



**ANNUAL CONSOLIDATED REPORT ON THE
ACTIVITIES OF BILLBOARD PLC, SOFIA
FOR THE FINANCIAL YEAR 2014**

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



DEAR SHAREHOLDERS,

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

Information regarding the circumstances occurred in 2014 that the company's management believes that could be of importance to investors when making a decision to acquire, sell or continue holding shares of BILLBOARD Plc has been publicly disclosed to the Financial Supervision Commission, the public (investors) and the regulated securities market within the terms and in accordance with the procedure for regulated information disclosure on the part of public companies and other issuers as provided by the LPOS and Ordinance No 2. The information is also available on the company's website www.billboard.bg, News section.

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

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

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

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

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

As at 31.12.2014 the company has its registered seat and business address at No 1 Bulgaria Sq., National Palace of Culture, AI4 entr., Triaditza district, 1464 Sofia.

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



As of 31.12.2014 the share registered capital of BILLBOARD AD is in the amount of BGN 15 000 000 divided in 15 000 000 dematerialized registered shares with a nominal value of BGN 1.00 each of them.

In 2014 the company has not made a capital increase or decrease.

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

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

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

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

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

Share Registered Capital

Table №1

| As at: | 31.12.2011 | 31.12.2012 | 31.12.2013 | 31.12.2014 |
|------------------------------|------------|------------|------------|------------|
| Amount of the capital in BGN | 15 000 000 | 15 000 000 | 15 000 000 | 15 000 000 |
| Number of shares | 15 000 000 | 15 000 000 | 15 000 000 | 15 000 000 |



| | | | | |
|--|------------|------------|------------|------------|
| Number of the issued and fully paid shares | 15 000 000 | 15 000 000 | 15 000 000 | 15 000 000 |
| Nominal value of the shares in BGN | 1 | 1 | 1 | 1 |

As at 31.12.2014 the shareholders' structure of BILLBOARD AD is the following:

Table №2

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

INFORMATION ON THE ECONOMIC GROUP OF THE ISSUER:

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

As at 31.12.2014 the companies in the economic group of BILLBOARD AD are:

○ **DEDRAX AD**

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

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

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

As at 31.12.2014 BILLBOARD AD holds directly 60 % of the votes at the general assembly.

○ **DPS – BULGARIA Ltd.**

Scope of activity: domestic and foreign trade, barter and counter deals, sales under the terms of letter of credit and leasing, distribution of large volumes of imported goods, trade agency, intermediation for foreign and local parties, trade in digital, wide format printing and typographical equipment and supplies.



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

As at 31.12.2014 BILLBOARD AD holds directly 300 company stakes, representing 60 % of the votes at the general assembly.

- **MOTION ARTS Ltd.**

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

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

As at 31.12.2014 BILLBOARD AD holds directly 255 company stakes, representing 51 % of the votes at the general assembly.

- **INSTOR MEDIA EOOD**

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

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

As at 31.12.2014 BILLBOARD AD is a single owner of the company's capital.

- **NIMISOFT Ltd.**

Scope of activity: production, purchase and sale of software and hardware products, construction of information systems, representation and intermediation of other manufacturers of software and hardware products, intellectual property transactions, and other activities not prohibited by law.

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

As at 31.12.2014 BILLBOARD AD holds directly 255 company stakes, representing 51 % of the votes at the general assembly.

- **DIGITAL PRINT EOOD**

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

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

As at 31.12.2014 BILLBOARD AD is a single owner of the company's capital.

- **SOLARSET EOOD**

Scope of activity: yield, sale and resale of electricity from renewable energy sources; manufacture of components, construction and operation of solar power plants and such of other renewable energy sources; domestic and foreign trade; offset roll printing; digital printing; advertising; intellectual property transactions; leasing, import and export, as well as any transactions not prohibited by law.

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

As at 31.12.2014 BILLBOARD AD is a single owner of the company's capital.

- **TIPO PRINT Ltd – associated company of BILLBOARD AD**



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

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

As at 31.12.2014 BILLBOARD AD holds 30.13 % of the capital of TIPO PRINT Ltd and the subsidiary company DIGITAL PRINT EOOD holds 50.03 % of the capital.

Information on the Management System of the Issuer

BILLBOARD AD has a one-tier management system. The company is being managed by a Board of Directors. As at 31.12.2014 the Board of Directors of BILLBOARD AD includes the following members:

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

At the regular annual General Assembly of the Shareholders held on 27.06.2014 was adopted a resolution Rumen Sabev Radev to be released as a member of the Board of Directors and Borislav Hristov Borisov was elected on his place as a new independent member of the Board of Directors. On 07.07.2014 the new member of the Board of Directors of BILLBOARD AD was filed with the Commercial Register to the Registry Agency under № 20140707123917.

No changes in the way of representation of the company have been made during the reported financial year. No appointment or discharge of procurator has occurred during 2014.

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

At the regular annual session of the General Assembly of the Shareholders of BILLBOARD AD held on 27.06.2014 were adopted amendments in the company's Articles of Association. The amendments in the company's Articles of Association were filed with the Commercial Register to the Registry Agency on 07.07.2014 under № 20140707132725.

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

1. Major activity

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



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

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

In 2014 BILLBOARD AD continued conducting its activities in the following areas: outdoor advertising, indoor advertising, transport advertising and metro advertising, events and exhibitions, photographs and reproductions. The company is a representative of 3M for the products of Commercial Graphics Division and is the only authorized 3M Scotchprint manufacturer. Thereby the company's customers receive additional support and guarantee from the world giant for the implementation of their projects.

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

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

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

MAJOR PRODUCTS AND THEIR VARIATIONS PRODUCED BY BILLBOARD AD AND THEIR SHARE OF THE TOTAL 2014 PRODUCTION

| Type of product | Description | TYPES | % | |
|----------------------------------|---|--------------------------------------|--------|---------------|
| OUTDOOR ADVERTISING | PRINT FOR OUTDOOR ADVERTISING | Types | | |
| Billboard 4 x 3 type Piza | Billboard is a standard advertisement facility for outdoor advertisement, positioned in an urban or country area with standard size 4x3 m. By means of billboard advertisement one realizes successfully both image and product advertisements and the message reaches a wide range of public. For the realization of a successful campaign one recommends a selection of a sufficient number of locations, which could be rotated in the period of advertising and a location, which is in compliance with the advertised product | made of PVC Vinyl Front lighted | 9.00 % | 37.60% |
| | | made of Backlit PVC Vinyl | | |
| | | Scroller | | |
| | | Printed on paper for metal plates | | |
| Megabillboards | These are advertisement constructions with big sizes, which are positioned along the highways or on residential buildings in the urban area. This type of advertisement carriers is used for the realization of the long-lasting image campaigns, in which the accent is on the brand. Since the size of the advertisement posters are impressive, there are big requirements for the facility and the board. For the advertisement facilities, placed on buildings, it is necessary an additional accuracy when making the poster, since the strength caused by the heavy winds often reaches 50 kg/m ² . For this purpose it is mandatory to use | Made of Selfadhesive PVC film | 5.50 % | |
| | | Wall Murals | | |
| | | Highway Megabillboard 8x4m and 12x4m | | |
| | | Over-roof Megabillboards | | |
| | | Made of Mesh | | |



| | | | |
|---------------------------------|---|---------------------------------|--------|
| | strengthened seams, fixes and ropes when making the advertisement board. | | |
| City Light | Advertisement facilities, located in pedestrian areas and at the public transport stops. Standard size 1,20m x1,80m, backlit. Typical for them is that they have a bigger readability compared to the other elements of outdoor advertisement. This makes the realization of brand advertisements possible. The materials used are mainly paper for backlit, vinyl or backlit film. The easy assembly and disassembly provide the opportunity for holding of campaigns and entire media planning. | Vien pillar | 5.50 % |
| | | Bus Shelter | |
| | | Litylight | |
| | | | |
| Shop windows advertising | Advertisement vision, located on the front building part, means a maximum efficient way for use of the buildings as a place for advertisement. It is realized by means of sticking perfo folio from the outdoor side of the windows, which folio imitates blinds and doesn't prevent the light to enter the building. The effect is a very pleasant one both for the employees working inside the building and for all the people outside the building, cause the perfo folio merges in a natural way with the front building part. The advertisement on glass front building parts is an image one and is efficient for a long period, since the production of the vision and the assembly are relative expensive. | Transperant film | 4.50 % |
| | | White film | |
| | | One-way vision | |
| | | 3M Vikuity - rear projection | |
| | | | |
| Tents | They are used mainly in the public food facilities both with an advertisement purpose and in order to keep the visitors protected from sun, rain, snow etc. They are made out of vinyl or textile. They require that a particular construction on a preliminary draft should be erected, on which the canvas is to be set. The shapes and size are individual, in accordance with the capacities of the site. | Textile tents | 0.90 % |
| | | Vinyl Tents | |
| | | | |
| | | | |
| Facade advertising | This is the widest spread advertisement in urban area. The front building areas are used of the trade sites, offices, restaurants and bars, institutions. Specific constructions are made with possibilities for diversity with the used printing media, lighting or not lighting, volume, neon etc. | backlit | 2.10 % |
| | | with no ligh | |
| | | | |
| | | | |
| Banners | The banners are advertisement materials with non-standard sizes, not requiring a particular metal construction. It is specific for them, that they are easily to change and do not require high budget. They are produced most often of laminated or oiled vinyl. Depending on the envisaged way of suspension they could be made of pins, pockets, PVC or metal pipes. | Vinyl banner | 5.50 % |
| | | Mesh banner | |
| | | Transperant of textile | |
| | | Vertical vinyl baner | |
| | | Textile banners | |
| Wrapping of Buildings | One of the most actual recent tendencies for sending of advertisement messages is the use of the front building parts as an advertisement area. Besides the unique in its size visual effect this type of advertisement has a purely practical benefit, as it covers the repair works during renovation of the buildings. Depending on the period of "wrapping" and the specific location of the site, one can use vinyl or construction net. | made of Vinyl net | 2.50 % |
| | | made of construction net | |
| | | | |
| | | | |
| Signboards | The signboards are being placed predominantly on the streets and have the function to give additional information about the location and scope of activity of a particular company. It is typical for them to synthesize key information and data - company name, direction, remaining meters / kilometers. They can be one - or two-sided. They are being made of comatex, steel with PVC film. Reflective foil may also be used. | Metal plate with PVC | 0.90 % |
| | | Reflective signs | |
| | | Advertising and directive signs | |
| | | Corporative totems | |
| Pavilions | Branding of a pavilion is an effective way of advertisement in urban environment. For its realization one performs an individual designer's project and in this way one achieves uniqueness of the commercial area. The purpose is attraction of customers and respectively increase of the sales. The materials, | Branded with selfadhesive | 0.50 % |
| | | Whole tent of Vinyl | |
| | | | |



