonds of the Company.

The share capital has not been increased during the year through issue of ordinary voting shares. The issued ordinary shares are 8,503,000 with a nominal value of BGN 1 each at total share capital amount of BGN 8,503 thousand as of December 31, 2015. Ordinary shares carry one voting right per share at the General Meeting of Shareholders, right to dividends and liquidation proceeds. Each share represents one voting right. Right to dividends and liquidation proceeds is determined in proportion to the nominal value of the share. The Company can buy back its shares under the provisions of the law.

„Easy Asset Management AD is a non-banking financial institution, focused on micro-crediting and uses the trademark of Easy Credit. The Company grants small unsecured short-term loans to customers with low or medium income. The Company operates through an extensive distribution network, consisting of more than 140 offices in the country. As of December 31, 2015 the total number of employees is 986.

The Company owns 100% of Easy Credit LLK ("subsidiary"). The subsidiary is registered in accordance with the legislation in the Ukraine and regulatory requirements for non-banking financial institutions. The amount of the registered capital of the subsidiary is UAH 6,922, which as of the date of registration of the capital are equivalent to EUR 800 thousand or BGN 1,565 thousand. In 2015 a decision was taken for capital increase up to UAH 102,460, which are equivalent to EUR 4,581 thousand or BGN 8,960 thousand as of the date of the capital increase.

The Company owns 100% of SC Easy Asset Management IFN AD ("subsidiary"). The subsidiary is registered in accordance with the Romanian legislation and regulatory requirements for non-banking financial institutions. The total shares are 459 800 and the share capital amounts to BGN 861 thousand (equivalent to EUR 440 thousand). The currency of the registered capital of the subsidiary is RON. As of December 31, 2015 the share capital of subsidiary amounts to RON 1,963 thousand.

The Company owns 100% of I Credit S.P.Z.O.O. ("subsidiary"), established in 2014. The subsidiary is registered in accordance with Polish legislation and regulatory requirements for non-banking financial institutions. The amount of the registered capital of the subsidiary is BGN 2 thousand (equivalent to PLZ 5 thousand) as of the registration date.

The Company owns 100% of I Credit S.P.O. ("subsidiary "), established in 2014. The subsidiary is registered in accordance with the Czech legislation and regulatory requirements for non-banking financial institutions. The amount of the registered capital of the subsidiary is BGN 142 thousand (equivalent to CZK 2 million) as of the date of establishment.

The Company owns 100% of the Financial company M Cash Macedonia DOOEL Skopje ("subsidiary"), established in 2014. The subsidiary is registered in accordance with the legislation in the Republic of Macedonia and the regulatory requirements for non-banking financial institutions. The amount of the registered capital of the subsidiary is BGN 196 thousand (equivalent to EUR 100 thousand).

The Company owns 60% of M - Cash OOD ("subsidiary"), established in 2014. The amount of the registered capital of the subsidiary is BGN 200 thousand.

The Company owns 100% of Pension Insurance Company Utre AD ("subsidiary ") established in 2014. The subsidiary is registered in accordance with the legislation of the Republic of Bulgaria and the regulatory requirements for pension insurance companies. The amount of the registered capital of the subsidiary is BGN 5 million. On November 2, 2015 a decision was taken to start liquidation proceedings of the subsidiary. The decision was entered in the Commercial register on November 12, 2015.

The Company owns 100% of Management Financial Group EAD ("subsidiary"), established in 2015. The subsidiary is registered in accordance with the legislation of the Republic of Bulgaria. The amount of the registered capital of the subsidiary is BGN 50 thousand.

OVERVIEW

Easy Credit ('the Company") is among the largest companies in Bulgaria for non-banking consumer loans granted to households at home and one of the fastest growing companies in its segment in Central and Eastern Europe. In Bulgaria the Company lends money in the whole country through its more than 3,000 credit consultants and over 140 offices, servicing over 1200 inhabited areas. Easy Credit's loans are provided via the branches of Bulgarian Posts.

Since its beginning ten years ago Easy Credit has extended over 1 million loans in Europe. A growing number of Bulgarians prefer consumer loans extended directly to them at home by Easy Credit's consultants. In 2015 the Company has extended approximately 224 thousand loans (213 thousand loans in 2014), which is by 5% more than the prior year. The gross loan portfolio of the Company as of December 31, 2015 has reached BGN 48 million or growth by 7% compared to the prior year.

Bulgaria – Portfolio dynamics (BGN'000)

	January - December 2015	January - December 2014	Change %
Portfolio:			
Amounts granted	121 112	114 414	6%
Amounts collected	173 902	160 219	9%
Receivables from customers:			
Total	47 813	44 738	7%
of which regular loans are	20 454	18 027	13%
from 4 to 90 days	13 508	13 318	1 %
from 91 to 360 days	12 765	12 386	3%
with indefinite maturity (including court receivables)	1 086	1 007	8%
Active customers	99 225	97 754	2%
Number of loans granted	223 991	212 753	5%

The Company operates on a highly developed and competitive financial market due to which it is exposed to price risk. Some competitors of the Company represent banking and financial institutions having access to inexpensive financial resources, which gives them an advantage in pricing competitive products.

Easy Asset Management AD manages the risk of its customers failing to pay their outstanding obligations on loans and interest by means of internal rules for credit management. These rules include requirements for granting loans, classification of risk exposures and providing allowances for impairment and uncollectibility.

With regard to credit risk management the Parent company has developed strict procedures for analysis and valuation of potential borrowers, including screening procedures and detailed verification of data provided. Easy Credit has developed an effective system for monitoring of payments, as well as active measures for collecting receivables. The management closely monitors the risk at each stage of the loan.

Regarding liquidity Easy Asset Management AD constantly maintains liquid assets (including cash on hand and cash at current accounts), sufficient to respond to the demand for loans and to make current payments. This is required by the specific distribution network of the Company - over 3000 credit consultants and more than 140 regional offices that need daily cash in order to accomplish one of their main goals - fast and easy service and loan granting within 24 hours as of signing the loan application

	2014	2015
Consultants	3 108	3 029
Offices	139	146
Loans	212 753	223 991
Growth in number of loans (%)		5%

A detailed overview of the financial results,the financial instruments and the related risks is presented in the notes to the financial statements of the Company,pages 6 – 37. The main risks for the Company including credit, foreign currency, interest rate and capital management are presented in the notes to the financial statements.
In 2015 the Company has not performed research and development.
The Company does not have branches.

OUR MARKETS

The Company and its subsidiaries ("the Group") has over 270 offices and over 6 000 employees and agents in Bulgaria, the Ukraine, Romania, Poland, the Czech Republic and Macedonia.

In 2009 the Group started operations on the Ukranian market under the name iCredit. As of December 31, 2015 the Group has in the Ukraine 35 offices and 400 credit consultants. In 2011 the Group opened two offices in Romania again under the name of iCredit. Currently, over 600 credit consultants work for Easy Credit in Romania in 57 officesa. In the beginning of 2014 the Group opened ICredit in Poland and in the beginning of January 2015 the Company started its business in the Czech Republic. Six offices operate there and the Company has plans for gradual expansion of the sales network and opening new offices.

The Group continues to expand its international business in Eastern Europe. An exception is the Ukraine, where the Group was forced to contract its operations as a result of the military action in the Eastern part of the country and the tense political situation. The restructuring of the business and closing of offices led to an abrupt decrease in the financial results of that branch. The gross credit portfolio of the Ukranian branch has grown by the significant 27%, whereas the number of the active customers has grown by 12%. However, the collectability has a marked decline by 27% on an annual basis. The registered decline in the number of loans granted is 27% compared to the prior year.

The Ukraine – Dynamics of the portfolio (UAH'000)

	January- December 2015	January- December 2014	Change %
Portfolio:			
Amounts granted	66 926	84 319	-21%
Amounts collected	109 605	150 165	-27%
Receivables from customers:			
Total	62 133	47 485	31%
of which regular loans are	17 922	15 524	15%
from 4 to 90 days	4 490	5 523	-19%
from 91 to 360 days	11 265	22 221	-49%
with indefinite maturity (including court receivables)	28 456	4 217	575%
Active customers	15 316	13 624	12%
Number of loans granted	18 091	24 834	-27%

The Romanian subsidiary, on the other hand, continues to expand its market share. The Romanian subsidiary continues to grow very dynamically and attracts new customers. In 2015 the Romanian iCredit extended over 50% more loans compared to 2014 and the portfolio has grown by 53%. Collectability marked a significant growth up to 68%. The Company registered a solid growth of the loans in its portfolio, by attracting new customers with a 38% growth in active customers. In 2015 iCredit Romania granted 52 826 loans (42% growth for a year), and reached a record colectibility of over RON 79 million.

Romania – Portfolio dynamics (RON'000)

	January - December 2015	January - December 2014	Change %
Portfolio:			
Amounts granted	59 284	38 664	53%
Amounts collected	79 220	47 127	68%
Receivables from customers:			
Total	39 322	25 000	57%
of which regular loans are	13 325	9 659	38%
from 4 to 90 days	9 205	5 756	60%
from 91 to 360 days	11 700	6 966	68%
with indefinite maturity (including court receivables)	5 092	2 619	94%
Active customers	31 417	22 777	38%
Number of loans granted	52 826	37 094	42%

At the beginning of 2014 ICredit started its business activity in Poland by opening a new branch/subsidiary in the third largest city in the country – Lodz (population of 725 thousand people). By the end of the year four more offices were opened in other areas. The Polish subsidiary has grown gradually and the loans extended in 2015 amount to approximately PLZ 3,5 million, the collected amounts arePLZ 3 847 thousand and the active customers are 3 286.

Poland – Portfolio dynamics (PLN'000)

	January - December 2015	January - December 2014	Change %
Portfolio:			
Amounts granted	3 489	1 307	167%
Amounts collected	3 847	913	321%
Receivables from customers:			
Total	2 856	975	193%
of which regular loans are	1 143	426	168%
from 4 to 90 days	481	310	55%
from 91 to 360 days	810	238	240 %
with indefinite maturity (including court receivables)	422	-	-
Active customers	3 286	864	280%
Number of loans granted	4 100	1 131	263%

In the beginning of 2015 the subsidiary of Easy Credit started operations in the Czech Republic. There the Company uses its traditional model through credit consultants, servicing customers at their homes and under the trademark iCredit. The Czech subsidiary began operations in the third largest city Ostrava (300 thousand people), in the Eastern part of the country. A gradual expansion of the trade network and opening new offices are envisaged. The Czech subsidiary is gradually expanding. The loans granted in 2015 amount to CZK 9 911 thousand, the collected amounts are CZK 5 595 thousand and 1,094 active customers.

The Company started its operations in Macedonia, where it operates under the trademark M Cash and offers short-term unsecured online loans. M Cash is the first company, which extends unsecured online loans in Macedonia. The loans extended in 2015 amount to MKD 20 441 thousand, the collected amounts are MKD 15 143 thousand and the active customers are 962.

Forecast development and perspectives for the Company

Easy Credit provides proper attitude and security, discretion, fastness and convenience to its customers, which are the main reasons for the customer's preference for receiving loans from the Company.

We continue to follow the strategy for expansion in new markets in Europe, where the services, that we provide are well-known and sought by customers. Our ambition is to affirm our position as a leader in our sector in the region in the long-term plan.

Important events occurring after the end of the reporting period

No significant events have occurred between the reporting date and the date of preparation of the annual financial statements, which are related to the activity of the Company in 2015 and which should be disclosed separately or require adjustments in the financial statements as of December 31, 2015.

