Electricity System Operator EAD

Financial Statements

For the year ended 31 December 2007

With Independent Auditor's Report Thereon

KPMG

INDEPENDENT AUDITORS' REPORT

To the sole shareholder of
Energy System Operator EAD

We have audited the accompanying financial statements of Energy System Operator EAD (the "Company"), which comprise the balance sheet as at 31 December 2007, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Krassimir Hadjidinev
Partner

Antoaneta Boicheva
Registered auditor

Sofia, 26 March 2008

KPMG Bulgaria OOD
37, Fridtjof Nansen Str.
Sofia 1142
Bulgaria

ELECTRICITY SYSTEM OPERATOR EAD
51, James Bourchier blvd, 1407, Sofia, Bulgaria; tel. +359 (2) 9696 802; fax. +359 (2) 9626 129; e-mail: mvn@mvn.bg

Income statement

For the year ended 31 December 2007

In thousands of BGN	**Note**	**2007**
Revenue	4	347,852
Other operating income	5	9,581
Cost of assets sold		(2,208)
Change in balances of assets under construction		491
Cost of balancing energy	4 (a)	(13,261)
Materials	6	(8,972)
Hired services	7	(41,791)
Cost of electrical reserves	4 (a)	(185,778)
Depreciation and amortization	14, 15	(12,754)
Salaries and remuneration	8	(47,192)
Social security contributions	9	(33,409)
Other operating expenses	10	(2,152)
Finance income		195
Finance expenses		(118)
Net finance income	11	77
Profit before tax		10,484
Income tax expense	12	(1,049)
Net profit for the period		9,433

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 32

The financial statements were approved by the Board of Directors on 26 March 2008.

Ivan Ayolov
Chief Executive Director

Julieta Pechenikova
Chief Accountant

Krassimir Hadjidinev
Partner

KPMG Bulgaria OOD

Antoaneta Boicheva
Registered Auditor

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №045
"КПМГ - България" ООД

0332 Антоанета Бойчева
Регистриран одитор

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Balance sheet

For the year ended 31 December 2007

In thousands of BGN	Note	2007
Assets		
Non-current assets		
Property, plant and equipment	14	43,272
Intangible assets	15	4,915
Deferred tax assets	13	1,364
Total non-current assets		49,551
Current assets		
Inventories	16	8,788
Receivables from related parties	25	21290
Trade and other receivables	17	7,103
Cash and cash equivalents	18	9,844
Total current assets		47,025
Total assets		96,576
Equity		
Share capital		57,847
Retained earnings		519
Total equity		58,366
Liabilities		
Non-current liabilities		
Deferred tax liabilities	13	2,018
Liabilities for retirement compensation	19	3,958
Deferred financing	21	527
Total non-current liabilities		6,503
Current liabilities		
Payables to related parties	25	1,054
Trade and other payables	20	23,518
Tax liabilities	22	5,980
Liabilities for retirement compensation	19	698
Deferred financing	21	457
Total current liabilities		31,707
Total liabilities		38,210
Total equity and liabilities		96,576

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 32

The financial statements were approved by the Board of Directors on 26 March 2008.

Ivan Ayolov
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Statement of cash flows

For the year ended 31 December 2007

In thousands of BGN	Note	2007
Cash flows from operating activities		
Cash generated from sales, including:		13,887
Cash generated from sales of electrical energy, including:		7,396
electrical energy clients		7,396
clients using the electricity grid		
Cash generated from other sales		6,491
Cash generated from related parties		186,481
Cash paid to suppliers and employees, including:		(58,108)
local suppliers of electrical energy		(65,288)
payments to other suppliers		(58,124)
payments to employees		(66,081)
Cash paid to suppliers – related parties		(40)
Cash generated from operations		10,851
Interest paid		(3)
Fees, commissions and other		(54)
Exchange rate gains, net		(1)
Other proceeds and payments, net		1,768
income tax paid in advance		(676)
taxes and social security recovered		124
other payments for operating activities		2,321
Net cash from operating activities		12,561
Cash flows from investment activities		
Acquisition of property, plant and equipment		(2,854)
Interest received		137
Net cash used in investment activities		(2,717)
Net increase in cash and cash equivalents		9,844
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	18	9,844

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 32.

The financial statements were approved by the Board of Directors on 26 March 2008.

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Statement of changes in equity

For the year ended 31 December 2007 *In thousands of BGN*	**Note**	**Share capital**	**Reserves**	**Retained earnings**	**Total**
Balance at 4 January 2007		57,847	-	-	57,847
Effect from transferred assets and liabilities from NEK EAD	25	-	-	(8,914)	(8,914)
Recognized profit for 2007		-	-	9,433	9,433
Balance at 31 December 2007		57,847	-	519	58,366

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the individual financial statements set out on pages 5 to 32.