| | | | | |
|--------------------------------|--|-------------------------------|---------|----------------|
| | which are used for the “wearing” are 3M PVC folio (on metal parts) and perfo folio (on glass parts). | | | |
| Flags | The flags are bearers of advertisement messages, related mostly with the image of a particular brand. They are used mainly for outdoor advertisement. They are assembled on pillars with the help of hooks or fixes, additionally strengthened with cord. For their production one uses especially developed polyester fabrics, which are more durable to weather conditions – wind, rain, snow, sunlight etc. The standard sizes are 4x1.5 m, but they could vary. | Advertising flags | 0.90 % | |
| | | National Flags | | |
| | | Windblade | | |
| | | Special flags for strong wind | | |
| Gas stations | Billboard AD offers also variable materials, related with the layout of the gas station as a trade object. They have no advertisement nature, but rather an image and informational one. Their production is fully in compliance with the specifics and requirements for layout of gas stations. In order to avoid the standard vision, one puts emphasis on the unique design, which distinguishes the different chains. The products, which are produced, are various: totems, stickers for gas station posts, lighting boxes, advertisement canvasses, front building part constructions, indicating signs. | Branding of pistol holders | 0.40 % | |
| | | Light boxes on the cashdesks | | |
| | | Price Totems | | |
| | | | | |
| Interior advertising | PRINT FOR INTERIOR ADVERTISING | Type | | |
| POS | Advertising on the place of purchase is related with most efficient way of presenting the products, or so cold Murchandise. Billboard Plc offer a wide variety of differetn size, type or shape of printed material for POS, as well as the hanging system or any individual projects. The better way of presenting the products and their technical datas is important part of selling the products. | Translites | 14.20 % | 33.70 % |
| | | Stands | | |
| | | Pallet zone | | |
| | | Security zone | | |
| Posters | Printing of posters and placards with photo quality of different media – regular, poster or photo paper, gloss or matt, with additional option for laminating. It successfully replaces the offset printing provided that there are single items needed or there is a need of small volume of printing or printing with many different visions. Also here the maximum width of printing is 160 cm, without restrictions in the length. The printing is with solvent UV and water durable inks. | Stoppers | 2.10 % | |
| | | Poster | | |
| | | Carton board | | |
| | | Poster made of vinyl | | |
| Illuminated advertising | Metal or aluminium constructions with inbuilt lighting bodies, directed to the front part. Depending on the sizes and the location, where they are assembled, their visions could be printed on different medias. One uses a special mode of printing, in which the colours are more thick and bright and compensate the backlit. Their main advantage against the other advertisement bearers is that their vision is active 24 hours. The advertisement could be done in different ways: plexiglass with PVC folio, backlit film, vinyl for back lighting. | PP poster | 3.00 % | |
| | | 3D lenticular | | |
| | | Backlite boxes | | |
| | | Menu boards | | |
| Banners | The banners are advertisement and information elements, designed for location on various sites. They are with non-standard sizes and are to be applied as well for outdoor as for indoor advertisement. They are used for events with short duration – conferences, promotions, forums or as information boards. The way of fixing is always individual, depending on the conditions, but most often by means of fixes, pockets, metal or PVC pipes. They are made mainly of laminated or glued vinyl and they do not require a special construction for assembly. | Translites | 3.10 % | |
| | | | | |
| | | Made of Vinyl | | |
| | | Textile banners | | |
| Floor graphic | The floor graphic is a non-standard and breath taking advertisement product. It is used for branding, promoting, advertisement and decoration. It is extremely suitable for big commercial sites, sport halls, museums, airport and bus | Tranperants | 2.10 % | |
| | | Standart floorgraohic | | |
| | | Stairways | | |
| | | 3D floor graphics | | |



| | | | | |
|--|---|--|--------|---------------|
| | terminals, gas stations and fast food restaurants. They are made of high quality folio of the 3M brand and are placed on all types of smooth floor surfaces. For the more bigger events and promotions one can use them as outdoor advertisement on sideboards and squares. | | | |
| Sets and other decorations | One of the main tasks of the indoor designers is to give the space coziness and comfort, as in this way they make so that the people feel comfortable, without difference where they are. The contemporary technologies allow the production of different sets and other decorations such as curtains, table-cloths, floor covers, damasks etc. The most often used materials are textile and paper, as they are most common for the human | Sets for resr places | 0.80 % | |
| | | Sets for TV studios | | |
| | | Sets of showrooms | | |
| | | Theatre sets | | |
| Refrigerating shop-windows and vending machines | Branding of refrigerating glass windows is used for indoor advertisement, mainly in the commercial sites and public facilities. It is made by means of application of 3M PVC film, as its designation is to introduce the commercial brand and the main product, which is offered to the users. | Coffe machines | 2.40 % | |
| | | Refrigerators | | |
| | | Refrigerating shop-windows and automates | | |
| | | | | |
| Dashboards and panels | These are articles, which are placed with decorative, advertisement or indicative purpose. They are intended to be used mostly in the commercial sites. They are made out of different surfaces: foamboard, comatex, PVC material and depending on the function they have they could be printed both one-sided and two-sided. In the cases when one seeks photographic quality, the vision is printed on photo paper and then it is cashed on the surface. | PVC Board | 5.20 % | |
| | | Models and Figures | | |
| | | Canvases of Foamboard | | |
| | | | | |
| Lifts and escalators | Advertisement on non-standard indoor spaces such as lifts, escalators and staircase rooms by means of sticking with PVC folios. This is an extremely suitable way for realization of long-term image non-standard advertisement campaigns in the commercial or public sites, where there is a huge stream of passengers every day. | Lifts and escalators | 0.80 % | |
| | | Elevetor doors | | |
| | | Whole branding of elevator | | |
| | | Halls | | |
| Transportation advertising | PRINTING OF TRANSPORTATION ADVERTISING | Type | | |
| Cars | Cars are extremely suitable for entire branding. The lack of complex curves makes them into an ideal subject of full wrapping. In this way one increases the advertisement area and strengthens the effect of the advertisement and the esthetics. The cars are intended mainly for transfer of passengers, so that one could avoid the branding of the glasses, but often one covers also the roof, which is easily accessible. In case of full wrapping one recommends the use of folios 3M from the series SC 40;50 and SC 180;380 depending on the warranty and stability of the application. | whole branding | 2.50 % | 16.90% |
| | | partial branding | | |
| | | reflective | | |
| | | tunning of cars | | |
| Jeeps and vans | Jeeps and vans are extremely suitable for entire branding. The lack of complex curves makes them an ideal object for "covering". In this way one increases the advertisement area and strengthens the effect of the advertisement and the esthetics. They are intended mainly for transfer of passengers, so that one could avoid the branding of the glasses, but often one covers also the roof, which is easily accessible. With the full wrapping one recommends the use of folios 3M of the series SC 40;50 and SC 180;380 depending on the warranty and the stability of the application. | whole branding | 0.30 % | |
| | | partial branding | | |
| | | reflective | | |
| | | tunning | | |
| Motors | Branding of motors is another non-standard and attractive way of submitting the advertisement message. The sticking could be both partial and full. The advantage of these vehicles is the lack of complex curves, although the selection of folio is strictly | whole branding | 0.10 % | |
| | | partial branding | | |
| | | reflective | | |
| | | tunning | | |



| | | | |
|-------------------------------|--|--------------------|--------|
| | specific. One recommends the series for vehicles of 3M - ScotchCal 40 and ScotchCal 50, because of the additional scratch resistant cover. Prior to the assembly of the stickers it is necessary that the motor should be measured and designed by the experts of Billboard JSC. | | |
| Cargo vehicles | Cargo vehicles are more and more often used for supply with goods. Almost all companies performing commercial activities have at least one cargo vehicle. That's why the branding namely of this type of vehicles is the most wide distributed both with advertisement purposes and with identification purpose. Big commercial companies, distributors or speditors create an entire corporate fleet, thus demonstrating the presence on the market during goods delivering. The quality for execution of the advertisement is of great importance because it additionally contributes for the good image of the company. Low quality with the performance of the advertisement is inadmissible. At the same time cargo vehicles are most complex from technical point of view, as they have complex curves. This makes the selection of folio restricted and increases the price. Recommended are the materials for entire branding 3M Scotchcal 180 and 3M Scotchcal 380 depending on the depth of the curves | whole branding | 7.50 % |
| | | partial branding | |
| | | | |
| | | | |
| Trucks | Even more companies brand their trucks, with which they operate. Depending on the work activity the application could be an image one or it could provide visual information about the offered products and services. The main advantage is the bigger area of this kind of vehicles, which could be partially or fully branded. The trucks are one of the most appropriate bearers of advertisement, cause they are always on the move and so they are influencing a bigger public. It is recommended that one uses the folio of the specially distributed series for vehicles of 3M - Scotchcal 40 and Scotchcal 50. | with metal sides | 1.80 % |
| | | with PVC vinyl | |
| | | Petrol tank trucks | |
| | | | |
| Special purpose cars | Special purpose cars require high level reflective materials. Billboard AD offers all reflective series of 3M - SC 580; SC 680; Diamand Gray etc. | Police vehicles | 0.90 % |
| | | Ambulances | |
| | | Security vehicles | |
| | | | |
| Public transport | Public transportation is used more and more often as a bearer of advertisement messages. They reach a wider range of consumers. The visual effect is made through the entire or partial branding. The visions are printed on 3M PVC folio of the metal parts. The windows are branded with perfo folio, which doesn't prevent the light from entering the vehicle, so that the advertisement message doesn't obstruct the visibility from the inside to the outside. Besides the outdoor branding with folios, there are another possibilities available for indoor and outdoor advertisement: lighting and non lighting constructions, advertisement posters, banners etc. | Buses | 3.80 % |
| | | Troleys | |
| | | Trams | |
| | | Mini Buses | |
| | | Metro | |
| Projects | COMPLETE PROJECTS EXECUTION | Type | |
| Events and exhibitions | Every event is unique in itself from the point of view of the used advertisement elements. The purpose is that one should combine all visual materials, such as banners, columns, billboards, screens etc, so that they should strengthen and express to the maximum extent the effect from the size. The task and the purpose of the company Billboard JSC is to create a visual communication, which should strengthen the influence on the public by means of optimal use of the possibilities of the rooms and the environment. When decorating a particular event it is important, that one should consider the nature of the event as well as its purpose. In this case one achieves a suitable | Events | 2.30 % |
| | | Concerts | |
| | | Oppening | |
| | | Press-conference | |
| | | Company partys | |