/signed/

Kiril Mihaylov
Executive Director

/signed/

Ivan Zhelev
Financial Director

Date: March 29, 2016

INDEPENDENT AUDITOR'S REPORT AND ANNUAL SEPARATE FINANCIAL STATEMENTS DECEMBER 31, 2015

Deloitte.

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

INDEPENDENT AUDITOR'S REPORT

To the owners of
Easy Asset Management AD

Report on the separate financial statements

We have audited the accompanying separate financial statements of Easy Asset Management AD ("the Company"), which comprise the separate statement of financial position as of December 31, 2015, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the separate financial statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

Reports on Other Legal and Regulatory Requirements - Annual separate report on the activities of the Company, according to the Accountancy Act

Pursuant to the requirements of the Bulgarian Accountancy Act, we have read the accompanying Annual separate report on the activities of the Company. The Annual separate report on the activities of the Company, prepared by the management, is not a part of the separate financial statements. The historical financial information presented in the Annual separate report on the activities of the Company, prepared by the management is consistent, in all material respects, with the annual financial information disclosed in the separate financial statements of the Company as of December 31, 2015, prepared in accordance with IFRS, as adopted by the European Union. Management is responsible for the preparation of the Annual separate report on the activity of the Company, dated March 29, 2016.

The original auditor's report has been signed by Momchil Chergansky, Registered Auditor and Assen Dimov, Statutory Manager at Deloitte Audit OOD, on May 25, 2016.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	2015	2014
Interest income and penalties for default contractual obligations	3	76,004	65,961
Interest expenses	4	(684)	(932)
Net interest income		**75,320**	**65,029**
Other finance income/(costs), net	5	3,873	(1,659)
Impairment of financial assets	12,13,15	(28,731)	(20,103)
Net interest income after impairment		**50,462**	**43,267**
Employee benefits expenses	6	(28,957)	(25,142)
Depreciation and amortization	15,16	(161)	(102)
Other operating expenses, net	7	(10,579)	(8,721)
Profit before tax		**10,765**	**9,302**
Income tax expenses	8	(1,097)	(952)
Net profit for the period		**9,668**	**8,350**
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**9,668**	**8,350**
Earnings per share	9	**1.14**	**0.98**

These separate financial statements were approved by the Board of Directors of the Company on 29.03.2016.

/signed/
Ivan Jelev
Financial Director

/signed/
Desislava Pavlova
Chief accountant

/signed/
Kiril Mihaylov
Executive Director

The separate statement of comprehensive income has been signed by Momchil Chergansky, Registered Auditor at Deloitte Audit OOD, on May 25, 2016.

The accompanying notes are an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31, 2015

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	*As of 31.12.2015*	*As of 31.12.2014*
Assets			
Cash and cash equivalents	11	2,522	1,530
Loans and advances to customers	12	32,072	33,296
Individually significant loans to legal entities and individuals	13	27,725	22,050
Trade and other receivables	14	3,854	4,765
Investments in subsidiaries	15	6,843	6,569
Property, plant and equipment	16	344	186
Intangible assets	17	117	20
Deferred tax assets	8	201	246
Total assets		**73,678**	**68,662**
Liabilities			
Bank borrowings	18	5,021	11,493
Employee benefits and social securities	19	4,024	3,343
Trade and other payables	20	4,374	4,375
Tax liabilities		1,052	938
Total liabilities		**14,471**	**20,149**
Equity			
Share capital	21	8,503	8,503
Buy-back of own shares	22	(13)	(79)
Premium reserves	21	960	-
Reserves	21	15,910	15,910
Retained Earnings	21	33,847	24,179
Total equity		**59,207**	**48,513**
Total equity and liabilities		**73,678**	**68,662**

These separate financial statements were approved by the Board of Directors of the Company on 29.03.2016.

/signed/
Ivan Jelev
Financial Director

/signed/
Desislava Pavlova
Chief accountant

/signed/
Kiril Mihaylov
Executive Director

The separate statement of financial position has been signed by Momchil Chergansky, Registered Auditor at Deloitte Audit OOD, on May 25, 2016.

The accompanying notes are an integral part of these separate financial statements.

EASY ASSET MANAGEMENT AD
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Share capital	*Reserves*	*Premium reserve*	*Buy-back of own shares*	*Retained earnings*	*Total equity*
As of January 1, 2014	**8,503**	**15,910**	-	**(78)**	**15,829**	**40,164**
Financial result for the period	-	-	-	-	8,350	8,350
Other changes in equity	-	-	-	(1)	-	(1)
As of December 31, 2014	8,503	15,910	-	(79)	24,179	48,513
As of January 1, 2015	**8,503**	**15,910**	-	**(79)**	**24,179**	**48,513**
Financial result for the period	-	-	-	-	9,668	9,668
Other changes in equity	-		960	66	-	1,026
As of December 31, 2015	**8,503**	**15,910**	**960**	(13)	**33,847**	**59,207**

These separate financial statements were approved by the Board of Directors of the Company on 29.03.2016.

/signed/
Ivan Jelev
Financial Director

/signed/
Desislava Pavlova
Chief accountant

/signed/
Kiril Mihaylov
Executive Director

The separate statement of changes in equity has been signed by Momchil Chergansky, Registered Auditor at Deloitte Audit OOD, on May 25, 2016.

The accompanying notes are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

All amounts are in thousand Bulgarian Levs, except otherwise stated

	2015	2014
Cash flows from operating activities		
Loans granted to customers	(121,112)	(114,414)
Repayment of loans to customers, incl. repayment of interest	173,902	160,219
Individually significant loans granted	(16,120)	(17,944)
Repayment of individually significant loans granted, incl. repayment of interest	9,504	7,535
Payments to suppliers and other counterparties	(7,517)	(9,874)
Payments for employees benefits and social security	(27,046)	(24,122)
Tax payments	(1,004)	(953)
Net cash flow from operating activities	**10,607**	**447**
Cash flows from investing activities		
Acquisition of non-current assets	(418)	(109)
Investments in subsidiaries	(312)	(5,361)
Net cash flow used in investing activities	**(730)**	**(5,470)**
Cash flows from financing activities		
Payments for buy-back of own shares	30	(1)
Proceeds from bank borrowings	29,542	29,595
Repayment of bank borrowings, incl. repayment of interest	(36,559)	(28,953)
Dividends paid	(402)	(816)
Proceeds from trade loans, net, incl. repayment of interest	(1,281)	720
Other	(215)	(256)
Net cash flow from financing activities	**(8,885)**	**289**
Net change in cash and cash equivalents	992	(4,734)
Cash and cash equivalents at the beginning of the year	1,530	6,264
Cash and cash equivalents at the end of the year (note 11)	2,522	1,530

These separate financial statements were approved by the Board of Directors of the Company on 29.03.2016.

/signed/
Ivan Jelev
Financial Director

/signed/
Desislava Pavlova
Chief accountant

/signed/
Kiril Mihaylov
Executive Director

The separate statement of cash flows has been signed by Momchil Chergansky, Registered Auditor at Deloitte Audit OOD, on May 25, 2016.

The accompanying notes are an integral part of these separate financial statements.

1. General information

EASY ASSET MANAGEMENT AD (the "Company") is a joint stock company, incorporated on December 8, 2005 and operating in Bulgaria. The seat and management office of the Company is: Bulgaria, Sofia, 28, "Jawaharlal Nehru" Blvd. The Company is managed by a Board of Directors, which consists of:

- Stanimir Svetoslavov Vasilev – Chairman of the Board of Directors;
- Nedelcho Yordanov Spasov – Member of the Board of Directors;
- Kiril Krumov Mihaylov – Member of the Board of Directors and Executive Director;

The Company is represented by Kiril Krumov Mihaylov – Executive Director.

The share capital has not been increased during the year through issue of ordinary voting shares. The Company has issued 8,503,000 ordinary shares with a nominal value of BGN 1 each, at total share capital amount of BGN 8,503 thousand as of December 31, 2015. Ordinary shares carry one voting right per share at the General Meeting of Shareholders, right to dividends and liquidation proceeds. Right to dividends and liquidation proceeds are determined in proportion to the nominal value of the share. The Company can buy back its shares under the provisions of the law.

Easy Asset Management AD is a non-banking financial institution with a focus in the area of micro-crediting and uses the trademark of Easy Credit. The Company grants small unsecured short-term loans to customers with low or medium income. The Company operates through an extensive distribution network, consisting of more than 140 offices in the country. As of December 31, 2015 the Company has 986 employees.

The Company has investments in subsidiaries as follows:

- Easy Credit Llc (Ukraine) – 100%
- SC Easy Asset Management IFN AD (Romania) – 100%
- I Credit SP.Z.O.O. (Poland) – 100%
- I Credit S.R.O. (Czech Republic) – 100%
- FC M Cash Macedonia DOOEL – 100%
- M Cash OOD (Bulgaria) - 60%
- Pension insurance company – Utre AD – in liquidation (Bulgaria) – 100%
- Management Financial Group EAD (Bulgaria) – 100%.

Detailed information about the investments is presented in note 15.

In accordance with the requirements of IFRS 10 "Consolidated Financial Statements" the Company prepares consolidated financial statements that will be issued in May 2016.

1. Accounting policies

The main accounting policies, applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

- ***Basic concepts of the accounting policies***

The separate financial statements include the separate statement of comprehensive income, separate statement of financial position, the separate statement of changes in equity, the separate statements of cash flows and explanatory notes thereto. The separate financial statements are prepared under the historical cost convention, except for items in the separate statement of financial position requiring presentation at fair value, in accordance with the applicable accounting standards. The Company classifies its expenses by their nature.

The separate financial statements are presented in thousand of Bulgarian levs, which is the functional and presentation currency of the Company's financial statements.

An analysis of the liquidity of assets and liabilities is presented in note 23.3.

2. Accounting policies (continued)

Financial assets and financial liabilities are presented net in the separate statement of financial position only when a legal or contractual obligation to offset them exists and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are not offset in the separate statement of comprehensive income unless required or permitted in accounting standards or interpretations, or as expressly stated in accounting policy.

Separate statement of cash flows presents the changes in cash and cash equivalents arising during the period from operating, investing and financing activities.
Cash and cash equivalents include cash in hand, cash at bank accounts, overdrafts and bank deposits with a maturity of less than three months.

- ***Basis for preparation of the separate financial statements***

These financial statements have been prepared in all material respects, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations, issued by the Interpretations Committee (IFRIC), adopted by the European Union (EU) and applicable in the Republic of Bulgaria.

Initial application of new amendments to the existing Standards and Interpretations effective for the current financial period

The following new amendments to the existing standards and new interpretation issued by IASB and adopted by the EU are effective for the current financial period:

- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on December 18, 2014 (amendments are to be applied for annual periods beginning on or after January 1, 2015),
- IFRIC 21 "Levies" adopted by the EU on June 13, 2014 (effective for annual periods beginning on or after June 17, 2014).

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

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

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

- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on December 17, 2014 (amendments are to be applied for annual periods beginning on or after February 1, 2015),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants - adopted by the EU on November 23, 2015 (effective for annual periods beginning on or after January 1, 2016),
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on December 2, 2015 (effective for annual periods beginning on or after January 1, 2016),
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions - adopted by the EU on December 17, 2014 (effective for annual periods beginning on or after February 1, 2015),
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations adopted by the EU on November 24, 2015 (effective for annual periods beginning on or after January 1, 2016).
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative – adopted by the EU on December 18, 2015 (effective for annual periods beginning on or after January 1, 2016),
- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements - adopted by the EU on December 18, 2015 (effective for annual periods beginning on or after January 1, 2016),
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on December 15, 2015 (amendments are to be applied for annual periods beginning on or after January 1, 2016).