The financial statements were approved by the Board of Directors on 26 March 2008.

Ivan Ayolov
Chief Executive Director

Julieta Pechenikova
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1. Reporting entity

Electricity System Operator (ESO) EAD was established in compliance with § 15 of the transitional and final provisions of the Energy Act (EA) according to which the activities related to managing the power system and organizing the electrical energy market are legally and organisationally separated from the other activities of Natsionalna Elektricheska Kompania EAD (NEK EAD) with effect not later than the date of accession of Bulgaria to the European Union.

Electricity System Operator EAD is a a single-member joint-stock company registered by the Sofia City Court Sofia further to Decision No. 1 of 04.01.2007 № 16298/2006 under company case No. 16298/2006 and entered in the Trade Regsiter under No. 112765, volume 1528, register 1, page 53. The Company is domiciled in Sofia, Lozenetz, 51 James Boucher Boulevard. The Company has a Board of Directors comprising three members. ESO EAD is represented by Mr. Ivan Ayolov, Executive Director.

The activities of ESO are regulated by the Energy Act. The main activity of the Company is management of the electrical power system (EPS). According to the Energy Act (Art. 39, Para 1, item 11), this activity is subject to licensing by the State Commission for Energy and Water Regulation (SCEWR). According to Article 43, para 1, item 4 of the Energy Act there is only one license issued for this activity on the territory of the country. The license has been obtained by ESO with Decision No. R-052 of 28.12.2006 of SCEWR for a period of 35 years. All energy sites on the territory of the country are iterrelated and operate in a common energy system with a unified working regime and a constant process of production, transmission, restructuring, distribution and consumption of electricity. The operating management of the system includes:

1. Unified operating planning, coordination and management of electrical energy system for a safe, effective and reliable fuctioning (Art. 87, para 2, item 1, Art. 108, para l, item 1, Art. 109, para l, item 1)
2. Maintaining the balance between production and consumption of electrical energy (Art. 109, para l, item 2)
3. Management (dispatching) of the transfer and transformation of electrical energy (Art.86, para 3)
4. Cooperation with electrical energy systems of the other contries in accordance with international agreements (Art. 109, para l, item 3)
5. Transit of electrical energy via transmission network (Art. 87, para 2, item 2)
6. Granting equal access to transmission network users meeting the quality requirments (Art. 109, para 1, item 4)
7. Administartion of transactions with electrical energy contracted under regulated or unregulated prices and on the balancing market. (Art. 111, para 1)

The above mentioned activities can be devided as follows: Dispatching the transmission network (items 1-5) and administration of the electrical energy market and the balacing market (items 6-7). NEK EAD as a transmission company has been issued the only licnese in Bulgaria for transmission of electrical energy. NEK EAD is the owner of the transmission network. The expansion, reconstruction and modernisation of the transmission network (investment activities) are performed by NEK EAD in accordance with the forecasts and plans for development of electrical energy, prepared by ESO (Art. 87, para 2). The maintainance of the energy sites and equipment of the transmission network in accordance with the technical and safety requirments is a license obligation of NEK, but the actual execution has been assigned to ESO under the agreement between NEK and ESO on exploitation and maintrenance of the transmission network signed on the 4 January 2007 in compliance with Art.86, para 2 of the Energy Act.

2. Basis of preparation

(a) Compliance

The accompanying financial statements for 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Commission.

IAS 8 *Accounting policies, changes in accounting estimates and errors* requires the Company to disclose the fact that it has not applied standards and interpretations to published International Financial Reporting Standards that are not yet effective, as well as information about the possible effect from application of the respective standards and interpretations in the period of the first time application. The Company has disclosed the effects from application of published International Financial Reporting Standards that are not effective as at the balance sheet date but may have an effect on the Company's activities (see note 3(k)).

The financial statements were approved by the Board of Directors on 26 March 2008.

(b) Basis of measurement

The financial statements have been prepared in accordance with the historical cost principle, except for the property, plant and equipment, which are stated at revalued amount (significant accounting policy 3(d)).

(c) Functional and presentation currency

The financial statements have been prepared in Bulgarian leva, which is the Company's functional currency. All financial information presented in BGN has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimate uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 16 –Inventories;
- Note 17 - Trade and other receivables

3. Significant accounting polices

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the company at exchange rates stated by the central bank at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate stated by the central bank at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Accounting for finance income and expense is discussed in note (3 (i)).