| | | | |
|--------------------------------------|--|--------------------|--------|
| | selection and quality make of the advertisement materials. | | |
| Complete projects execution | Billboard AD offers complete projects execution for visual communication. The company has a highly trained professional team of designers, prepress and applications who can creating a complete interior or exterior project from the Idea to the final details. The company has also offices in the main cities of Bulgaria - Sofia, Plovdiv, Varna and Bourgas witch serve the local markets and national campains. | Design | 8.30 % |
| | | Engeneering | |
| | | Prepress | |
| | | Construction | |
| | | Aplication | |
| Photographs and reproductions | Making of images of photograph quality designed for professional photograph exhibitions and reproductions. Most often there are used different types of photo paper, canvas and other art materials. | Reproducion of art | 1.20 % |
| | | Photo Exhibitions | |
| | | | |
| | | | |

MAJOR PRODUCTS AND THEIR VARIATIONS PRODUCED BY DEDRAX AD AND THEIR SHARE OF THE TOTAL 2014 PRODUCTION

| Products | % |
|------------------------|----------|
| Advertising Brochures | 15,56% |
| Magazines | 14,36% |
| Advertising Displays | 8,89% |
| Advertising Leaflets | 7,41% |
| Calendars | 5,70% |
| Advertising Catalogues | 5,19% |
| Textbook | 4,67% |
| Poster | 4,34% |
| Boxes | 3,70% |
| Stickers | 2,15% |
| Books | 2,07% |
| Pads | 2,06% |
| Paper Bags | 1,72% |
| Folder | 1,63% |
| Piramids | 1,36% |
| Labels | 1,33% |
| Notes | 1,26% |
| Other | 1,23% |
| Displeys | 0,96% |
| CD covers | 0,89% |
| Woblers | 0,79% |
| Mat | 0,74% |
| Cards, Postcards | 0,74% |
| Print only | 0,74% |
| Working calendar | 0,74% |
| Counterfoils | 0,67% |
| Company blanks | 0,67% |
| Scratch cards | 0,67% |
| Incerts | 0,61% |
| Playing cards | 0,59% |
| Show cards | 0,52% |

| | |
|----------------|-------|
| Recepy book | 0,48% |
| Shelf tolkers | 0,44% |
| Racks | 0,44% |
| Newspapers | 0,41% |
| Business cards | 0,37% |
| Postaret | 0,37% |
| Pockets | 0,33% |
| Headers | 0,33% |
| Cubes | 0,33% |
| Stoppers | 0,30% |
| Hangers | 0,26% |
| Sleevs | 0,24% |
| Menu | 0,24% |
| Praystar | 0,24% |
| Envelops | 0,22% |
| Talons | 0,22% |
| Invitations | 0,16% |
| Cardboard box | 0,15% |
| Assistants | 0,15% |
| Puzzels | 0,15% |
| File cases | 0,12% |
| Excise label | 0,11% |

2. Markets And Sales

Pursuant to the annual consolidated financial statements of BILLBOARD AD, drawn up according to the IAS forms, as at 31.12.2014 BILLBOARD AD reports consolidated net sales revenues in the amount of BGN 30 054 000 which is an increase by 2.77 % compared to the 2013 consolidated net sales revenues in the amount of BGN 29 243 000.

The consolidated production net sales revenues of BILLBOARD AD as at 31.12.2014 BILLBOARD AD are in the amount of BGN 25 285 000 and reports a decrease by 0.75 % and the services net sales revenues are to the amount of BGN 4 769 000 and increased by 26.63 %.

Table № 3

| Revenues (in thousand BGN) | 31.12.2012 | 31.12.2013 | 31.12.2014 |
|----------------------------|---------------|---------------|---------------|
| Production sales | 24 282 | 25 477 | 25 285 |
| Services sales | 3 309 | 3 766 | 4 769 |
| Total | 27 591 | 29 243 | 30 054 |

The consolidated production net sales revenues of BILLBOARD AD as at 31.12.2014 BILLBOARD AD are in the amount of BGN 25 285 000 and represent 84.13 % of the consolidated net sales revenues and the services net sales revenues are in the amount of BGN 4 769 000 and represent 15.87 % of the consolidated net sales revenues.

As at 31.12.2014 the companies in the economic group of BILLBOARD AD report export revenues in the amount of BGN 1 510 727.35 which is 5.026 % of the consolidated net sales revenues.

Breakdown of the markets of BILBOARD AD on a consolidated basis as of 31.12.2014 is the following:



- Czech Republic– 572 375.85 BGN
- Romania – 398 135.67 BGN
- Denmark – 162 515.31 BGN
- Germany– 116 293.61 BGN
- Italy – 66 094.94 BGN
- Netherland – 62 587.25 BGN
- Greece – 51 074.15 BGN
- Hungary– 34 600.01 BGN
- Belgium- 9874.99 BGN
- Macedonia – 8268.14 BGN
- France– 8069.24 BGN
- Spain– 7744.35 BGN
- Polland - 2166.28 BGN
- Great Britain– 2087.02 BGN
- USA -1078.80 BGN
- Other – 6091.74 BGN

In 2014 BILLBOARD AD used the following basic marketing strategies:

Direct marketing

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

Direct sales

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

Advertisement

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



Sponsorship

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

Exhibitions and events

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

Image

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

III. OPERATING RESULTS

In 2014 the Group has recognized an impairment loss in the amount of BGN 4 288 thousand which is the reason for the reported consolidated loss before taxes of the company in the amount of BGN 3 672 thousand. The consolidated net loss of BILLBOARD AD as of 31.12.2014 is in the amount of BGN 3 745 thousand which includes the loss attributed to the owners of the parent company in the amount of BGN 4 059 thousand and the profit attributed to the non-controlling participation in the amount of BGN 314 thousand.

Table № 4

| SHAREHOLDERS' EQUITY, MINORITY HOLDINGS AND LIABILITIES | 2012 | % | 2013 | % | 2014 |
|---|--------------|-----------|--------------|-------------|--------------|
| a | 1 | | 2 | | 3 |
| A. SHAREHOLDERS' EQUITY | | | | | |
| I. Share capital | 15000 | 0% | 15000 | 0% | 15000 |
| II. Reserves | 3726 | 1% | 3779 | 1% | 3825 |
| III. Retained earnings | 6810 | 1% | 6910 | -59% | 2805 |
| 1. Retained earnings from previous periods | 6265 | 8% | 6758 | -100% | 0 |
| undistributed profit | 6806 | 7% | 7297 | -6% | 6864 |
| loss not covered | -541 | 0% | -539 | -100% | 0 |
| one-time effect from changes in accounting policy | 0 | 0% | 0 | 0% | 0 |
| 2. Current year profit | 545 | -72% | 152 | -2770% | -4059 |
| 3. Current year lost | 0 | 0% | 0 | 0% | 0 |
| TOTAL SHAREHOLDERS' EQUITY | 25536 | 1% | 25689 | -16% | 21630 |

Operating expenditures by category

Table № 5

| | | | | | (in thousandBGN) |
|--|---------------|-----------|---------------|------------|------------------|
| EXPENSES | 2012 | | 2013 | | 2014 |
| a | 1 | % | 2 | % | 3 |
| Expenditures | | | | | |
| I. Operating expenses | | | | | |
| 1. Materials | 12162 | 5% | 12795 | -2% | 12504 |
| 2. External services | 6319 | 8% | 6793 | 9% | 7411 |
| 3. Depreciation | 2200 | -3% | 2126 | 4% | 2219 |
| 4. Salaries | 4302 | 10% | 4747 | 10% | 5240 |
| 5. Social security | 470 | 7% | 505 | 8% | 544 |
| 6. Net book value of assets sold (finished goods excluded) | 563 | 29% | 726 | -97% | 24 |
| 7. Assets under construction and write off of assets | (73) | 100% | 110 | 3798% | 4288 |
| 8. Other expenses | 338 | 65% | 558 | -24% | 426 |
| incl. impairment of assets | | | 244 | -100% | |
| incl. provisions | | | | 0% | |
| Total | 26 281 | 8% | 28 360 | 15% | 32 656 |

The consolidated operating expenses of BILLBOARD AD as at 31.12.2014 are in the amount of BGN 32 656 and increased by 15 % compared to the operating expenses reported as at 31.12.2013 in the amount of BGN 28 360.

The most essential part of the operating expenses take the materials in the amount of BGN 12 504 000 which report a decrease by 2 % compared to 2013. The consolidated external services expenses for 2014 are in the amount of BGN 7411 and increased by 9 % compared to the consolidated external services expenses for 2013.