2. Accounting policies (continued)

New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU

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

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after January 1, 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- IFRS 15 "Revenue from Contracts with Customers" and further amendments (effective for annual periods beginning on or after January 1, 2018),
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016),
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after January 1, 2016).

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

- IFRS 9 Financial Instruments uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The lease receivables are within the scope of IFRS 9 in terms of the requirements for write off and impairment.
- IFRS 16 Lease, which provides for recognition by the lessee of right of use representing amortizable non-financial asset and lease liability.

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

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

- ***Significant accounting judgments, estimates and assumptions***

The preparation of financial statements in accordance with IFRS requires management to make certain accounting estimates and reasonable assumptions and estimates in applying the accounting policies of the Company. Changes in estimates and assumptions could have a significant impact on the financial statements for the period in which such estimates are changed. Management believes that the assumptions and estimates in the preparation of these financial statements are appropriate, and the financial statements present fairly the financial position and results of operations of the Company.

Accounting estimates and assumptions are analysed regularly, they are based on past experience and current relevant information and incorporate all factors and expectations of the management about current and future developments that could affect the carrying amount of assets and liabilities, income and expenses for the period and the type of disclosures in the financial statements. Estimates and assumptions that have a significant impact on the results of the Company are described below.

2. Accounting policies (continued)

- ***Going concern***

The management has assessed the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue its operations in the foreseeable future. Furthermore, the management is not aware of any material uncertainties that could cause doubt in the ability of the Company to continue as a going concern. Therefore, the financial statements have been prepared on a going concern assumption.

- ***Impairment losses on loans and receivables***

The Company reviews its portfolio of loans and receivables and determines the losses on impairment and uncollectibility on a monthly basis. In determining the impairment amount, the Company makes estimates and assumptions concerning the existence of a measurable decrease in the estimated future cash flows of the portfolio of loans and receivables, before the decrease could be identified in the pool of loans. All available indications of problems with the credit and payment status of borrowers and potential changes in the economic environment at local and national level are analysed. Analyses are performed for the entire pool of loans as of a certain time, due to the fact that the Company has no significant concentration of credit risk on individual positions in the portfolio of micro-loans. Management uses historical data on realized losses of assets with similar risk characteristics in making these estimates and analysis. Methodology and basic assumptions in the models used for the estimates and the time structure of future cash flows are analysed periodically to match more accurately the actual loss incurred.

Detailed analysis of impairment losses on loans, determined on a portfolio basis is presented in note 12.

Impairment allowances for individually significant loans and receivables are recorded when an objective evidence exist that the Company will be able to collect all amounts due on the loan. The impairment amount is determined as the difference between the carrying amount and recoverable amount at the end of each month.

Detailed analysis of impairment losses on loans, determined on an individual basis is presented in note 13.

- ***Income taxes***

The Company is required to accrue and pay income taxes, in accordance with the Bulgarian legislation. The Company accrues income tax liabilities in the normal course of Company's activities, transactions and operations, in which the determination of the exact amount of the related tax liabilities could be difficult and/or uncertain, if it is able to determine the amount of additional tax liabilities that could arise during inspections by the tax administration. Actual result of these inspections could differ from the amounts accrued in the period, in which case the differences are reported as a change in tax expense and tax liabilities. Deferred tax assets, recognized as of December 31, 2015 are estimated on the basis of an analysis of probability of future events and assumptions about the profit with a time horizon of five years. Deferred tax assets recognized could be adjusted in case of possible changes in assumptions about future profits. The determination of deferred tax assets recognized in the financial statements requires an analysis and evaluation of the probability of distribution and the amount of future taxable profits of the Company, and the availability of tax planning strategies.

- ***Fair value measurement***

The Company determines fair value of assets and liabilities when applicable in accordance with IFRS 13 Fair value measurement. The standard establishes a single fair value measurement basis and provides guidance to its disclosure without changing the requirements of other standards about which positions should apply and disclose fair value.

All amounts are in thousand Bulgarian Levs, except otherwise stated

2. Accounting policies (continued)

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

The scope of IFRS 13 is broad, applying to both financial and non-financial instruments for which other standards require or permit fair valuation measurements.

- ***Foreign currency transactions***

Currency transactions, i.e. transactions denominated in currencies other than the Bulgarian lev are measured at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies are translated at the exchange rate as of the date of the financial statements. Non-monetary assets, denominated in a foreign currency and measured at historical cost, are reported at the rate ruling at the date of initial recognition. Foreign exchange rates at the reporting date are, as follows:

	31.12.2015	31.12.2014
USD	1.79007	1.60841
EUR	1.95583	1.95583

The Bulgarian lev is pegged to the Euro at the exchange rate BGN 1.95583 / EUR 1, effective from 1999.

Foreign exchange gains and losses are reported at the exchange rate prevailing at the date of the transaction. Net gains or losses from exchange rate fluctuations, arising from revaluation of receivables, payables and foreign currency transactions are recognized in the statement of comprehensive income in the period in which they arise, except when they are deferred in revaluation reserve, arising from cash flow hedges.

- ***Financial assets and liabilities***

In accordance with IAS 39, all financial assets and liabilities, which may include also derivative financial instruments should be recognized in the statement of financial position, and valuated according to their categorization.

The Company classifies its financial assets into the following groups: financial assets at fair value through profit or loss; investments held to maturity; available for sale financial assets. The Company's management determines the classification of financial instruments upon initial recognition.

- ***Financial assets at fair value through profit and loss***

This category consists of two sub-categories: instruments held for trading and instruments designated at fair value through profit or loss upon initial recognition and subsequently remeasured at fair value.

Financial asset is classified as held for trading if acquired principally for short-term resale or reacquisition, or if it is part of a portfolio of identified financial instruments that are managed together and for which there is a recent practice of making short-term profit by purchase - sale. Derivative instruments are also categorized as held for trading unless they are designated and effectively used as hedging instruments. Financial assets held for trading include debt instruments, equity instruments and financial assets with embedded derivatives.

Upon initial recognition, instruments in this category are stated at fair value. Transaction costs are reported directly in the statement of comprehensive income. All changes in fair value are recognized in the statement of comprehensive income as a gain or loss. Interest income is reported in profit or loss using the effective interest method. Dividend income is reported as other operating income, when the right to dividend is established. Instruments in this category are derecognised when the rights to receive cash flows associated with them has expired or at the actual transfer of all risks and rewards associated with them, if the transfer qualifies for derecognition, as set out in IAS 39.

2. Accounting policies (continued)

Upon initial recognition, the Company may classify certain financial assets as instruments at fair value through profit or loss (i.e. fair value option). Such classification cannot be subsequently amended. Under IAS 39, the fair value option should be applied only when the following conditions are met:

• application of the fair value option reduces or eliminates the accounting inconsistencies between assets and liabilities, income and expenses; or
• financial assets form part of a portfolio of financial instruments that are managed and reported at fair value, in accordance with a documented investment strategy and risk management; or
• financial assets include debt and embedded derivative(s) that substantially modify the cash flows, and therefore should be accounted for and measured separately.

As of December 31, 2015 and 2014 the Company has no investments at fair value through profit and loss.

- ***Held to maturity investments***

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments that the Company intends and is able to hold to maturity, except for:

(a) instruments classified as held for trading
(b) instruments designed at fair value through profit or loss
(c) financial assets and liabilities that meet the definition of loans and receivables, originated at the Company.

The initial recognition is at cost, which includes costs of transaction and reflects the current fair value. Subsequent measurement is at amortized cost using the effective interest rate less any accumulated impairment losses. The calculation of amortized cost includes premiums and discounts related to the acquisition, commissions and other income and expenses related to the transaction, and all other income and expenses that are an integral part of the effective yield of the instrument. Interest income is recognised in the statement of comprehensive income. The amortized portion, included in the calculation of the effective interest rate for the period is reported as an adjustment to the interest income in the statement of comprehensive income. Impairment losses are included in the statement of comprehensive income in the period of impairment.

As of December 31, 2015 and 2014 the Company has no held to maturity investments.

- ***Available for sale financial assets***

Investments available for sale are financial assets intended to be held for a non-determinable period of time, which may be sold in response to liquidity needs or changes in interest rates, exchange rates or share prices or that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. Available for sale financial assets include shares and participations and debt securities. The Company has not classified loans and receivables as available for sale.

Available for sale financial assets are initially recognized at fair value, which represents the consideration paid and transaction costs, and are subsequently measured at fair value and revaluation gains and losses are recognized in other comprehensive income, except for the impairment losses and foreign exchange gains and losses. On disposal of an investment, the cumulative gain or loss reported in equity is recognized in the statement of comprehensive income under the item "Other operating income". When the Company holds more than one investment in the same financial instrument, the value of instruments sold is calculated using the "First-in, First-out " valuation method. Interest received during the period of detention is reported as interest income using the effective interest method. If a financial asset available for sale is impaired, the cumulative gain or loss previously recognized in equity is transferred to the statement of comprehensive income. Dividend income is recognized in the statement of comprehensive income when the right to receive payment has been undoubtedly established.

2. Accounting policies (continued)

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not:

(α) loans, which the Company intends to sell immediately and classifies as held for trading and loans which subsequent to initial recognition are classified at fair value through profit or loss;

(β) loans, which the Company classifies as available for sale subsequent to initial recognition; or

(χ) loans for which the Company may not recover substantially all of its initial investment for any reason other than borrower's creditworthiness deterioration.

These financial assets are initially recognized at fair value and subsequently - at amortized cost using the effective interest rate method, less any losses from impairment and uncollectibility.

Amortized cost is calculated taking into account any discount or premium given on acquisition and includes fees that are an integral part of the valid interest rate and transaction costs. Loans and receivables are stated in the statement of financial position as loans and advances to customers. Accrued interest is included in the statement of comprehensive income as "Interest income ". When impairment is recognised, the impairment loss is accounted for as a deduction from the carrying amount of the investment and is recognized in the statement of comprehensive income as "Impairment losses". The amortized portion included in the calculation of the effective interest rate for the period is stated as an adjustment to the interest income in the statement of comprehensive income. Impairment losses are included in the statement of comprehensive income in the period of impairment.

The Company may enter into loan commitments in which the loans are classified as held for trading, as the Company intends to sell the loans in short-term. Such loan commitments are reported as derivatives and are measured at fair value through profit or loss.
Loan commitments, which are expected to be retained by the Company, are recognized as liability only in when there is an onerous contract that will likely result in a loss.

- ***Financial liabilities***

Financial instruments issued by the Company, that do not represent items of equity by nature and are not recognized at fair value through profit or loss, are classified as liabilities ("borrowings"), if the contractual arrangement gives rise to an obligation of the Company either for the provision of cash or another financial asset to the holder, or for a performance under the obligation by an exchange of a fixed amount of cash or other financial asset for a fixed number of own shares. Financial liabilities are initially recognized at fair value net of direct transaction costs.

Subsequent to initial recognition, the bonds issued and other borrowings are measured at amortized cost using the effective interest method. Amortized cost is calculated taking into account any discount or premium given on acquisition and includes fees and commissions that are an integral part of the effective interest rate and transaction costs. Expenses are reported in the statement of comprehensive income.