Held-to-maturity investments

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available- for-sale financial assets

The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items (see note 3 (i)), are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

3. Significant accounting polices (continued)

(b) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

***(ii)** Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(c) Property, plant an equipment

***(i)** Recognition and measurement*

Items of property, plant and equipment are stated at revalued amount less accumulated depreciation and accumulated impairment losses. They are stated at cost at the date of their acquisition.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets is recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Significant accounting polices (continued)

(c) Property, plant an equipment (continued)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment that is accounted for separately including major inspection and overhaul expenditure is capitalized. Subsequent expenditure is capitalized only in case it increases the future economic benefits embodied in the item of property, plant and equipment. The carrying amount of the replaced part is derecognised. All other expenditure is recognized in the income statement as an expense when incurred.When the property, plant and equipment include components with different useful lives, they are recorded separately.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

***(iv) Depreciation* (continued)**

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	20-70 years
• Plant and equipment	2 -10 years
• Computer systems	2 -10 years
• Vehicles	5 -10 years
• Other assets	3 -15 years

Assets are depreciated from the month following the acquisition date and for the self-constructed assets – from the month when the asset was put into operation..

(d) Intangible assets

Intangible assets acquired by the Company are stated at acquisition cost less accumulated amortisation and impairment losses (refer to accounting policy (f)).

(i) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(ii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Patents and licenses are amortised on the basis of their validity terms.

3. Significant accounting polices (continued)

(ii) *Amortisation (continued)*

The estimated useful lives are as follows:

- License for management of the electricity system — 35 years
- Software — 3 -5 years
- Other — 3 -30 years

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost of inventory may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

When utilized, a cost inventory is determined based on the weighted average principle.

(f) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

3. Significant accounting polices (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are Companyed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companys of assets (the "cash-generating unit"). An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognizes a part of the actuarial profit and loss incurring from defined benefit plans as income or expenses, if the cumulative unrecognized actuarial profit and loss as at the end of the previous period exceedes 10% from the current amount of the liability for defined income
The part of the actuarial profit and loss is recognized into the income statement and is defined by distribution of expected average remainimg term until retirement of the employees, who are participants in the plan.

3. Significant accounting polices (continued)

(g) Defined benefit plans

(iii) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Group recognizes as a liability the undiscounted amount of the expenses for annual paid leave that are expected to be paid to employees for the services provided during prior reporting period.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed..

(i) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3. Significant accounting polices (continued)

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these financial statements:

IAS 1"Presentation of Financial Statements" (effective for periods beginning 1 January 2009). The standard requires all changes in equity resulting from transactions with Company's owners to be presented separately from transactions with parties which do not own share of the Company's capital. The presentation of components from the detailed income in the Statement of Equity is not permitted. IAS 1 requires the income and expenses to be presented in one statement (statement of detailed presentation of income or in two statements (separate statement for income and a detailed statement for expenses). In addition the standard requires the components of other detailed income to be revealed in the statement for the detailed listing of the income and the detailed list of income to be included in the financial statements. The Company will apply the standard when preparing and presenting the financial statements for the period ending 31 December 2009.

3. Significant accounting polices (continued)

(к) New standards and interpretations not yet adopted (continued)

IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Company will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

- IFRIC 11 IFRS 2 – "Group and Treasury Share Transactions" (effective for annual periods beginning on or after 1 March 2007). The interpretation requires share-based payment, for which an entity receives goods or services for its own equity instruments, to be accounted for as a share-based payment, based on shares, settled in shares, regardless of the method the equity instruments are received. The interpretation directs to whether share-based payments, where to suppliers of goods or services are issued equity instruments of the parent company, these should be accounted in the financial statements as settled in cash or in shares.
- IFRIC IFRIC 12 "Service Concession Agreement (effective for annual periods beginning on or after 1 January 2008). The interpretation clarifies to the private sector companies certain aspects of disclosure and valuation issues, arising from the accounting for the public-private concession agreement. The Company does not expect IFRIC 12 to have an effect on the financial statements because there are no concession agreements.
- IFRIC 13 "Customer Loyalty Programs" (effective for annual periods beginning on or after 1 July 2008) The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when they have fulfilled their obligations. The Company does not expect the Interpretation to have any impact on the financial statements.
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions* (effective for annual periods beginning on or after 1 January 2008). The Company does not expect IFRIC 14 to have an effect on the financial statements.
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3. Significant accounting polices (continued)

(к) New standards and interpretations not yet adopted (continued)

Revised IFRS 3 Business combinations and supplementary IAS 27 Consolidated and separate financial statements. All transferred positions of the acquiring party are presented at fair value.