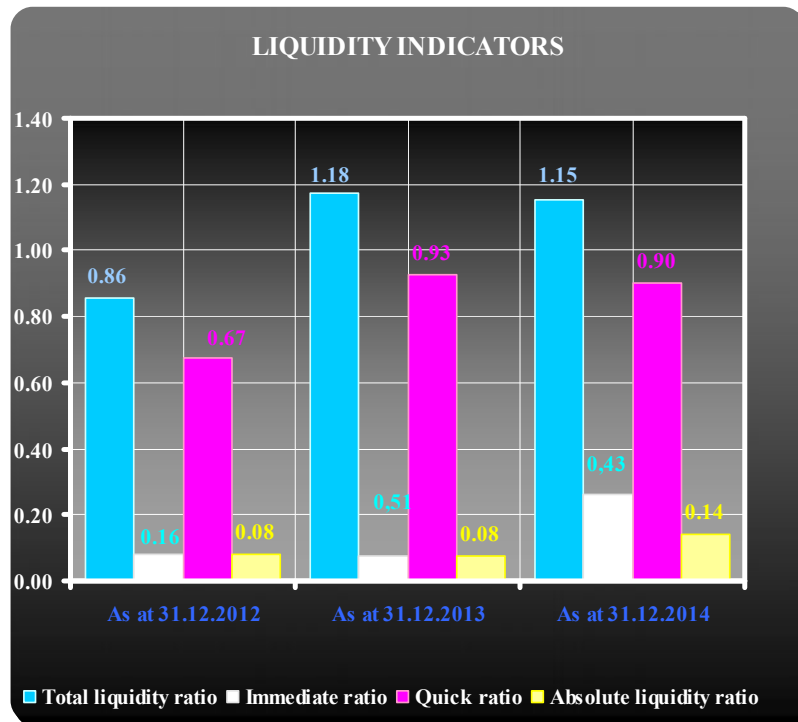
FINANCIAL INDICATORS

1. LIQUIDITY

Table № 6

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|---------------------------------|------------------|------------------|------------------|
| Total liquidity ratio | 0.86 | 1.18 | 1.15 |
| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
| Immediate ratio | 0.08 | 0.08 | 0.26 |
| | | | |
| Quick ratio | 0.67 | 0.93 | 0.90 |
| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
| Absolute liquidity ratio | 0.08 | 0.08 | 0.14 |

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



TOTAL LIQUIDITY RATIO

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

Table № 7

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|------------------------------|------------------|------------------|------------------|
| Total liquidity ratio | 0.86 | 1.18 | 1.15 |

As at 31.12.2014 the value of the total liquidity ratio being 1.15 decreased compared to its rate of 1.18 for 2013. The decrease in the value of this ratio for 2014 compared to 2013 is due to the decrease of the current assets by 8 % and the decrease of the current liabilities by 6 %.

QUICK LIQUIDITY RATIO

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

Table № 8

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|--------------------|------------------|------------------|------------------|
| Quick ratio | 0.67 | 0.93 | 0.90 |

As at 31.12.2014 the value of the quick liquidity ratio is 0.90 and decreased compared to its rate reported in 2013. The decrease in the value of the quick liquidity ratio is due to the decrease of the current assets by 8 %, decrease of the current liabilities increased by 4 % and decrease of the inventories by 8 %.

IMMEDIATE LIQUIDITY RATIO

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

Table № 9

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|------------------------|------------------|------------------|------------------|
| Immediate ratio | 0.08 | 0.08 | 0.26 |

As at 31.12.2014 the value of the immediate liquidity ratio is 0.26.

ABSOLUTE LIQUIDITY RATIO

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

Table № 10

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|---------------------------------|------------------|------------------|------------------|
| Absolute liquidity ratio | 0.08 | 0.08 | 0.14 |

As at 31.12.2014 compared to 31.12.2013 the value of the absolute liquidity ratio increased due to the increase of the cash and cash equivalents by 73 %.

2. CAPITAL RESOURCES

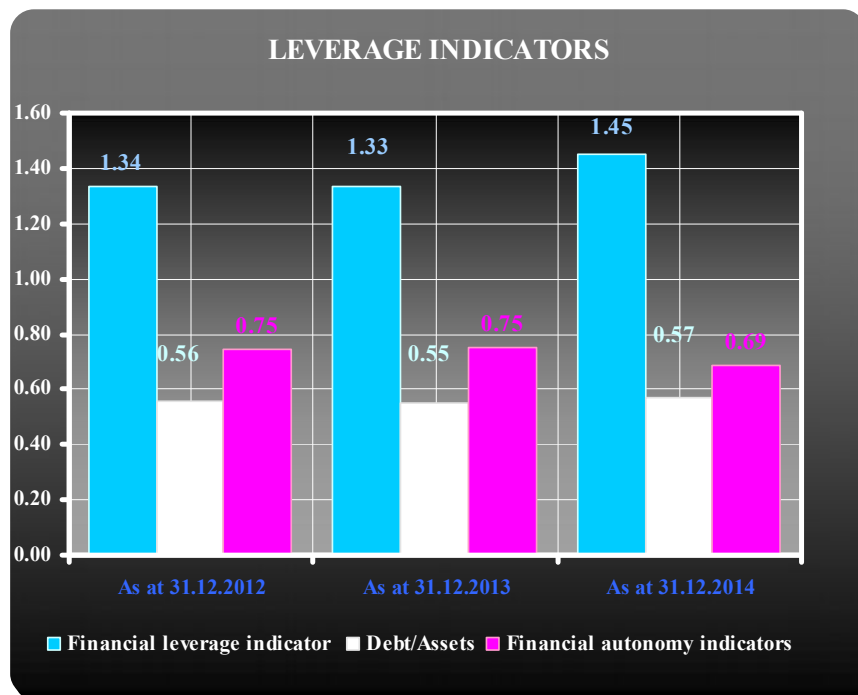
Table № 11

| SHAREHOLDERS' EQUITY, MINORITY HOLDINGS AND LIABILITIES | 2012 | % | 2013 | % | 2014 |
|---|--------------|-------------|--------------|---------------|--------------|
| | a | 1 | 2 | 3 | 3 |
| A. SHAREHOLDERS' EQUITY | | | | | |
| I. Share capital | 15000 | 0% | 15000 | 0% | 15000 |
| II. Reserves | 3726 | 1% | 3779 | 1% | 3825 |
| III. Retained earnings | 6810 | 1% | 6910 | -59% | 2805 |
| 1. Retained earnings from previous periods | 6265 | 8% | 6758 | -100% | 0 |
| undistributed profit | 6806 | 7% | 7297 | -6% | 6864 |
| loss not covered | -541 | 0% | -539 | -100% | 0 |
| one-time effect from changes in accounting policy | 0 | 0% | 0 | 0% | 0 |
| 2. Current year profit | 545 | -72% | 152 | -2770% | -4059 |
| 3. Current year lost | 0 | 0% | 0 | 0% | 0 |
| TOTAL SHAREHOLDERS' EQUITY "A" (I+II+III): | 25536 | 1% | 25689 | -16% | 21630 |

Table № 12

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|-------------------------------------|------------------|------------------|------------------|
| Financial leverage indicator | 1.34 | 1.33 | 1.45 |
| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |

| | | | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Debt/Assets | 0.56 | 0.55 | 0.57 |
| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
| Financial autonomy indicators | 0.75 | 0.75 | 0.69 |



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

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

FINANCIAL AUTONOMY RATIO

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

Table № 13

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Financial autonomy indicators | 0.75 | 0.75 | 0.69 |



As at 31.12.2014 the value of the financial autonomy ratio is 0.69 and decreased compared to 2013. In 2014 compared to 2013 the debt of BILLBOARD AD on a consolidated basis decreased by 8 % and the shareholder's equity decreased by 16 %.

FINANCIAL LEVERAGE RATIO

Table № 14

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|-------------------------------------|------------------|------------------|------------------|
| Financial leverage indicator | 1.34 | 1.33 | 1.45 |

In 2014 in comparison with 2013 the value of the financial leverage ratio increased.

DEBT TO TOTAL ASSETS RATIO

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

Table № 15

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|--------------------|------------------|------------------|------------------|
| Debt/Assets | 0.56 | 0.55 | 0.57 |

As at 31.12.2014 the value of the ratio Debt/Assets registers an increase. In 2014 compared to 2013 the company's debt decreased by 8 % and the total assets decreased by 11 %.

KEY INDICATORS

FINANCIAL INDICATORS OF BILLBOARD AD ON A CONSOLIDATED BASIS AS AT 31.12.2014

Table № 16

| Indicator for 2014 | Value |
|--|--------------|
| Price per share as at 31.12.2014 | 0.755 BGN |
| P/BV | 0.52 |
| P/S | 0.38 |
| Period of turnover of inventories (calculated on the basis of sales revenues) | 38.28 |
| Period of turnover of receivables from customers (calculated on the basis of sales to unrelated parties) | 97.50 |

RETURN ON EQUITY (ROE)

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

Table № 17

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|---------------------------------------|------------------|------------------|------------------|
| Return on shareholder's equity | 0.02 | 0.01 | -0.17 |



As at 31.12.2014 the value of this indicator is negative, due to the registered loss for 2014.

RETURN ON ASSETS (ROA)

Table № 18

| | As at 31.12.2012 | As at 31.12.2013 | As at 31.12.2014 |
|------------------|------------------|------------------|------------------|
| Return on assets | 0.01 | 0.002 | -0.07 |

The Return on Assets indicator shows the effectiveness of using the total assets in the Group. As at 31.12.2014 the value of the Return on Assets is negative, due to the registered loss for 2014.

In 2014 compared to 2013 the company's total assets decreased by 11 %.

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

SYSTEMIC RISKS

OVERALL MACROECONOMIC RISK

From the beginning of 2014 the global economy began its recovery at slower rates than previously expected. Among developed economies, the activity in the US showed the most sustainable development. In the second half of the year the economic development of the European countries slowed down.