Compound financial instrument that contains both a debt and an equity component should be separated into its components on the issue date. The portion of net proceeds from the instruments allocated to the debt component at the issue date should be calculated on the basis of fair value (determined on basis of quoted market prices for similar debt instruments). The portion of the proceeds allocated to the equity component is equal to the residual amount after deducting the amount allocated to the debt component. The amount of all embedded derivatives (e.g., call options), other than the equity component should be included in the debt component.

2. Accounting policies (continued)

- ***Derecognition of financial assets and liabilities***

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through"arrangement, and either the Company have transferred substantially all the risks and rewards of the asset or have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company has transferred its rights to receive cash flows from the asset or has entered into an agreement to transfer and neither transferred nor retained substantially all the risks and rewards of the asset or has transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In this case, the Company also recognizes the liability associated with the asset (liability). The transferred asset and the related liability are measured on a basis that reflects the rights and obligations retained by the Company.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that would be required by the Company to pay back.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and consideration paid is recognized in profit or loss for the period.

- ***Fair value measurement***

For financial instruments traded in active markets, the fair value measurement is based on market prices or quotations of dealers. Financial instrument is considered to be traded in an active market if quoted prices are regularly available on the stock exchange, dealer, broker, relevant industry, relevant company or regulatory agency and those prices represent actual and regularly performed in the market transactions. If the above criteria are not met, the market is considered inactive.

For all other financial instruments fair value is determined using valuation techniques. These include the method of discounted cash flows, comparison to similar instruments for which there are adequate observable market prices, option pricing models, credit models and other relevant valuation techniques. In applying these models, the fair values are calculated using the observable inputs for other similar financial instruments, usage of models to assess the present value of expected future cash flows or other valuation techniques that apply inputs, existing at the date of the statement of financial position. Some of the inputs to these techniques may not be observable in active markets and therefore estimations are based on assumptions. Results of a given model/technique represent estimates or approximate value that cannot be determined with absolute certainty, and valuation techniques used may not fully reflect all the factors, corresponding to the positions of the Company. Therefore, estimates and techniques are adjusted, where appropriate, to allow the inclusion of additional factors including model risks and credit risks. When the fair value of unquoted equity instrument cannot be determined with certainty, the instrument is measured at cost less impairment. Fair value of loans and advances and liabilities to third parties should be determined using the present value model based on the contractual cash flows taking into account the credit quality, liquidity and costs; their fair value does not differ significantly from their net carrying amount. Fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amount.

All amounts are in thousand Bulgarian Levs, except otherwise stated

2. Accounting policies (continued)

With respect to financial assets and financial liabilities that have short maturity (less than three months) it is assumed that the carrying amount approximates their fair value. This assumption is also applied to demand deposits and savings with no fixed maturity.

IFRS 7 Financial Instruments: Disclosures requires the notes to the financial statements to disclose information about fair value measurement, in accordance with IFRS 13 Fair value, of financial assets and liabilities that are not measured at fair value in the statement of financial position. IFRS 13 defines a hierarchy of valuation techniques, depending on the extent that relevant observable inputs are available or not. Observable inputs include market data obtained from external information sources; unobservable inputs include assumptions and judgments by the Company.

These two types of inputs define the following hierarchy of fair value measurements:

• Level 1 – quoted prices in active markets for identical financial instruments. This includes listed equity and debt instruments
• Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. can be derived from market prices).
• Level 3 –unobservable inputs and/or inputs not based on external market data. Such inputs include instruments which major components are unobservable.

The above hierarchy of valuation techniques requires the use of observable market data whenever possible. In fair value measurement, the Company applies relevant observable market prices, where possible.

Fair value of the financial instruments:

	As of December 31, 2015		*As of December 31, 2014*	
Financial assets	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Cash and cash equivalents	2,522	2,522	1,530	1,530
Loans and receivables	32,072	32,072	33,296	33,296
Individually significant loans to legal entities and individuals	27,725	27,725	22,050	22,050
Trade and other receivables	3,854	3,854	4,765	4,765
Investments in subsidiaries	6,843	6,843	6,569	6,569
Total assets	**73,016**	**73,016**	**68,210**	**68,210**
Financial liabilities				
Bank borrowings	5,021	5,021	11,493	11,493
Employee benefits and social security	4,024	4,024	3,343	3,343
Trade and other payables	4,374	4,374	4,375	4,375
Total liabilities	**13,419**	**13,419**	**19,211**	**19,211**

All amounts are in thousand Bulgarian Levs, except otherwise stated

2. Accounting policies (continued)

The following table provides information about the financial instruments that require disclosure of fair value in accordance with IFRS 7, allocated by the valuation techniques used:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Cash and cash equivalents	2,522	-	-	2.522
Loans and receivables	-	-	32,072	32,072
Individually significant loans to legal entities and individuals	-	-	27,725	27,725
Trade and other receivables	-	-	3,854	3,854
Investments in subsidiaries	-	-	6,843	6,843
Financial liabilities				
Bank borrowings	-	5,021	-	5,021
Employee benefits and social security	-	-	4,024	4,024
Trade and other payables	-	-	4,374	4,374

- ***Offsetting financial instruments***

Financial assets and liabilities could be offset and the net amount is reported in the statement of financial position when an enforceable right to set-off the recognized amounts exists and the Company intends to settle the asset or liability on a net basis or to realize the asset and settle the liability simultaneously.

- ***Impairment of financial assets***

(A) Impairment of assets measured at amortised cost

The Company assesses at each reporting date whether an objective evidence exist that a financial asset or group of financial assets is impaired. A financial asset or group of assets is impaired, and impairment losses are recognised, only if there is objective evidence of such as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has negatively impacted the estimated future cash flows of the financial asset or group of financial assets of the Company, which can be reliably measured. The criteria that the Company uses to determine whether there is objective evidence for an impairment loss include:

(a) significant financial difficulties of the debtor;
(b) breach of contract, such as default or delay in interest or principal payments;
(c) presence of objective data indicating that there is a significant measurable decrease in the estimated future cash flows from a portfolio of financial assets after their initial recognition, although the decrease has not been yet identified against the individual financial assets in the portfolio;
(d) adverse changes in the payment status of borrowers within the portfolio;

There may be other circumstances (e.g. fraud, adverse changes in the unemployment rate, etc.) to be considered as an indication for impairment of loans. The Company assesses the existence of objective evidence of impairment of individual loans or groups of loans. The Company has formed a portfolio of loans with similar credit risk characteristics that are not individually significant and collectively assesses them for impairment.

The loss amount is measured as the difference between the carrying amount of the asset or group of assets and its/their recoverable amount, which is the present value of estimated future cash flows (excluding future credit losses that have not occurred).

The carrying value of the loans is decreased by the impairment amount and the amount of the loss is recognized in the statement of comprehensive income for the period in which the loss arises.

2. Accounting policies (continued)

Future cash flows of a group of financial assets, tested for impairment on a portfolio basis, are calculated on the basis of the contractual cash flows, taking into account historical losses from assets with similar credit risk characteristics. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce the difference between the estimated and actual losses. When a loan cannot be repaid, it is written-off against accumulated depreciation. Such loans are written-off after all the necessary procedures have been completed and the amount of the loss has been determined.

If during a subsequent period the amount of the impairment loss decreases and the decrease can be objectively related to an event that occurs after impairment recognition, the impairment loss previously recognized should be reversed in the statement of comprehensive income.

(B) Impairment of assets classified as available for sale

The Company assesses at each reporting date whether objective evidence exists that a financial asset or group of assets are impaired. A significant or continuous decrease in fair value of an available for sale financial asset represents an objective evidence of impairment and an impairment loss should be recognized. If such evidence exists for available for sale assets, the cumulative loss, being the difference between the acquisition costs and the current fair value, less impairment losses on these financial assets, should be transferred from equity and recognized in the profit and loss for the period.

If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase is due to an event that have occurred after the period of impairment recognition in profit or loss, the impairment loss should be reversed through the statement of comprehensive income.

Impairment losses recognized in profit or loss for equity investments classified as "available for sale" shall not be reversed through profit or loss.

- ***Impairment of non-financial assets***

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be estimated. If the recoverable amount of an asset is lower than its carrying amount, the latter should be reduced to its recoverable amount. Regardless of whether or not any indication of impairment exists, the Company reviews for impairment all intangible assets with indefinite useful lives and intangible assets not yet available for use on an annual basis.

The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell of an asset and its value in use. Recoverable amount is determined for an individual asset, unless where an asset generates cash inflows that are largely independent of those from other assets or group of assets. If this is the case, the recoverable amount is determined for the cash-generating unit the asset belongs to. At the end of each reporting period, the Company assesses whether there is any indication that an impairment loss on non-financial assets other than goodwill recognized in prior years may no longer exist or may have decreased. If such indications exist the Company should estimate of the recoverable amount of the asset.

An impairment loss for an asset should be reversed only if there has been a change in the estimates used to determine the initial recoverable amount of the asset since the last impairment loss recognition. In this case, the carrying amount of the asset should be increased to its recoverable amount. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

2. Accounting policies (continued)

- ***Leases***

Lease contracts are recognized in accordance with IAS 17 and IFRIC 4. Contracts are classified as finance or operating lease, depending on the extent to which risks and rewards incidental to ownership of the leased asset are retained by the lessor or transferred to the lessee. Determining whether an arrangement is or contains a lease is based on the substance of the arrangement, after an assessment about whether the fulfilment of the arrangement is dependent on the use of specific assets and an assessment about whether and to what extent the arrangement conveys a right to use the asset. An assessment of whether an arrangement contains a lease should be made at the inception of the contract. Reassessment of whether an arrangement contains a lease after its inception is performed only if it satisfies one of the following conditions:

(a) here is a change in the contractual terms, unless the change only renews or extends the agreement;
(b) a renewal option has been exercised or the parties agreed to extend the agreement, unless the renewal or extension term has not been initially included in the lease term;
(c) there is a change in the determination of whether the execution is dependent on a specific asset;
(d) there is a significant change in the asset, for example a substantial physical change;

If an arrangement is reassessed and it is determined that it contains a lease (or does not contain a lease), the accounting for a lease is applied (or cease) from the time of a change in circumstances, giving rise to the reassessment or, respectively, from the beginning of the renewal or extension.

Leases that do not transfer substantially all the significant risks and rewards incidental to ownership of the asset are classified as operating leases. Lease payments under operating leases are recognized as an expense in the statement of comprehensive income in proportion to the lease contract term. Upon termination of the lease before the expiry of the contract, an expense should be recognized currently in the statement of comprehensive income at the amount of penalties due to the lessor or other payments related to the termination of the contract.

Leases that transfer substantially all the significant risks and rewards incidental to ownership are classified as finance leases. At the beginning of the lease term finance lease is recognized as asset and liability in the statement of financial position at amount equal to the fair value of the leased property at the beginning of the lease term or if lower – at amount equal to the present value of the minimum lease payments determined at the beginning of the lease contract. Initial direct costs are included in the amount recognized as asset. The liability for future lease payments, less financial expenses for future periods, is reported in the statement of financial position.

Minimum lease payments are allocated between financial expense and decrease of the liability. Financial expense is allocated in periods over the lease contract term so that the interest rate remains constant for the periods over the residual amount of the liability. The amortized amount of the net asset is allocated regularly for each reporting period according to the time of expected usage in compliance with the Company's amortization policy. If sufficient extent of certainty exists that the property right will be received until the end of the lease term, the period of the expected usage is equal to the useful life of an asset, otherwise the asset is amortized for the shorter period – lease term or useful life of the asset.