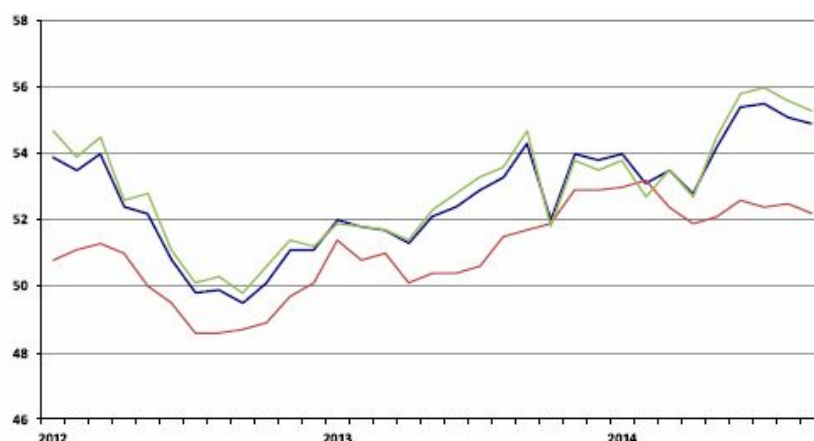
During most of 2014 the leading macroeconomic indicators showed a trend to improve worldwide. The global PMI Index (Purchasing Manager Index), which reflects the business views, reported a growth as a whole during most of the year, reaching relatively high levels - significantly above the 50 percentage points.

During most of 2014 the global stock exchange indexes continued their upward trend due to the greater investors' risk perceptions as a result of the optimistic expectations about the evolution of the world economy as well as thanks to the support of the monetary incentives on the part of the central banks of the US, the Eurozone, the UK and Japan

In the beginning of 2014 the volumes of industrial production worldwide fell down due to the Russia-Ukraine conflict, the bad weather conditions in the US and the slowing growth in Latin American countries.

In 2014 the raw materials prices continued to fall down. The decrease in food and raw materials prices worldwide in 2014 was due to the optimistic perspectives for growth in supply. The decrease in energy raw material prices in 2014 was due to the weaker demand as a result of the increased oil supply on the part of OPEC.

Figure 1. Dynamics of the PMI Index

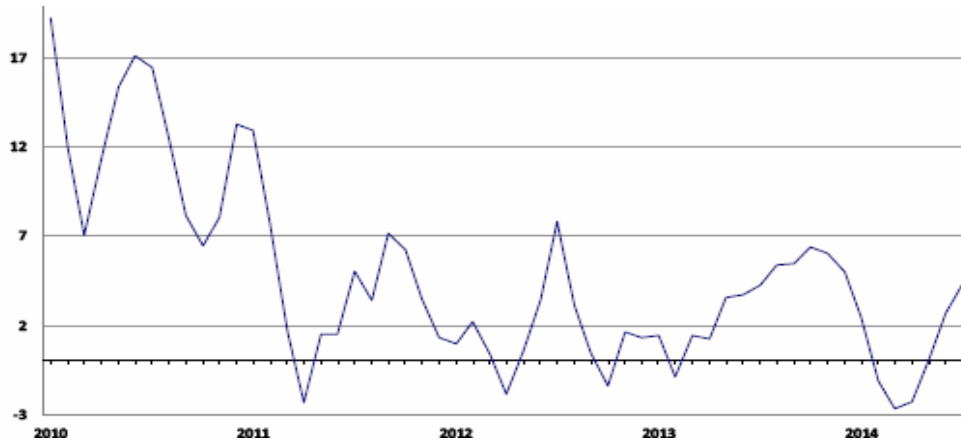




Source: J.P. Morgan

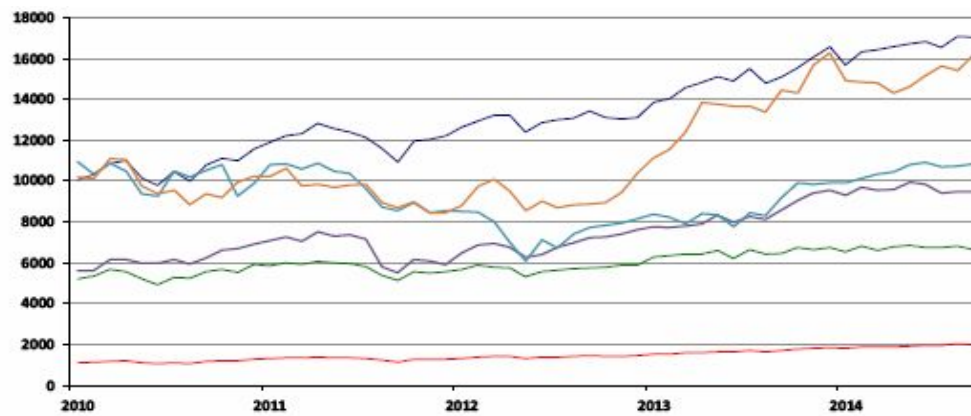
- Global PMI index
- Global PMI of the processing industry
- Global PMI index of the service

Figure 2: World Trade



*Source: IMF

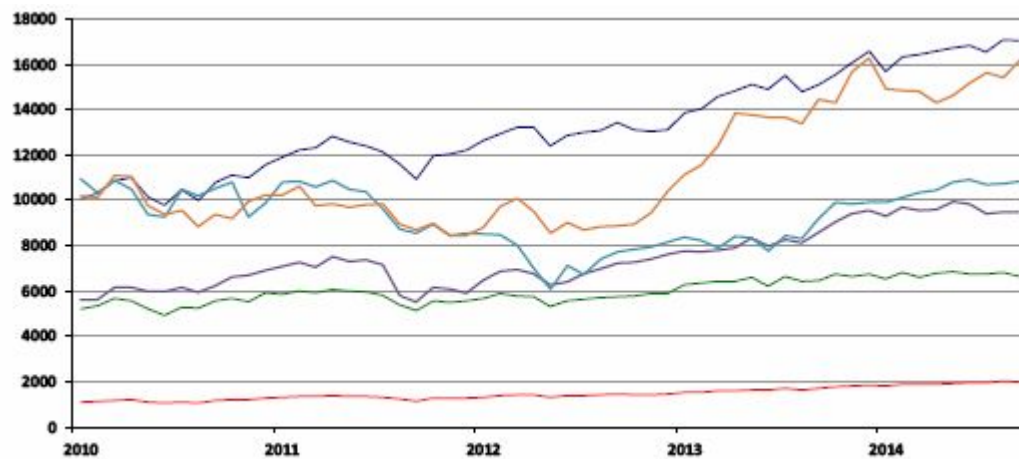
Figure 3: Industrial Production Index



*Source: IMF

- developed industries
- developing industries

Figure 4: Developed Countries Capital markets



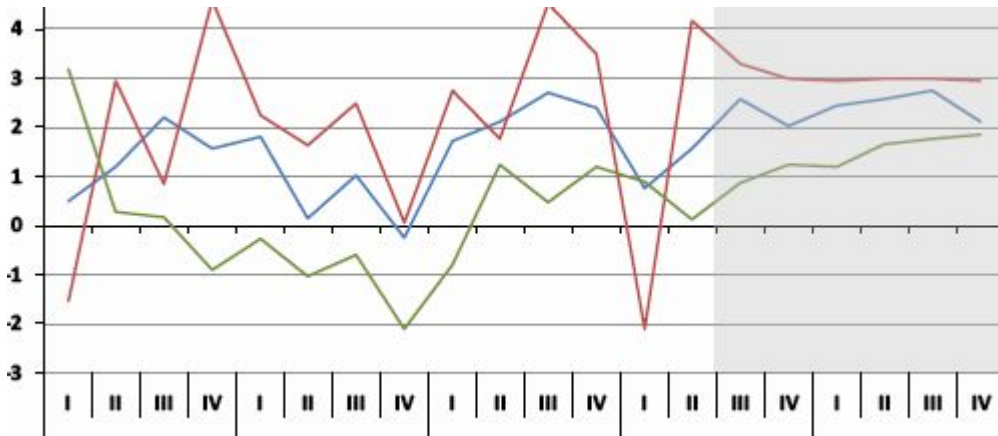


*Source: Bloomberg

- S&P 500 (USA)
- Dow Jones (USA)
- FTSE 100 (United Kingdom)
- DAX (Germany)
- IBEX 35 (Spain)
- NIKKE (Japan)

Figure 5: Real GDP Growth

Yearly Change Rate:

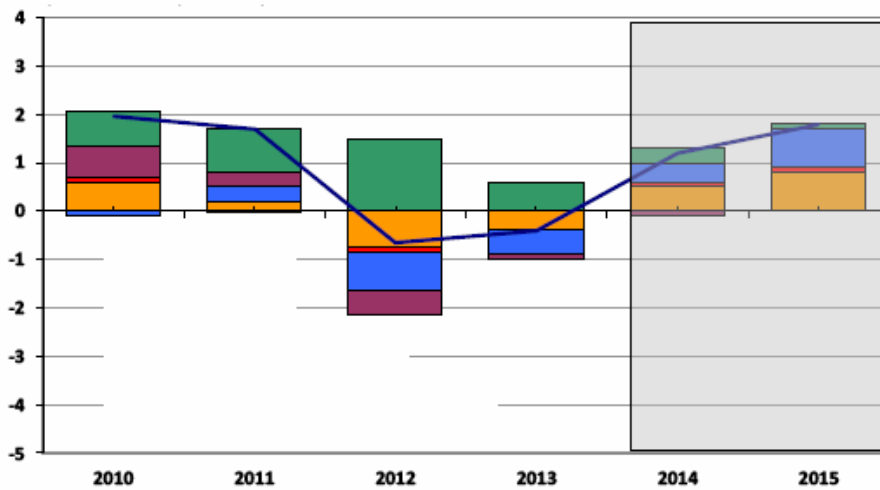


- Developed industries
- USA
- Euro area

*Source: IMF The values for the third and fourth quarter of 2014 and for 2015 are a forecast of IMF

Figure 6: GDP Growth in the Eurozone

% compared to the same period of the previous year



Source: Eurostat. The values for 2014 and 2015 are a forecast of IMF.

- Net export
- Reserves
- Investments



- Government consumption
- Private consumption
- GDP Growth

Growth/decrease in the industrial production in Bulgaria according to data of the National Statistical Institute compared to the previous month

Table № 19

| month | % change |
|-----------------|-------------------|
| January, 2014 | growth by 1.4 % |
| February, 2014 | decrease by 0.1 % |
| March, 2014 | growth by 1.2 % |
| April, 2014 | growth by 1.4 % |
| May, 2014 | decrease by 0.7 % |
| June, 2014 | decrease by 1.3 % |
| July, 2014 | growth by 0.2 % |
| August, 2014 | decrease by 0.9 % |
| September, 2014 | decrease by 2.6 % |
| October, 2014 | growth by 0.5 % |
| November, 2014 | growth by 0.5 % |
| December, 2014 | decrease by 1.1 % |

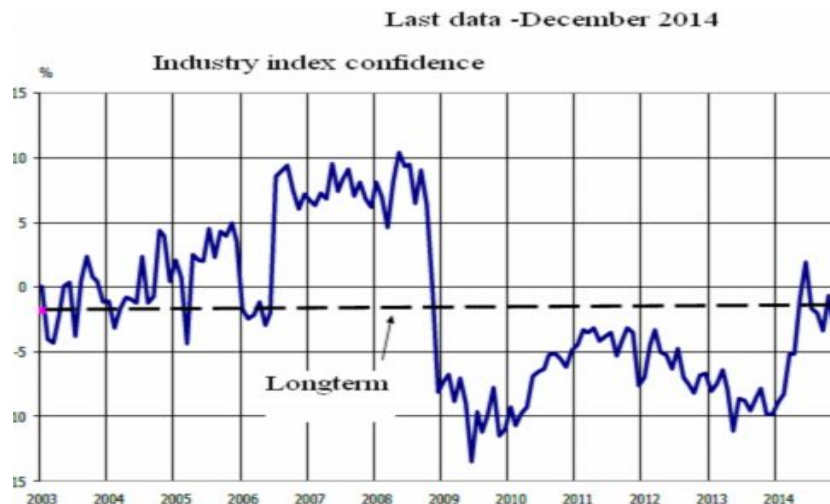
Pursuant to data of the National Statistical Institute during the fourth quarter of 2014 the GDP of the country grew by 1.2 % compared to the same quarter of 2013.

During the fourth quarter of 2014 the unemployment rate was 10.6 % and compared to the same quarter of 2013 decreased by 2.4 percentage points.

The industrial production index in December 2014 compared to the previous month, calculated based on seasonally adjusted data, was 101.1 %, i.e. production grew by 1.1 %. In December, 2014 the Construction sector reported a 0.3 % decrease compared to December, 2013.

In 2014 the exports of Bulgaria for third countries decreased by 6.6 % compared to the previous year and amounted to BGN 16.3 billion and the import decreased by 3.2 % and amounted to BGN 19.7 billion levs.

In 2014 for third countries and the EU in total were exported goods for BGN 43.2 billion and compared to 2013 the exports decreased by 0.7 % and the total amount of the imported goods was BGN 51.1 billion and increased by 1.2 %.





INFLATION RISK

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

In 2014 pursuant to data of the National Statistical Institute (NSI) deflation in Bulgaria was 1,4 %. For comparison, in 2013 inflation was 0.9 %. Only in December 2014 the consumer price index remained unchanged compared to November 2014, but decreased by 0.9 % as compared to a year earlier.

Measured on an annual basis deflation in Bulgaria exists for 17 months now as in 2014 inflation was reported only in April, July and October. The consumer price index decline was due both to the weaker consumption and the impact of the administratively set prices included its composition.

Pursuant to the Bulgarian National Bank the continuing decline in the price of transport fuels as well as the cheaper telecommunication services, dental services and durable goods prices under the influence of internal factors in the country were of decisive importance for of deflation in 2014 to be preserved. The Central Bank predicted that at the beginning of 2015 inflation will remain negative, but with a tendency to decrease in the rate of decline in prices.

In 2015, the Ministry of Finance expects minimum inflation in Bulgaria - only 0.1 %. The authority predicted that it will accelerate to 1.1 % in 2016 and in 2017 it will already be 1.6 %.

The 2014 inflation is:

Table № 20

| Month | Consumer Price Index (CPI) | | Harmonized Consumer Price Index (HCPI) | |
|------------------|--------------------------------|--------------------------------|--|--------------------------------|
| | Compared to the previous month | From the beginning of the year | Compared to the previous month | From the beginning of the year |
| 1 January 2014 | -0.2 % | -0.2 % | -0.3 % | -0.3 % |
| 1 February 2014 | -0.4 % | -0.6 % | -0.6 % | -0.9 % |
| 1 March 2014 | -0.2 % | -0.8 % | -0.3 % | -1.2 % |
| 1 April 2014 | 0.3 % | -0.5 % | 0.2 % | -0.9 % |
| 1 May 2014 | -0.5 % | -1.0 % | -0.5 % | -1.4 % |
| 1 June 2014 | -0.4 % | -1.4 % | -0.3 % | -1.7 % |
| 1 July 2014 | 0.4 % | -1.0 % | 0.6 % | -1.1 % |
| 1 August 2014 | -0.2 % | -1.2 % | -0.1 % | -1.2 % |
| 1 September 2014 | -0.2 % | -1.4 % | -0.7 % | -1.9 % |
| 1 October 2014 | 0.9 % | -0.5 % | 0.1 % | -1.8 % |
| 1 November 2014 | -0.4 % | -0.9 % | -0.5 % | -2.3 % |
| 1 December 2014 | 0.0 % | -0.9 % | 0.3 % | -2.0 % |

* Consumer Price Index (CPI) is the official consumer price index in Bulgaria.

** Harmonized Consumer Price Index (HCPI) is a comparable inflation measure of the EU countries.

INTEREST RATE RISK

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

The European Central Bank revised its estimates for GDP growth for 2014 from 1% to 0.8 %, for 2015 - from 1.5 % to 1.2 % and for 2016 - from 1.7% to 1.5%. Inflation expectations were lowered accordingly from 0.7 % to 0.5%, from 1.2 % to 1% and from 1.5 % to 1.4 %.



On 19.02.2015 were published the financial statements of the European Central Bank according to which:

- The 2014 net profit of ECB figured out at EUR 989 million (compared to EUR 1440 million in 2013).
- The net interest revenues from the securities markets program figured out at EUR 728 million (compared to EUR 962 million in 2013).
- The interest revenues from banknotes figured out at EUR 126 million (compared to EUR 406 million in 2013).
- The balance of ECB figured out at EUR 185 billion (compared to EUR 174 billion in 2013).

At a session of the management Board of the Bank held on 18.02.2015 was approved a resolution for the amount of EUR 15 million to be transferred to the risk provisions as at December 31st 2014 (compared to EUR 0,4 million in 2013) thereby increasing the risk provisions up to their upper limit by that date of EUR 7575 million.

The purpose of risk provisions is to cover the foreign exchange, interest rate and credit risks as well as the one related to gold price, which are subject to continuous monitoring. The amount of provisions is being reviewed annually. As a result of this transfer to the risk provisions ECB's 2014 net profit amounted to EUR 989 million (compared to EUR 1440 million in 2013).

ECB's profit decline is mainly due to:

1. lower interest revenues from banknotes due to the lower average interest rate on the main refinancing operations;
2. decrease in net interest revenues from the securities markets program (SMP) due to repayments;
3. higher operational expenses mainly due to expenses related to the establishment of the single supervisory mechanism (SSM).

In 2014 the net interest revenues of the European Central Bank figure out at EUR million (compared to EUR 2005 million in 2013). In 2014 the generated profit from financial operations were in the amount of EUR 57 million (compared to EUR 52 million in 2013).

In 2014 ECB's impairments amounted to EUR 8 million (compared to EUR 115 million in 2013). The significant decrease in 2014 impairments is mainly due to the overall increase in the market value of securities held in the US dollars portfolio and the own funds portfolio.

The assets in the balance sheet of the ECB increased by EUR 11 billion to EUR 185 billion in 2014 (compared to EUR 174 billion in 2013). This increase is mainly due to the rise in gold price and foreign reserve assets held by the ECB as well as due to the increase in the currency (banknotes) in circulation.

For 2014 the Bulgarian National Bank reported decrease in nearly all segments both for loans and deposits. Minor fluctuations on a monthly basis and maintaining the trends for interest rates decrease both in deposits and loans for households and the businesses established within the last several years. This shows the interest rate statistics of the Bulgarian National Bank at the end of 2014.

Deposit decrease

In December the average interest rates on fixed deposits for households in levs reported a slight increase compared to November as the breakdown by individual segments showed that the increase was due mainly to the slightly higher price at which banks had attracted savings for a period of 6 to 12 month - the real increase of the average interest rate was by the minimum 0.05 percentage points as in some other segments there were higher monthly changes but nearly half of household deposits which were statistically counted as newly attracted were namely for such periods.

Cheaper financing



Crediting also did not show any significant changes. In December the financing for the business in levs was on average 0.2 percentage points cheaper compared to November, while the average interest rates on loans in EUR were 1.9 percentage points lower compared to the previous month.

2014 Base Interest Rates of the Bulgarian National Bank

Table № 21

| Month | Interest Rate |
|-----------------|---------------|
| January, 2014 | 0.02 % |
| February, 2014 | 0.04 % |
| March, 2014 | 0.04 % |
| April, 2014 | 0.04 % |
| May, 2014 | 0.05 % |
| June, 2014 | 0.05 % |
| July, 2014 | 0.03 % |
| August, 2014 | 0.04 % |
| September, 2014 | 0.04 % |
| October, 2014 | 0.03 % |
| November, 2014 | 0.02 % |
| December, 2014 | 0.02 % |

*Source:BNB

POLITICAL RISK

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

Political risks for Bulgaria in the international aspect are associated with the commitments for implementation of significant structural reforms in the country in its capacity of an EU full-right member, enhancing social stability and reducing inefficient expenses. The lack of particular application of the measures that would let the government overcome the effects of the financial crisis and meet the major requirements of the European Union on transparency in spending public funds, fight against corruption, independence and efficiency of the legal system continuously cause instability. Failure to comply with requirements set by the EU could lead to activation of safeguard clauses and subsequent diversion and/or reduction of resources from the European funds.

Political risks in the national aspect are associated with the slow recovery of Bulgaria from the recession, into which the country fell in 2009, when a significant part of foreign investors lost their confidence in the country and Bulgarian business substantially reduced its activity. The change of several governments in 2014, the lack of a strategically stable development program of Bulgaria during that period, as well as the lack of consistency in the implementation of the reforms further increased the instability in the country which determined the lack of interest for realization of foreign and Bulgarian investments in the economy.