- ***Income and expense recognition***

Income is recognized to the extent that economic benefits, which are probable to inflow to the Company, exist and these economic benefits can be reliably measured. The Company applies the following specific income recognition requirements:

2. Accounting policies (continued)

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale and financial instruments measured at fair value, interest income and expense are reported as "interest income" and "interest expense" in the financial statements using the effective interest rate method. The effective interest rate method is method for calculation of amortized cost of financial assets or financial liabilities and allocation of interest income or interest expense for the respective period. The effective interest is the interest rate which precisely discounts estimated future cash flows for the financial instrument lifecycle or, when appropriate – for shorter period, against the net carrying amount of financial assets and liabilities.

Upon calculation of the effective interest rate the Company measures cash flows considering all contractual provisions of the financial instrument (e.g. preliminary payment options) except for future credit losses. The calculation includes all fees and commissions paid or received between the contract parties which are integral part of the effective interest rate, transaction costs and all other granted or received premiums and rebates.

- ***Income from fees and commissions, income from dividends***

Fees and commissions are recognized when the service is rendered. Fees received in exchange of services rendered in certain time period are accrued for the same period. Fees for commitment for granting loans that are probable to be withdrawn and other fees related to loans are deferred (together with all additional costs) and are recognized through change in the loan effective interest rate. Dividends are reported as income in the income statement after establishment of the receipt right.

- ***Customer loyalty programs***

Loans granted under customer loyalty programs represent a separate identifiable item of the transaction under which they are granted. The fair value of the received consideration related to initial sale is allocated between loans and other sale items. Loans granted under customer loyalty programs are reported as an adjustment of the carrying amount of the credit portfolio and interest income for the period.

- ***Cash and cash equivalents***

Cash and cash equivalents reported in the statement of cash flows include cash at hand and in bank accounts, bank deposits with initial maturity less than three months.

- ***Property, plant and equipment***

Property, plant and equipment are measured at historical cost excluding costs for current maintenance less accumulated depreciation and impairment. Historical cost includes expenses that can be directly included in the acquisition cost of the respective asset. Subsequent expenses are capitalized in the cost of an asset or recognized as separate tangible asset only if there is probability for generating future economic benefits and if those additional expenses can be reliably measured. The carrying amount of replaced part of a tangible asset is derecognized. All other expenses for repair and maintenance are recognized in the income statement when they arise.

As of December 31, 2015 and 2014 depreciation of non-current tangible assets is calculated using the straight line method over the expected useful life as follows:

Equipment	3.33 years
Vehicles	4 years
Computers and peripherals	2 years
Other	6.7 years

2. Accounting policies (continued)

Carrying amount of tangible assets is annually analysed for impairment indications. If such indications exist the recoverable amount (the higher of the net sales price of an asset and its value in use) of an asset is calculated. In case the recoverable amount of an asset is lower than its carrying amount, the carrying amount is decreased to its recoverable value. Impairment loss is recognized as expense in the income statement. Carrying amount of an item of property, plant and equipment is derecognized upon its sale or when no future economic benefit of its use is expected. Profit or loss arising upon disposal of an item of property, plant and equipment is included in the result for the period when the asset is disposed (unless otherwise required by IAS 17 upon sale and reverse lease), in other income/expense.

As of December 31, 2015 and 2014 no impairment of non-current tangible assets is identified.

- ***Нематериални активи***

Intangible assets consist of software, licenses and other separate identifiable assets. Intangible non-current assets are measured at acquisition cost less accumulated amortization and impairment losses. Amortization of non-current assets is calculated based on the straight line method over the estimated useful life.

As of each reporting date Company's management revaluates the carrying amount and residual useful life of intangible assets. Upon any changes in residual useful life of the assets, the amortization method or period are changed, which is treated as change in accounting estimates. Intangible assets with unspecified useful life are not amortized but are regularly tested for impairment. All intangible assets are subject to annual review for impairment. If impairment indications exist as of the date of the statement of financial position the assets are subject to additional analysis aiming to estimate if their carrying amount is recoverable. If the carrying amount is lower than the recoverable amount impairment loss is recognized in the statement of comprehensive income.

Software licenses are recognized if they can be separated or arise as a result of contractual or other legal rights, costs related to their acquisition can be reliably measured and the asset will generate future probable economic benefits. Software has maximum expected useful life of 2 years.

Other intangible assets are initially recognized when identified or arise as a result of contractual or other legal rights, costs related to their acquisition can be reliably measured and (in case intangible assets are not acquired in business combination) the asset will generate future probable economic benefits. Other intangible assets are measured at cost less accumulated amortization and impairment. These assets are amortized over their useful life reflecting their contribution to the Company's future cash flows.

- ***Provisions***

Provision for legal or constructive obligation is recognized when the Company has a present obligation as a result from past events; it is highly probable outflow to be needed for the settlement of the obligation; the liability can be reliably measured. Costs related to provisions are presented in the statement of comprehensive income without compensation. The Company does not recognize provision for future operational losses. When there are numerous liabilities of similar nature the probability for settlement is determined by considering these similar liabilities as a whole. Provision is recognized even if the probability of settlement of a separate liability from a group of similar liabilities is low. Provisions are discounted when the effect is material. In these cases the amount of the provision represents the present value of payments that are expected to cover the liability. Discount rate is the rate before taxation that reflects the current market valuation of the time differences in the cash value and specific risks of the liability. The discount rate does not reflect risks for which the future cash flows are already revaluated. Increase of provision due to time passing is recognized as interest expense.

2. Accounting policies (continued)

- ***Share based payments***

Company's personnel receive share based consideration while employees render services in exchange of consideration received as equity instruments. Costs for shares related transactions are recognized together with the respective capital increase for the period when services are performed or conditions for performing services are available as of the date when the respective employees are fully entitled to acquisition ("date of entitlement"). The cumulative expense recognized for shares related transactions for each reporting date to the date of entitlement reflects the extent to which the entitlement period has expired and the best Company's estimation of the number of equity instruments subject of entitlement. The expense is reported as "Personnel costs". When conditions for share based payments are changed, the minimum expenses recognized in "Personnel costs" are the expenses that would have been recognized if the conditions have not been changed. Additional expense is recognized for all modifications that increase the overall value of the agreement for share based payment or is in other way in employees' benefit. When share based payment is cancelled the cancelation is treated as transferred right as of the cancellation date and all costs not recognized until the cancellation date are recognized immediately.

When former share based payment scheme is replaced by new one or cancelled, and new schemes are treated as modifications of the original one as described above. Costs on share based payments are initially measured at fair value using pricing model that considers the conditions in which the instruments are disposed. This fair value is reported as expense for the period of entitling. Liabilities under the scheme are revaluated at fair value in each statement of financial position until the settlement date. Changes in the fair value are reported in the statement of comprehensive income.

- ***Current income tax***

The Company accrues current tax in compliance with the Bulgarian legislation. Income tax is calculated based on the taxable profit for the period determined in accordance with the provisions of the tax legislation. Tax effect related to transactions or other events reported in the statement of comprehensive income is reported in the statement of comprehensive income. Tax effect related to transactions or other events reported directly in equity is reported directly in equity. Current tax assets and liabilities for current or prior years represent the amount that is expected to be recovered from or paid to tax authorities. Tax rates used in calculations are provided by the applicable legislation as of the date of the statement of financial position.

- ***Deferred taxes***

Deferred tax receivables and payables are reported for all taxable temporary differences using the balance sheet method applied to the difference between the tax base of assets and liabilities and their carrying amount reported in the financial statements. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred taxes are recognized as income or expense and are included in the net profit for the period except when these taxes arise from transaction or event reported for the same or different period directly in equity. Deferred taxes are directly recognized in or deducted from equity when these taxes relate to items recognized or deducted in the same or different period directly in equity.

Deferred taxes are recognized as income or expense using tax rates applicable as of the date of preparation of the financial statements. Deferred taxes are not recognized when they arise from initial reporting of an asset or liability upon transaction for which as of the transaction date neither the accounting nor the taxable profit (loss) are affected. Deferred taxes arising from investments in subsidiaries and transactions abroad are recognized in the income statement and statement of financial position except when the period for utilization of these temporary differences is controlled by the Company and it is highly probable that the temporary difference will not reverse in the future.

2. Accounting policies (continued)

- ***Share repurchase and contracts for purchase of own shares***

Company's own equity instruments acquired by the Company or its subsidiaries (own shares) are deducted from equity and reported at weighted average acquisition cost. Compensation paid or received for purchase, sale, issuance or cancelation of Company's own equity instruments is recognized directly in shareholders' equity. Profit or loss is not recognized in the income statement. Contracts for purchase of own shares related to issuance of own shares in exchange of consideration are classified as equity and are added to or deducted from equity. Contracts for purchase of own shares which require net cash settlement or provide an option for settlement by retained value of the contractual liability resulting in change of share number upon change in their fair value, are classified as financial liabilities.

- ***Dividends***

Dividends related to ordinary shares are recognized as liability and are deducted from equity when approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared. Current dividends approved after the end of the reporting period but before the date of issuance of the financial statements are disclosed as events after the end of the reporting period.

- ***Employee benefits***

The Company makes contributions to various public or private administrative pension schemes and funds. The incurred payments related to these short-term employee benefits are recognized as an expense for the period.

The Company is obliged to pay retirement benefits to its employees provided that they meet numerous legal requirements in accordance with the Bulgarian labour legislation. The Company recognizes termination benefit expenses if the following requirements are met: there is firm commitment and detailed termination plan and legal obligation for payment of these short-term employee benefits exists. Employee benefits due later than one year after the reporting date are discounted to their present value.

According to the Bulgarian labour legislation the Company is obliged to pay two or six monthly gross salaries to employees upon retirement depending on the length of service. If the length of service is more than ten years the retirement benefit amounts to six monthly gross salaries, otherwise amounts to two salaries. These retirement benefit payables are not funded in a separate fund. As of the date of preparation of these financial statements Company's management has made assessment of the present value of these payables using actuarial calculations based on the projected unit credit method.

- ***Comparative information***

All amounts in the financial statements are disclosed together with comparative information for prior periods except otherwise required or permitted by a standard or interpretation. In accordance with IAS 8 the comparative information is adjusted to be consistent with the reporting amendments in the current period.

3. Interest income and penalties for default contractual obligations

	2015	*2014*
Income from interest and penalties upon default of contractual obligations on behalf of borrowers for loans granted	76,003	65,956
Interest income on deposits and current accounts	1	5
Total	**76,004**	**65,961**

Income from interest and penalties upon default of contractual obligations on behalf of borrowers for loans granted include collected amounts on written-off loans at the amount of BGN 1,418 thousand.

All amounts are in thousand Bulgarian Levs, except otherwise stated

4. Interest expenses

	2015	*2014*
Interest on bank borrowings	545	775
Interest on financing	139	157
Total	684	932

5. Other finance income/(expenses), net

	2015	*2014*
Income:		
Gains on currency transactions and revaluations	3,432	1,955
Income from ceded receivables	2,331	1,734
Collected amounts exceeding the acquisition cost of purchased receivables (see also note 12)	460	586
	6,223	**4,275**
Expenses:		
Expenses from foreign currency operations and revaluations	(1,799)	(1,214)
Expenses related to transactions with financial assets and instruments	-	(4,428)
Expenses related to currency trade	(346)	-
Fees and commissions	(205)	(292)
	(2,350)	**(5,934)**
Other finance income/(expenses), net	3,873	(1,659)

6. Employee benefit expenses

	2015	*2014*
Salaries and wages	25,910	22,472
Social security	3,047	2,670
Total	28,957	25,142

7. Other operating expenses, net

	2015	*2014*
Other operating income:		
Income from services rendered	65	804
Other operating income	13	25
	78	829
Other operating expenses:		
Materials	1,309	1,501
Operating lease	1,891	1,773
Advertisement and marketing	3,038	2,513
Telecommunications and postal expenses	692	773
Transportation and business trips	783	610
Consulting and legal services	928	400
Consumables, including electricity	323	291
Office security	91	79
Insurance	109	98
Repairs and technical maintenance	60	72
Representative expenses and expenses non-related to operations	461	367
Other operating expenses	972	1,073
	10,657	9,550
Other operating expenses, net	(10,579)	(8,721)

All amounts are in thousand Bulgarian Levs, except otherwise stated

8. Taxation

The Company does not have contingent receivables or payables subject to taxation and does not expect any significant changes in its tax position due to amendments of tax rates or tax laws in subsequent reporting periods.

	2015	*2014*
Current income tax expense	1,052	938
Effect from deferred taxes	45	14
Total	**1,097**	**952**

The effective tax rate in Bulgaria for 2015 is 10 % (2014: 10 %). The calculation of tax expenses and the accounting profit multiplied by the effective tax rate for the years ended December 31, 2015 and 2014 is as follows:

	2015	*2014*
Profit before tax	10,765	9,302
Income tax expenses at tax rate of 10% (2014: 10%)	1,076	930
Tax effect from expenses unrecognized for tax purposes and other	21	22
Tax expense	**1,097**	**952**

The table below summarizes deferred tax assets and liabilities reported in the statement of financial position and the statement of comprehensive income:

	Statement of financial position		*Statement of comprehensive income*	
	2015	*2014*	*2015*	*2014*
Deferred tax assets				
Unused paid leave	75	61	14	(9)
Current employee benefit expenses	95	157	(62)	(10)
Other	31	28	3	5
Total	**201**	**246**	**(45)**	**(14)**

9. Earnings per share

Earnings per share is calculated by dividing the net profit for the year that is payable to ordinary shareholders by the weighted average number of regular shares not paid during the respective year. The Company has not issued or received any financial instruments reducing the value of earnings per share. There were no significant transactions including ordinary or potentially ordinary shares performed between the reporting date and the date of approval of these separate financial statements that may need restatement of earnings per share.

The table below presents data used in calculation of earnings per share:

	2015	*2014*
Net profit distributable among shareholders	9,668	8,350
Number of ordinary shares	8,503	8,503
Earnings per share	**1.14**	**0.98**

All amounts are in thousand Bulgarian Levs, except otherwise stated

10. Dividends

No dividends have been paid during 2015 and no dividends have been distributed during 2014.

11. Cash and cash equivalents

	As of December 31, 2015	*As of December 31, 2014*
Cash at current accounts	1,559	623
Cash on hand	875	809
Cash in transfer	88	98
Total	2,522	1,530

Cash and cash equivalents comprise cash on hand and at bank accounts.

12. Loans and receivables

	As of December 31, 2015	*As of December 31, 2014*
Principal and accrued interest	46,727	42,602
Purchased receivables on loans	56	1,129
Other receivables, incl. court receivables	1,030	1,007
Less: impairment loss	(15,741)	(11,442)
Total	32,072	33,296

All loans bear fixed interest rates.

During the prior period the Company has purchased a portfolio of unsecured consumer loans by a third party which are initially reported at acquisition cost which Company's management considers that it reflects in the most precise manner the far value of the purchased credit portfolio as of the transation date. Income from gathered amounts exceeding the purchase price of each separate loan receivable is reported as other finance income (see note 5). As of Decembr 31, 2015 the Company has performed an analysis of the recoverable amount of the purchased credit portfolio and as a result it has accrued provision for impairment loss on this portfolio at the amount of BGN 56 thousand which is included in the toal amount of accrued impairment losses above.

The change in impairment losses of customer loans is as follows:

	2015	*2014*
At the beginning of the period	11,442	11,331
Accrued during the year, net of reversed impairment	21,682	16,681
Written off against provisions	(17,383)	(16,570)
At the end of the period	15,741	11,442

All amounts are in thousand Bulgarian Levs, except otherwise stated

12. Loans and receivables (continued)

For its internal needs the Company applies own models for credit risk measurement and analysis. These rating and valuation models are applied to the analysis of the loan portfolio and are used as a basis for calculation of loss on uncollectable loans.

13. Individually significant loans to legal entities and individuals

	As of December 31, 2015	*As of December 31, 2014*
Trade loans granted to related parties, incl. accrued interest	23,713	19,531
Trade loans granted to legal entities, incl. accrued interest	21,734	17,440
Trade loans granted to individuals, incl. accrued interest	1,466	1,072
Less: impairment losses	(19,188)	(15,993)
Total	27,725	22,050

All trade loans are unsecured and bear fixed interest rates.

Movement of impairment loss on loans to legal entities and individuals is as follows:

	2015	*2014*
At the beginning of the year	15,993	13,540
Charged during the year, net of reversed impairment	3,213	2,453
Reversed impairment	(18)	-
At the end of the year	19,188	15,993

Individually significant trade loans granted are reviewed for impairment on the basis of the individual characteristics of the loan receivable.

14. Trade and other receivables

	As of December 31, 2015	*As of December 31, 2014*
Advances	639	448
Guarantees	84	78
Receivables on cession of loans and receivables	2,159	3,305
Other receivables from related parties	904	884
Other	68	50
Total	3,854	4,765

All amounts are in thousand Bulgarian Levs, except otherwise stated

14. Trade and other receivables (continued)

The structure of receivables on cession of receivables and loans is as follows:

	As of December 31, 2015	*As of December 31, 2014*
Receivable on cession of active portfolio related to discontinuation of the respective product	1,687	2,009
Receivable on cession of purchased and ceded loan portfolio	-	440
Receivable on cession of non-performing receivables on own portfolio	472	856
Total	**2,159**	**3,305**

15. Investments in subsidiaries

The Company owns 100% of Easy Credit Llc (the Subsidiary). The Subsidiary is registered in accordance with the Ukrainian legislation and the regulatory requirements for non-banking institutions. The initial registered capital of the Subsidiary amounts to UAH 6,922 which as of the date of capital registration were equal to EUR 800 thousand or BGN 1,565 thousand. In 2015 a decision was taken for capital increase up to UAH 102,460 thousand, equal to EUR 4,581 thousand or BGN 8,960 thousand as of the date of the capital increase.

The Company owns 100% of SC Easy Asset Management IFN AD (the Subsidiary). The Subsidiary is registered in accordance with the Romanian legislation and the regulatory requirements for non-banking institutions. Total number of shares is 459 800 and the capital amounts to BGN 861 thousand (equal to EUR 440 thousand). The currency of the registered capital is Romanian leu (RON). As of December 31, 2015 the share capital of the Subsidiary amounts to RON 1,963 thousand, equal to BGN 856 thousand as of the date of the last increase.

The Company owns 100% of I Credit SP.Z.O.O. (the Subsidiary) established in 2014. The Subsidiary is registered in accordance with the Polish legislation and the regulatory requirements for non-banking institutions. As of the registration date the share capital of the Subsidiary amounts to BGN 2 thousand (equal to PLN 5 thousand).

The Company owns 100% of I Credit S.R.O. (the Subsidiary) established in 2014. The Subsidiary is registered in accordance with the Czech legislation and the regulatory requirements for non-banking institutions. As of the registration date the share capital of the Subsidiary amounts to BGN 142 thousand (equal to CZK 2 million).

The Company owns 100% of FC M Cash Macedonia DOOEL Skopje (the Subsidiary) established in 2014. The Subsidiary is registered in accordance with the legislation of the Republic of Macedonia and the regulatory requirements for non-banking institutions. The registered capital of the Subsidiary amounts to BGN 196 thousand (equal to EUR 100 thousand).

The Company owns 60% of M Cash OOD (the Subsidiary) established in 2014. The registered capital of the Subsidiary amounts to BGN 200 thousand.

The Company owns 100% of Pension insurance company – Utre AD – in liquidation (the Subsidiary) established in 2014. The Subsidiary is registered in accordance with the legislation of the Republic of Bulgaria and the regulatory requirements for pension insurance companies. The registered capital of the Subsidiary amounts to BGN 5 million. On November 2, 2015 a decision was taken for liquidation of the Subsidiary. The decision is entered in the Trade register on November 12, 2015.

The Company owns 100% of Management Financial Group EAD (the Subsidiary) established in 2015. The Subsidiary is registered in accordance with the legislation of the Republic of Bulgaria. The registered capital of the Subsidiary amounts to BGN 50 thousand and the amount of the paid in capital is BGN 12 thousand.

All amounts are in thousand Bulgarian Levs, except otherwise stated

15. Investments in subsidiaries (continued)

Investments in subsidiaries are classified as financial assets available for sale. The Company's accounting policy regarding financial assets available for sale is disclosed in note 2 to these separate financial statements.

	As of December 31, 2015	*As of December 31, 2014*
Investments at initial recognition	7,885	7,885
Increase of investments during the year	4,156	-
Less: effect from currency revaluation upon determination of recoverable amount	(1,057)	(866)
Less: impairment losses	(4,141)	(450)
Total	6,843	6,569

Movements in impairment of investments are as follows:

	2015	*2014*
At the beginning of the period	1,316	-
Charged during the year, net of reversed impairment	3,882	1,316
Reversed impairment		-
At the end of the period	5,198	1,316

Net carrying amount of investments in subsidiaries after impairment as of December 31:

	As of December 31, 2015	*As of December 31, 2014*
Easy Credit LLC	1,234	704
SC Easy Asset Management IFN AD	856	856
I Credit SP.Z.O.O.	2	2
I Credit S.R.O.	43	43
FC M Cash Macedonia DOOEL Skopje	196	196
M Cash OOD - Bulgaria	120	120
Pension insurance company – Utre AD – Bulgaria	4,080	4,550
Management Financial Group EAD	12	-
Easy Payment Services EOOD	300	-
Total	6,843	6,569

On March 30, 2015 a decision was taken for establishment of Easy Payment Services EOOD with capital subject to registration at the amount of BGN 1,000 thousand and BGN 300 thousand are deposited in incorporation account. As of December 31, 2015 and as of the date of approval of these separate financial statements the company is still not registered in the Trade register.

As of December 31, 2015 the Company performed analysis of the recoverable amount of the investments in subsidiaries and the receivebales granted to the subsidiaries. Company's management believes, that the respective carrying amounts as of December 31, 2015 are recoverable, see also note 5.