Political risk will increase if the current government fails to take adequate measures for financial and economic stabilization of country as well as for consistent and serious reforms in the judicial system and in all unreformed spheres of public life..

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



CURRENCY RISK

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

Currency risk will have impact over companies having market shares, payments to which are made in currencies different from the Bulgarian lev and the euro. In view of the fact that according to the current legislation in the country the Bulgarian lev is pegged to the euro at the rate of EUR 1 = BGN 1.95583 and the Bulgarian National Bank is obliged to maintain a level of Bulgarian lev in circulation equivalent to the foreign exchange reserves of the Bank, the risk of devaluation of the lev against the European currency is minimal and consists in a possible elimination of the currency board in Bulgaria ahead of term. At this stage it appears to be unlikely since the the Currency Board is expected to be repealed upon adoption of the euro as an official legal tender in Bulgaria, which was planned for 2012.

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

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

UNSYSTEMATIC RISKS

SECTOR RISK

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

BILLBOARD AD is dependent mostly on the general trends in the field of printing, marketing and advertising. Since the amount of investments in marketing depends on the amount and allocation in time of the cash flows of the client itself and the overall situation of the sector where the advertiser operates, BILLBOARD AD is directly dependent on the cyclicity of the economy. Slowdown of the Bulgarian economy growth and reducing the cost of advertising and printing, respectively, may have a major negative impact on the company's revenues and profit.

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

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



advertising volume as a result of the final completion and put into operation of the first diameter of the Sofia Underground.

RISK OF INTRODUCTION OF NEW TECHNOLOGIES

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

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

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

Important events occurred after the annual closure, which are known at the moment of preparing the Report and material information affecting the price of securities of BILLBOARD AD

On 13.03.2015 the company's Board of Directors passed a resolution to increase the capital of Digital Print Ltd. by means of a contribution in kind in the amount of BGN 2 995 000 (two million nine hundred ninety-five thousand Bulgarian levs) representing a part of the principal amount under a Loan agreement as of 01.08.2008 between the Company (creditor) and Digital Print Ltd. (borrower) and providing the importer of the contribution in kind the respective number of stakes with voting rights at face value, according to the monetary evaluation of the contribution in kind.

There are no other essential events that occurred after the end of the financial period that could affect the annual financial statements of the Company for the year ended on December 31st, 2014.

VI. CURRENT TRENDS AND PROBABLE FUTURE DEVELOPMENT OF THE GROUP

During the whole 2014 the sector where BILLBOARD AD operates continued to be affected by the consequences of the economic crisis, including the difficulties in negotiating and obtaining bank financing prompted by the crisis. Additional difficulties for the company, as well as for any other commercial enterprise operating in the country was caused by the continuous political instability which led to an additional outflow of investment and commercial interest from Bulgaria. Essential problem for the company continued to be the difficult collection of receivables from customers, as well as the relatively large inter-company indebtedness in the country. In 2014 again the company's management reported that actual orders remain within the limits of the too conservative approach, imposed during the last two and a half years.

As at 31.12.2014 BILLBOARD AD reports a 3 % growth in the production in real volume terms compared to 2013.

Pursuant to the annual financial statements of BILLBOARD AD, drawn up according to the IAS forms, as at 31.12.2014 the company generated consolidated net sales revenues in the amount of BGN 30 054 thousand which is an increase by 2.77.% compared to the net sales revenues for 2013. The production net sales revenues are to the amount of BGN 25 285 000 represent 84.13 % of the net



sales revenues and the services net sales revenues are to the amount of BGN 4 769 000 and represent 15.87 % of the consolidated net sales revenues.

The restructuring of the credit and lease agreements of BILLBOARD AD with fund from the loan received in 2013 from the EBRD lead to cessation of penalty interest payments as the released cash resources was directed towards development of the production activity of the company and increasing the volume of products and services. Receiving credit resources under favorable conditions for the development of BILLBOARD AD increased the profitability and improved the financial situation of the company and hence its value, which has a positive impact on the shareholders as well.

Given the economic situation in the European Union and Bulgaria in 2014, and in particular the market where the Company operates, as well as the complicated political situation in a domestic and international aspect during the last year, the management of BILLBOARD AD believes that in 2015 the company will achieve around 5 % increase in the consolidated sales revenues compared to 2014. In terms of the results in financial aspects, BILLBOARD AD will continue being dependent on the not very active domestic consumption and the conservative advertising budgets of companies in the country.

In 2015 the Company will also retain a conservative policy of making investments in new production facilities.

VII. RESEARCH AND DEVELOPMENT ACTIVITIES

During the last three years BILLBOARD AD has not carried out research and development activities. Such have been carried out within its economic group of companies by Nimisoft Ltd. The team of the subsidiary company systematically designs and builds integrated information management systems intended for specific printing business - both in the field of digital printing and offset printing.

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

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

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

As at 31.12.2014 the companies in the economic group of BILLBOARD AD are:

o DEDRAX AD

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

The company was registered with a capital amounting to BGN 5 000. In 2010 the company's capital was increased to BGN 2 800 000 by its own funds representing a part of the profit for 2009 in the



amount of BGN 310 750.92 and non-distributed company's profit from previous years in the amount of BGN 2 484 248.08.

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

As at 31.12.2014 BILLBOARD AD holds directly 60 % of the votes at the general assembly.

- **DPS – BULGARIA Ltd.**

Scope of activity: domestic and foreign trade, barter and counter deals, sales under the terms of letter of credit and leasing, distribution of large volumes of imported goods, trade agency, intermediation for foreign and local parties, trade in digital, wide format printing and typographical equipment and supplies.

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

As at 31.12.2014 BILLBOARD AD holds directly 300 company stakes, representing 60 % of the votes at the general assembly.

- **MOTION ARTS Ltd.**

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

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

As at 31.12.2014 BILLBOARD AD holds directly 255 company stakes, representing 51 % of the votes at the general assembly.

- **INSTOR MEDIA EOOD**

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

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

As at 31.12.2014 BILLBOARD AD is a single owner of the company's capital.

- **NIMISOFT Ltd.**

Scope of activity: production, purchase and sale of software and hardware products, construction of information systems, representation and intermediation of other manufacturers of software and hardware products, intellectual property transactions, and other activities not prohibited by law.

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

As at 31.12.2014 BILLBOARD AD holds directly 255 company stakes, representing 51 % of the votes at the general assembly.

- **DIGITAL PRINT EOOD**

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



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

As at 31.12.2014 BILLBOARD AD is a single owner of the company's capital.

○ **SOLARSET EOOD**

Scope of activity: yield, sale and resale of electricity from renewable energy sources; manufacture of components, construction and operation of solar power plants and such of other renewable energy sources; domestic and foreign trade; offset roll printing; digital printing; advertising; intellectual property transactions; leasing, import and export, as well as any transactions not prohibited by law. The company was registered with a capital in the amount of BGN 5 000.

As at 31.12.2014 BILLBOARD AD is a single owner of the company's capital.

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

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

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

As at 31.12.2014 BILLBOARD AD holds 30.13 % of the capital of TIPO PRINT Ltd and the subsidiary company DIGITAL PRINT EOOD holds 50.03 % of the capital.

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

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

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

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

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

Pursuant to the annual consolidated financial statements of BILLBOARD AD, drawn up according to the IAS forms, as at 31.12.2014 BILLBOARD AD reports consolidated net sales revenues in the amount of BGN 30 054 000 which is an increase by 2.77 % compared to the 2013 consolidated net sales revenues in the amount of BGN 29 243 000.

The consolidated production net sales revenues of BILLBOARD AD as at 31.12.2014 BILLBOARD AD are in the amount of BGN 25 285 000 and reports a decrease by 0.75 % and the services net sales revenues are to the amount of BGN 4 769 000 and increased by 26.63 %.



Table № 22

| Revenues (in thousand BGN) | 31.12.2012 | 31.12.2013 | 31.12.2014 |
|----------------------------|---------------|---------------|---------------|
| Production sales | 24 282 | 25 477 | 25 285 |
| Services sales | 3 309 | 3 766 | 4 769 |
| Total | 27 591 | 29 243 | 30 054 |

2. Information about the revenues allocated by separate categories of activities, domestic and external markets as well as information about the sources for supply of materials required for the manufacture of commodities or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenues from sales, information shall be provided about every person separately about such person's share in the sales or purchases and his relations with the issuer

Table № 23

| Revenues (in thousand BGN) | 31.12.2012 | 31.12.2013 | 31.12.2014 |
|----------------------------|---------------|---------------|---------------|
| Production sales | 24 282 | 25 477 | 25 285 |
| Services sales | 3 309 | 3 766 | 4 769 |
| Total | 27 591 | 29 243 | 30 054 |

As at 31.12.2014 the companies in the economic group of BILLBOARD AD report export revenues in the amount of BGN 1 510 727.35 which is 5.026 % of the consolidated net sales revenues.

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

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

As at 31.12.2014 the companies in the economic group of BILLBOARD AD report export revenues in the amount of BGN 1 510 727.35 which is 5.026 % of the consolidated net sales revenues.

Breakdown of the markets of BILBOARD AD on a consolidated basis as of 31.12.2014 is the following:

- Czech Republic– 572 375.85 BGN
- Romania – 398 135.67 BGN
- Denmark – 162 515.31 BGN
- Germany– 116 293.61 BGN
- Italy – 66 094.94 BGN
- Netherland – 62 587.25 BGN
- Greece – 51 074.15 BGN
- Hungary– 34 600.01 BGN
- Belgium- 9874.99 BGN
- Macedonia – 8268.14 BGN
- France– 8069.24 BGN
- Spain– 7744.35 BGN
- Polland - 2166.28 BGN
- Great Britain– 2087.02 BGN
- USA -1078.80 BGN
- Other – 6091.74 BGN

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

In formation on the larger transactions with related parties concluded in 2014 outside the group of BILLBOARD AD is presented in detail in the 2014 annual consolidated financial statements in the IAS forms.

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

During 2014 has not occurred an unpredictable and unforeseen circumstance of an extraordinary nature, which has had an impact on BILLBOARD AD and the companies included in the economic group except for the negative influence of the world financial and economic crisis.