All amounts are in thousand Bulgarian Levs, except otherwise stated

16. Property, plant and equipment

	Machinery and equipment	*Vehicles*	*Other*	*Total*
Cost				
At January 1, 2014	76	281	451	808
Additions	-	-	96	96
Disposals	-	(12)	(21)	(33)
December 31, 2014	**76**	**269**	**526**	**871**
Depreciation				
At January 1, 2014	(76)	(281)	(288)	(645)
Charged	-		(73)	(73)
Written-off	-	12	21	33
December 31, 2014	**(76)**	**(269)**	**(340)**	**(685)**
Carrying amount				
At January 1, 2014	-	-	163	163
December 31, 2014	**-**	**-**	**186**	**186**
Cost				
At January 1, 2015	76	269	526	871
Additions	-	-	287	287
Disposals	-	(12)	(79)	(91)
December 31, 2015	**76**	**257**	**734**	**1,067**
Depreciation				
At January 1, 2015	(76)	(269)	(340)	(685)
Charged	-	-	(127)	(127)
Written-off	-	12	77	89
December 31, 2015	**(76)**	**(257)**	**(390)**	**(723)**
Carrying amount				
At January 1, 2015	-	-	186	186
December 31, 2015	**-**	**-**	**344**	**344**

17. Intangible assets

	Software
Cost	
January 1, 2014	236
Additions	14
December 31, 2014	**250**
Amortization	
January 1, 2014	(201)
Charged	(29)
December 31, 2014	**(230)**
Carrying amount	
January 1, 2014	35
December 31, 2014	**20**
Cost	
January 1, 2015	250
Additions	131
December 31, 2015	**381**
Amortization	
January 1, 2015	(230)
Charged	(34)
December 31, 2015	**(264)**
Carrying amount	
January 1, 2015	20
December 31, 2015	**117**

All amounts are in thousand Bulgarian Levs, except otherwise stated

18. Bank borrowings

Bank borrowings comprise bank loans with the following structure:

	Effective interest rate	*Term*	*As of December 31, 2015*	*As of December 31, 2014*
Bank 1	7.40%	April 2017	5,009	2,673
Bank 2	8.10%	December 2015	11	3,922
Bank 3	8.20%	September 2016	1	4,898
Total			5,021	11,493

The borrowings are revolving credit lines/overdrafts for working capital. The Company has no overdue payments on principal, interest and other similar payables as of December 31, 2015 and 2014. The interest is calculated on the basis of the effective yield by applying effective interest rate. Borrowed funds are with floating interest rates in the form of base interest rate and margin.

The limit of credit line from Bank 1 is fully utilized as of December 31, 2015. The period of utilization and credit limit with Bank 3 are subject to renegotiations. The utilization period of credit limit from Bank 2 has expired.

Borrowings to banks are secured with special pledge on portfolio of loan receivables as well as mortgaged property of co-debtors.

19. Employee benefits and social securities

Employee benefits comprise the following:

	As of December 31, 2015	*As of December 31, 2014*
Payables to personnel	2,361	2,099
Social security payables	566	394
Unused annual leave and other short-term employee benefits	755	607
Personal income tax	342	243
Total	4,024	3,343

Long-term employee benefits

According to the Labour Code in the Republic of Bulgaria the Company as an employer is obliged to pay from two to six gross monthly remunerations of its own employees upon retirement depending on their length of service as follows:

Length of service	number of monthly remunerations
Last 10 years in the Company	2
More than 10 years in the Company	6

As of December 31, 2015 the Company has accrued retirement provisions at the amount of BGN 273 thousand which are included in the total payable amount to personnel.

Until 2011 the employees of the Company and its subsidiaries had the right to participate in share payment plan. All employees had the right to participate in plan for share purchase, if they had worked within the Company for at least one year after the share offering date. The shares are paid in cash and the buy-back price is equal to the net consolidated profit per share for the prior financial year multiplied by a coefficient of 10. The contract term is unlimited and has no non-cash settlement alternative. There has been no cancelation or change in the plan for 2015.

All amounts are in thousand Bulgarian Levs, except otherwise stated

20. Trade and other payables

	As of December 31, 2015	*As of December 31, 2014*
Payables to suppliers	852	441
Balances with owners and management	684	1,747
Payables on cessions – purchased receivables	2,572	1,358
Payables on other financing	210	191
Repurchase agreements payables	-	500
Other taxes and fees	50	38
Other payables	6	100
Total	4,374	4,375

21. Share capital

As of December 31, 2015 the share capital remains unchanged compared to that as of the end of the prior reporting period. The number of issued ordinary shares is 8,503,000 with face value of BGN 1 each which amounts to total shareholders' capital of BGN 8,503 thousand as of December 31, 2015. Ultimate major shareholders are Nedelcho Yordanov Spasov and Stanimir Svetoslavov Vasilev, each of them holding 44.56% of the share capital or jointly 89.12%. The Company forms legal reserves in compliance with the requirements of the Commercial Act at the amount of BGN 15,910 thousand. The retained earnings comprises BGN 824,179 thousand – retained earnings from prior periods and BGN 9,668 thousand – profit for 2015.

During the period as a result of sale of 40 thousand buy-back own shares with face value of BGN 1 and sale price of BGN 25 per share, the Company recognizes premium reserve of BGN 960 thousand. The purchase of the shares is performed with a related party of Easy Asset Management AD.

22. Buy-back of own shares

	As of December 31, 2015	*As of December 31, 2014*
As of January 1	79	78
Buy-back of own shares	42	1
Sale of own shares	(108)	-
As of December 31	13	79

23. Financial risk management

The nature of the Company's activities requires undertaking and professional management of certain financial risks. The main functions of the risk management department are to identify and measure all main risks to the Company's activities, as well as to manage risk exposures and allocation of resources. The Company regularly monitors its policies and risk management systems to reflect the changes in the markets, products and/or market practices.

The Company's goal is to achieve appropriate balance between risks undertaken and received return, as well as to minimize potential unfavourable effects on the Company's financial statements. In this context the risk is defined as the probability for suffering losses and benefits foregone due to internal or external for the organization factors. Risk management is performed within rules and procedures framework, approved by the Board of Directors. The Company identifies measures and manages financial risks through a close cooperation of all operational departments. The Board of Directors sets principles for overall control and risk management, as well as written policies for specific for the company areas such as risks from change in currency rates, interest rates, credit risk, and financial instruments and other. In addition, internal control department performs independent review of risk management systems, as well as review of the control environment. Risks related to financial instruments to which the Company is exposed include credit risk, liquidity risk, market risk (disclosed below) and operating risk.

23. Financial risk management (continued)

23.1 Credit risk

Credit risk is related to suffering financial losses due to a failure of the Company's customers, suppliers, creditors to perform their obligations. Credit risk mainly relates to credits granted to Company's customers.

Due to the nature of the Company's activities main significance bear the risks related to credit exposures of the Company to third parties. Credit risk measurement is performed on portfolio basis and requires additional estimation of the probability for non-payment upon maturity, as well as the related loss percentage, correlation dependencies in the asset portfolio and other.

The Company uses own models for credit risk analysis and measurement. These rating and estimation models are used for the analysis of the credit portfolio. For credit risk measurement the Company performs analysis of the following key components:

- "Probability for insolvency" by customers in relation to contracts;
- Current exposure to these third parties and their expected future development;
- Probable percentage of Company's receivables to be recovered ("loss given default").

These models are subject to periodical review and comparison of behaviour to real amounts, and basic variables are adjusted for model optimization. These credit risk measurement procedures are part of the routine operating activity of the Company.

The Company analyses micro loans portfolio by applying internal ratings in accordance with the customer's behaviour and other factors combining statistical analysis and analysis of credit consultants.

Data is checked and validated by comparing with data from external sources. Credit risk estimation methods are periodically reviewed which provides for their compliance with current changes in the portfolio risks.

- *Exposure at default*

The exposure at default is the amount which the Company expects to be due at the event of default (for loans this is the amount from the loan agreement). For credit arrangements the Company includes already granted amounts, as well as amounts which may be granted when the event of default occurs.

- *Loss given default*

Loss given default is the expected amount of the loss at the moment when the default occurs and is stated as a percentage from the exposure. Loss given default varies in wide ranges depending on the characteristics of the counterparty, type and structural specifics of the loan, availability of collateral or credit support for the debtor. The exposure at default and the loss given default is measured on portfolio basis for the main pool of micro loans.

The Company manages the credit risk level by limiting the total risk exposure to one debtor, or a group of debtors. Credit exposures are regularly monitored. Credit limits are subject to periodical review depending on the changes in market conditions and default probabilities.

- *Impairment*

Models for risk estimation described above are used for measurement of expected losses – they consider risks from future events which lead to losses for certain items in the portfolio. On the other side, loss from impairment and uncollectibility are recognized in the financial statements to the extent they have occurred. The estimation of incurred impairment and uncollectibility losses is based on objective criteria. Company's management considers that in future it will be able to control and minimize exposures related to credit risk portfolio.

23. Financial risk management (continued)

For individually significant loan receivables, the credit risk is managed and impairment losses are estimated on individual basis in accordance with the characteristics of the receivable.

- *Concentration of risks related to financial instruments*

The Company's management considers that the credit and receivables portfolio is well diversified and there is no significant credit risk concentration on individual and/or group level.

The portfolio of individually significant loans granted to customers Портфейла от предоставени индивидуално значими заеми на юридически и физически лица е концентриран в ограничен брой кредитополучатели:

	As of December 31, 2015	
	BGN'000	Number of borrowers
Trade loans to related parties, incl. accrued interest	23,713	6
Trade loans to legal entities, incl. accrued interest	21,734	12
Trade loans to physical persons, incl. accrued interest	1,466	3
Totalo	46,913	21
Less: impairment loss	*(19,188)*	-
Total	**27,725**	-

- *Renegotiated loans and receivables*

Activities related to restructuring of loans comprise extension of the payment schedules and other modifications in the contract terms. These activities are performed when there are indications that the payments will continue.

The Company's exposure to credit risk is limited to the amount of the carrying amount of the following financial assets:

	December 31, 2013		*December 31, 2012*	
Financial assets	*Carrying amount*	*Maximum risk*	*Carrying amount*	*Maximum risk*
Loans and receivables from customers	32,072	32,072	33,296	33,296
Individually significant loans to legal and physical persons	27,725	27,725	22,050	22,050
Trade and other receivables	3,854	3,854	4,765	4,765
Total	**63,651**	**63,651**	**60,111**	**60,111**

The Company has not used derivatives for credit risk management.

Total amount of loans and receivables from customers:	*As of December 31, 2015*	*As of December 31, 2014*
Measured at portfolio basis	47,813	44,738
Individually significant	46,913	38,043
Impairment allowance:	(34,929)	(27,435)
Total	59,797	55,346

All amounts are in thousand Bulgarian Levs, except otherwise stated

23. Financial risk management (continued)

The following table presents the gross amount of impaired loans by days of default:

	December 31, 2015		
Overdue	*Measured at portfolio basis*	*Individually significant*	*Total*
regular	20,454	39,350	59,804
from 4 to 90 days	13,508	-	13,508
From 91 to 360 days	12,765	7,563	20,328
Over 360 days (incl. court receivables)	1,086	-	1,086
	47,813	**46,913**	**94,726**

	December 31, 2014		
Overdue	*Measured at portfolio basis*	*Individually significant*	*Total*
regular	18,027	38,043	56,070
from 4 to 90 days	13,318		13,318
From 91 to 360 days	12,386	-	12,386
Over 360 days (incl. court receivables)	1,007	-	1,007
	44,738	**38,043**	**82,781**

Company's policy is to write-off loans overdue more than 360 days. The major part of them is sold to third party companies with risk over the sold receivables being fully transferred to the third party.

23.2 Market risk

The Company is exposed to market risk, which is the possibility that the fair value or cash flows from financial instruments varies due to market price changes. Market risks originate mainly from positions in interest, currency and equity products which are exposed to general and specific market movement and changes in the dynamics levels of market rates or prices. Due to the specifics of the Company's instruments the Company is exposed to interest rate risk.

- ***Interest rate risk***

Interest rate risk for cash flows is stemming from the fact that the future cash flows from financial instruments are influenced by changes in the market interest rates. Interest rate risk related fair value is stemming from the fact that a financial instrument varies due to changes in market interest rates.