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

During 2014 BILLBOARD AD and the companies included in the economic group have not concluded off-balance kept transactions.

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

As of 31.12.2014 BILLBOARD AD has holdings in the following subsidiary companies within the economic group if the issuer:

Table № 24

| Name of the Company | Scope of Activity | Capital share or percentage of votes at the General Assembly |
|---------------------------|--|--|
| DIGITAL PRINT EOOD | Digital printing, advertising, intellectual property transactions, leasing, and any other transactions which are not prohibited by law | 100 % of the capital |
| INSTOR MEDIA EOOD | Domestic and foreign trade, manufacturing and marketing of promotional materials and equipment, advertising, design, and other activities and services that are not prohibited by law. | 100 % of the capital |
| DEDRAX AD | Desktop publishing and graphic design, publishing and | 60 % of the capital |

| | | |
|-------------------------|--|----------------------|
| | advertising activities, development, adaptation, implementation, support of software products and systems, marketing and distribution of the same. Domestic and foreign trade, and any other activity not prohibited by law. | |
| DPS BULGARIA Ltd | Domestic and foreign trade, barter and counter deals, sales under the terms of letter of credit and leasing, distribution of large volumes of imported goods, trade agency, intermediation for foreign and local parties, trade in digital, wide format printing and typographical equipment and supplies. | 60 % of the capital |
| MOTION ARTS Ltd | Trading, production, management, tourism, services, computer animation and design, as well as any other activity not prohibited by law. | 51 % of the capital |
| NIMISOFT Ltd | Production, purchase and sale of software and hardware products, construction of information systems, representation and intermediation of other manufacturers of software and hardware products, intellectual property transactions, and other activities not prohibited by law. | 51 % of the capital |
| SOLARSET EOOD | Yield, sale and resale of electricity from renewable energy sources; manufacture of components, construction and operation of solar power plants and such of other renewable energy sources; domestic and foreign trade; offset roll printing; digital printing; advertising; intellectual property transactions; leasing, import and export, as well as any transactions not prohibited by law. | 100 % of the capital |

7. Information about the concluded by the issuer, by its subsidiary or parent undertaking, in their capacity of borrowers, loan contracts with indication of the terms and conditions thereof, including the deadlines for repayment as well as information on the provided guarantees and assuming of liabilities

Amount and maturity date of the loans of BILLBOARD AD as at 31.12.2014

Table № 25

| Bank / Creditor | Agreed amount of the credit | Interest rate % | Maturity date | Current part at depreciated value | | Long-term part at depreciated value | |
|--------------------------|-----------------------------|------------------|---------------|-----------------------------------|-----------|-------------------------------------|------------|
| | | | | Principal | Interests | Principal | Interests |
| EBRD | 10757 | 3M EURIB + 7% | 14.10.2020 | 2250 | 95 | 8416 | 633 |
| Eurobank EFG Bulgaria AD | 978 | 3M EURIB + 7.50% | 01.9.2014 | | 2 | 978 | |
| UniCredit Bulbank AD | 39 | 1M EURIB + 6.00% | 15.4.2014 | 2 | | | |
| Credit cards | | | | 31 | | | |
| Total | | | | 1 011 | 99 | 10 699 | 281 |

Amount and maturity date of the loans of DEDRAX AD as at 31.12.2014

Table № 26

| Bank / Creditor | Agreed amount of the credit in BGN '000 | Current part in BGN '000 | Long-term part in BGN '000 | Maturity date |
|--------------------------|---|--------------------------|----------------------------|---------------|
| Eurobank EFG Bulgaria AD | 587 | 537 | | 18.10.2015 |
| SG Expresbank | 782 | 392 | | 10.11.2015 |

| | | | | |
|--------------|-------|-----|--|--|
| Total | 1 369 | 929 | | |
|--------------|-------|-----|--|--|

Amount and maturity date of the loans of DIGITAL PRINT EOOD as at 31.12.2014

Table № 27

| Bank / Creditor | Agreed amount of the credit in BGN '000 | Current part in BGN '000 | Long-term part in BGN '000 | Maturity date |
|-----------------|---|--------------------------|----------------------------|---------------|
| SG Expresbank | 6 571 | 597 | 3904 | 30.12.2021 |
| Total | | | | |

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

Table № 28

| Granted Loans | | | | | | | |
|-------------------|-----------------------------|-----------------|------------|-----------------------------------|------------|-------------------------------------|-----------|
| Borrower | Agreed amount of the credit | Interest rate % | Maturity | Current part at depreciated value | | Long-term part at depreciated value | |
| | | | | Principal | Interests | Principal | Interests |
| Oksizen Ltd. | 183 | OJII + 3% | 31.12.2010 | 183 | 29 | - | - |
| Liudmil Terziisky | 200 | 6.50% | 15.1.2016 | - | 52 | 200 | - |
| Stoiko Vasilev | 200 | 6.50% | 14.6.2016 | - | 52 | 200 | - |
| Total | | | | 183 | 133 | 400 | - |

Table № 29

| Accrued interest income under loans granted | | | | |
|---|-----------------------------|-----------------|------------------|-----------------------------|
| Borrower | Receivable as at 31.12.2013 | Accrued in 2014 | Received in 2014 | Receivable as at 31.12.2014 |
| Oksizen Ltd. | 23 | 6 | - | 29 |
| Liudmil Terziisky | 39 | 13 | - | 52 |
| Stoiko Vasilev | 39 | 13 | - | 52 |
| Total | 101 | 32 | - | 133 |

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

During the reported period BILLBOARD AD has not issued a new issue of shares.

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



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

The restructuring of the credit and lease agreements of BILLBOARD AD with the fund from the loan received in 2013 from the EBRD lead to cessation of penalty interest payments as the released cash resources was directed towards development of the production activity of the company and increasing the volume of products and services. Receiving credit resources under favorable conditions for the development of BILLBOARD AD increased the profitability and improved the financial situation of the company and hence its value, which has a positive impact on the shareholders as well.

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

Given the economic situation in the European Union and Bulgaria in 2014, and in particular the market where the Company operates, as well as the complicated political situation in an international aspect during the last months, the management of BILLBOARD AD believes that in 2015 the company will achieve 5 % increase in the consolidated sales revenues compared to 2014. In terms of the results in financial aspects, BILLBOARD AD will continue being dependent on the not very active domestic consumption and the conservative advertising budgets of companies in the country.

In 2015 the Company will also retain a conservative policy of making investments in new production facilities.

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

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

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

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

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

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

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



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

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

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

Functions of the Audit Committee

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

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

Functions of the Board of Directors

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

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

Functions of the External Auditor

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

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

As at 31.12.2014 the Board of Directors of BILLBOARD AD includes the following members:

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

At the regular annual General Assembly of the Shareholders held on 27.06.2014 was adopted a resolution Rumen Sabev Radev to be released as a member of the Board of Directors and Borislav Hristov Borisov was elected on his place as a new independent member of the Board of Directors. On 07.07.2014 the new member of the Board of Directors of BILLBOARD AD was filed with the Commercial Register to the Registry Agency under № 20140707123917.

No changes in the way of representation of the company have been made during the reported financial year. No appointment or discharge of procurator has occurred during 2014.

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

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

In 2014 the members of the Board of Directors have received the following remuneration from the company:

Table 30

| Full name | Position | Gross in BGN |
|--------------------------|--|---------------------|
| Kalin Vassilev Genchev | Chairperson of the Board of Directors | 28 560 |
| Stefan Vassilev Genchev | Executive Director | 28 560 |
| Rumen Subev Radev | Vice Chairperson of the Board of Directors | 2 040 |
| Desislav Grozev Tomov | independent member of the Board of Directors | 12 240 |
| Borislav Hristov Borisov | independent member of the Board of Directors | 10 200 |

In 2014 the members of the Board of Directors have not received non-money remunerations. The company does not have contingent or deferred remunerations, occurred during the year, even if the remuneration is due at a later time.

As at 31.12.2014 BILLBOARD AD do not owe amounts for payment of pensions, compensations at retiring on a pension or other similar compensations.

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



As at 31.12.2014 members of the Board of Directors of BILLBOARD hold shares from the capital of the company as follows:

Table 31

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

The company has not provided options on securities.

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

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

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

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

19. Information about the Investor Relations Director:

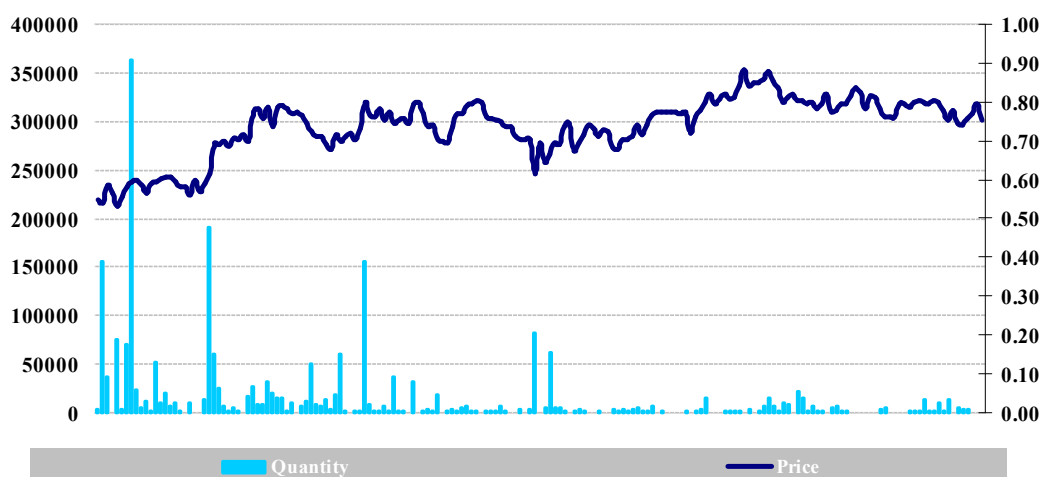
Sophia Argirova

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





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

XII. OTHER INFORMATION AT THE COMPANY'S DISCRETION

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

Date of signing and approval for issuance:

16.04.2015
Sofia

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