The Company is exposed to both risks – related to the fair value and to the cash flows. Interest margins can be increased in order to limit possible losses for the Company due to changes in market interest rates. The table below presents the structure of interest-bearing financial assets and liabilities of the Company:

As of December 31, 2015	*Floating interest*	*Fixed interest*	*Non-interest bearing*	*Total*
Loans and receivable from customers	-	32,072	-	32,072
Individually significant loans granted to legal and physical persons	-	27,725	-	27,725
Trade and other receivables	-	-	3,854	3,854
Total assets	-	**59,797**	**3,854**	**63,651**

23. Financial risk management (continued)

As of December 31, 2015	*Floating interest*	*Fixed interest*	*Non-interest bearing*	*Total*
Bank borrowings	5,021	-	-	5,021
Trade and other payables	-	3,356	1,018	4,374
Total liabilities	**5,021**	**3,356**	**1,018**	**9,395**

As of December 31, 2015	*Floating interest*	*Fixed interest*	*Non-interest bearing*	*Total*
Loans and receivable from customers	-	33,296	-	33,296
Individually significant loans granted to legal and physical persons	-	22,050	-	22,050
Trade and other receivables	-	-	4,765	4,765
Total assets	-	**55,346**	**4,765**	**60,111**

As of December 31, 2015	*Floating interest*	*Fixed interest*	*Non-interest bearing*	*Total*
Bank borrowings	11,493	-	-	11,493
Trade and other payables	-	1,884	2,491	4,375
Total liabilities	**11,493**	**1,884**	**2,491**	**15,868**

- ***Currency risk***

The fluctuations in the exchange rates have effect on the financial position and cash flows of the Company. As a result of the currency board the Bulgarian lev is pegged to the Euro at exchange rate of BGN 1.95583 for EUR 1 which means that items in that currency do not bear significant currency risk unless that rate changes in future.

The financial assets and liabilities currency structure as of December 31, 2015 is as follows:

Assets	*BGN*	*EUR*	*USD*	*Other*	*Total*
Cash and cash equivalents	2,521	1	-	-	2,522
Loans and receivables from customers	32,072	-	-	-	32,072
Individually significant loans granted	18,265	9,086	374	-	27,725
Trade and other receivables	2,950	-	904	-	3,854
Investments in subsidiaries	4,512	196	-	2,135	6,843
Total (BGN'000)	**60,320**	**9,283**	**1,278**	**2,135**	**73,016**
Total (in %)	**82.61%**	**12.71%**	**1.75%**	**2.93%**	**100%**

Liabilities	*BGN*	*EUR*	*USD*	*Other*	*Total*
Bank borrowings	5,021	-	-	-	5,021
Trade and other payables	1,219	3,155	-	-	4,374
				-	
Total (BGN'000)	**6,240**	**3,155**	-	-	**9,395**
Total (in %)	**66.42%**	**33.58%**	-	-	**100%**

23. Financial risk management (continued)

The financial assets and liabilities currency structure as of December 31, 2014 is as follows:

Assets	BGN	EUR	USD	Other	Total
Cash and cash equivalents	1,465	65	-	-	1,530
Loans and receivables from customers	33,296	-	-	-	33,296
Individually significant loans granted	16,359	5,110	581	-	22,050
Trade and other receivables	3,960	-	805	-	4,765
Investments in subsidiaries	4,670	196	-	1,703	6,569
Total (BGN'000)	**59,750**	**5,371**	**1,386**	**1,703**	**68,210**
Total (in %)	**87.60%**	**7.87%**	**2.03%**	**2.50%**	**100%**

Liabilities	BGN	EUR	USD	Other	Total
Bank borrowings	2,680	8,813	-	-	11,493
Trade and other payables	3,755	620	-	-	4,375
Total (BGN'000)	6,435	9,433	-	-	**15,868**
Total (in %)	40.55%	59.45%	-	-	**100%**

23.3 Liquidity risk

Liquidity risk is related to the possibility that the Company is unable to meet its obligations when they become due. Net cash outflows would lead to decrease in cash which is essential for the loan granting process of the Company and meeting of its obligations. Upon different circumstances the lack of liquidity may lead to sale of assets or potential inability to execute credit arrangements for initially approved customers. The risk for the Company not to be able to meet its cash obligations is inherent in its activities and may be caused by a wide spectrum of entity-specific and market-wide events such as mergers and acquisitions, system shocks and natural disasters, and other.

The Company's liquidity management is performed by a separate team in the Accounting and control department and includes monitoring of future cash flows. This includes maintaining of a portfolio of highly liquid assets, monitoring of liquidity ratios from the statement of financial position, management of concentration and maturity structure of liabilities and other. Cash flows are measured and forecasted for the following day, week and month, respectively, as these are key periods for liquidity management. Analysis of contracted maturities of financial assets and liabilities is performed.

The Company owns a diversified portfolio of cash and high quality liquid assets to meet its current liabilities.

The table below shows an analysis of assets and liabilities analysed according to the period in which they are expected to be recovered or settled.

	As of December 31, 2015		*As of December 31, 2014*	
	Up to 12 months	*Over 12 months*	*Up to 12 months*	*Over 12 months*
Assets				
Cash and cash equivalents	2,522	-	1,530	-
Loans and receivables from customers	32,072	-	33,296	-
Individually significant loans granted	3,039	24,686	521	21,529
Trade and other receivables	2,550	1,304	3,536	1,229
Property, plant and equipment	-	344	-	186
Deferred tax assets	-	201	-	246
Intangible assets	-	117	-	20
Investments in subsidiaries	-	6,843	-	6,569
Total assets	**40,183**	**33,495**	**38,883**	**29,779**
Liabilities				
Bank borrowings	5,021	-	9,792	1,701
Payables to personnel and social security	4,024	-	3,343	-
Tax payables	1,052	-	938	-
Trade and other payables	1,117	3,257	2,864	1,511
Total liabilities	**11,214**	**3,257**	**16,937**	**3,212**

23. Financial risk management (continued)

23.4 Operating risk

All amounts are in thousand Bulgarian Levs, except otherwise stated

Operating risk is the risk from losses due to failure of systems, human errors, fraud or external events. When the control systems and activities fail to prevent such events, operating risks may harm reputation, cause legal or regulatory consequences or to lead to financial losses for the Company. The Company does not expect to eliminate all operating risks but aims to manage these risks by establishing good control environment, as well as through monitoring and management of potential risks. Control activities comprise efficient allocation of duties, definition of access rights, transaction authorization, and analysis of information from different sources, training and evaluation of employees and other types of control, such as the activity of the internal audit department.

24. Equity management

The Company's main goal in relation to equity management is to keep the Company's ability to continue its operations as a going concern in order to provide return for the shareholders and benefits for the other stakeholders and maintain strong equity basis for development of its operations.

Capital adequacy is monitored by the Company's management. As the Company is in growing phase, management believes that the Company has not reached optimum capital structure.

25. Related parties transactions

Parties are treated as related if one of the parties can exercise control or significant influence on the other in the process of making financial or operating decisions or if they are under common control by third party.

The Company's major related parties are:

Company	Type of relation
SC Easy Asset Management IFN AD	Subsidiary
Easy Credit LLC	Subsidiary
I Credit SP.Z.O.O.	Subsidiary
I Credit S.R.O.	Subsidiary
FC M Cash Macedonia DOOEL Skopje	Subsidiary
M Cash OOD	Subsidiary
Pension insurance company – Utre AD	Subsidiary
Management Financial Group EAD	Subsidiary
Spesh Cash Prime AD	Company under common control through the major shareholder
Fintrade Finance AD	Company under common control through the major shareholder

Receivables and payables on related party transactions and the respective income and expenses as of December 31, 2015 and 2014 are as follows:

Transactions and balances

Income

Interest income	*2015*	*2014*
SC Easy Asset Management IFN AD	149	369
Easy Credit LLC	1,190	1,080
I Credit SP.Z.O.O.	114	33
I Credit S.R.O.	69	-
FC M Cash Macedonia DOOEL Skopje	19	-
Management Financial Group EAD	2	-
Fintrade Finance AD	7	-
Total interest income	1,550	1,482

25. Related parties transactions (continued)

Income from royalties	*2015*	*2014*
Easy Credit LLC	8	747
Total income from royalties	8	747

All amounts are in thousand Bulgarian Levs, except otherwise stated

Expenses	*2015*	*2014*
Impairment expenses on loans		
SC Easy Asset Management IFN AD – reintegrated allowances	-	3,539
Easy Credit LLC	(1,884)	(5,454)
I Credit SP.Z.O.O.	(1,210)	-
I Credit S.R.O.	(1,423)	-
FC M Cash Macedonia DOOEL Skopje	(553)	-
Total impairment expenses on loans	(5,070)	(1,915)
Expenses on investments		
SC Easy Asset Management IFN AD – cover of accumulated loss	-	(4,428)
Pension insurance company – Utre AD – impairment of investment	(470)	(450)
Total expenses on investments	(470)	(4,878)

Receivables	*As of December 31, 2015*	*As of December 31, 2014*
Loans granted		
SC Easy Asset Management IFN AD	7,462	5,179
Easy Credit LLC	12,060	13,615
I Credit SP.Z.O.O.	1,868	698
I Credit S.R.O.	1,570	39
FC M Cash Macedonia DOOEL Skopje	606	-
Management Financial Group EAD	148	-
Spesh Cash Prime AD	6	-
Fintrade Finance AD	483	-
Total loans granted	24,203	19,531
Receivables from royalties		
Easy Credit LLC	904	805
Total receivables from royalties	904	805

Payables	*Към 31 декември 2015*	*Към 31 декември 2014*
Financing received		
M Cash OOD	209	191
Total loans granted	209	191

The remuneration of the key management for 2015 amounts to BGN 1.468 thousand (2014 – BGN 350 thousand).

All amounts are in thousand Bulgarian Levs, except otherwise stated

25. Related parties transactions (continued)

During the period the Company sold 40 thousand repurchased own shares with face value of BGN 1 and sale price of BGN 25 per share of the related party – Spesh Cash Prime AD,

The loans received by the Company's management and outstanding as of December 31, 2015 amount to BGN 684 thousand (December 31, 2014: BGN 1.345 thousand). The amount of unpaid loans granted to the key management personnel as of December 31, 2015 is BGN 414 thousand (December 31, 2014: BGN 115 thousand).

The outstanding balances at the end of the year are not secured. No guarantees have been presented or received to secure the receivables or payments to related parties.

26. Legal claims

The Company uses formal control procedures, as well as legal risks management policies. If a present liability has incurred as a result of prior events, which settlement likely requires cash outflow and the the amount of potential losses may be reasonably estimated, the Company accrues provisions to meet all unfavourable effects of these risks on its financial position. At the reporting period end the Company has a number of unsolved legal claims which effects are expected to be insignificant (jointly or separately). Therefore, no provisions have been accrued for these risks in the separate financial statements.

27. Operating lease – the Company as a lessee

The Company has signed a number of agreements for operating lease of premise and equipment. These agreements have average term between 1 and 3 years with no renewal option. There are no restictions for the lessee for the conclusion of these lease agreements.

Future minimum payments for operating lease of premises and equipment as of December 31, 2015 and 2014 are as follows:

	As of December 31, 2015	*As of December 31, 2014*
Up to 1 year	1,733	1,575
From 1 to 5 years	5,877	5,113
	7,610	6,688

28. Events after the reporting period

The Company has not established significant events between the reporting and the date of preparation of the annual separate financial statements which relate to its activity in 2015 and should be disclosed separately or to require changes in the separate financial statements as of December 31, 2015.