The major changes as compared to IFRS 3 (2004) and IAS 27 (2003) are the following:

- IFRS 3 (2008) is also applied to business combinations including intra-created companies and business combinations on contract basis;
- The definition of business combination is changed and is focused on control;
- The acquiring party may choose to assess the non-controlling participation at fair value as at acquisition date or proportionally to the participation in the fair value of the identifiable assets and liabilities of the acquired party on transaction by transaction basis;
- Transaction costs incurred by the acquiring party in relation to the business combinations are not part of the business combination transaction;
- When acquisition is executed through the purchase of shares (acquisition step), the identifiable assets and liabilities are recorded at fair value when control is acquired; income and losses are recognized in the income statement as the difference between the fair value and the carrying amount of the previously owned shares in the acquired party. The amount of the previously owned shares in the acquired party which was directly recorded in equity (i.e. investment classified as available-for-sale) is reclassified and includes recalculation of income and losses recognized in the income statement;
- Acquisition of additional non-controlling shares in the equity after business combination is recorded as transaction of the Company's capital;
- Sale of equity share, while control is preserved, is recorded as transaction of the Company's capital;
- Transactions resulting in loss of control of the company are recorded as income or loss on the income statement. Income or loss include revaluation to the fair value of the accumulated investment shares;
- New disclosures are required.

IFRS 3 (2008) is effective for periods beginning on or after 1 July 2009 and earlier application is permitted. Nevertheless, IFRS 3 (2008) cannot be applied earlier than the periods beginning on or after 30 June 2007. If the Company applies the standard earlier, it also has to apply IAS 27 (2008) and to disclose this fact.

- The carrying amount of assets and liabilities resulting from business combinations before the application of IFRS (2008) are not corrected. The Company has not determined yet the potential effect of the application of IFRS 3 and IAS 27.

3. Significant accounting polices (continued)

(l) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these individual financial statements.

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.
The receivables of the Company are mainly from NEK EAD (related party). In accordance with the Trade rules for electrical energy and the contract for operation, maintenance and reliable functioning of the power transmission network, the Company receivables are paid regularly from NEK EAD that is why the management opinion is that the credit risk is minimal.

Trade receivables from sales of electrical energy on the balacing market and transborder capacity

The management of the Company has established policy to measure the credit risk with current analysis of the clients with significant credit risk. The Company requires deposits or bank guarantee from the clients of transborder capacity and participants in the auction to lower the credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's revenue, which provides the liquidity source to meet its liabilities, are mainly from sale of services to NEK EAD (related party), in accordance with the Trade rules for electrical energy and the contract for operation, maintenance and reliable functioning of the power transmission network, wherefore the management opinion is that the liquidity risk is minimal.

3. Significant accounting polices (continued)

(l) Financial risk management

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk by purchases and / or sales denominated in currency different from the Company's functional one.
The Companys' purchases in foreign currency are in relation to delivery of technical and other services. These purchases are denominated in euro. The currency risk for these purchases, related to the possible fluctuation in rate of foreign currency, is minimal due to the fact that exchage rate ot the euro is fixed with leva, determined by Bulgarian National Bank..

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's target is to achieve a return on capital of 10% in 2007 and return of 16.30%

There were no changes in the Company's approach to capital management during the year. The Company is not a subject to externally imposed capital requirements

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4. Revenue

In thousands of BGN	**2007**
Revenue from dispatching of the electrical power system	225,432
Revenue from maintenance and reliable functioning of the power transmission network	122,420
	347,852

4 (a) Dispatching of the electrical power system

In thousands of BGN	**2007**
Revenue from usage of electricity grid	180,505
Revenue from transborder capacity	24,042
capacity	19,755
inter – transmission system operators compensation	7,287
Revenue from sales of electrical energy on the balancing market	13,261
Revenue from sales of trade transmission right	4,624
Revenue from dispatching of the electrical power system	225,432
Maintenance expenses for dispatching of the electrical power system стема	24,028
Electrical energy for the balancing market	13,261
Purchased disposability, including:	176,950
cold reserve	158,172
third part regulation from Hydro-power plants	9,715
extra service reserve	9,063
Other services, including :	8,828
Second part regulation from Thermal power plant	5,144
First part regulation from Thermal power plant	2,594
Other services from Thermal power plant	1,090
Expenses for dispatching of the electrical power system	223,067
Gross profit from dispatching of the electrical power system	2,365

4 (b) Exploitation and maintrenance of transmission network

In thousands of BGN	**2007**
Revenue from the constant rate of the renumeration for exploitation and maintrenance of transmission network	94,177
Cost of service in relation to exploitation and maintrenance of transmission network	(93,999)
Gross profit from the constant rate of the renumeration for exploitation and maintrenance of transmission network	178
Revenue from the variable rate of the renumeration for exploitation and maintrenance of transmission network	28,242
Cost of repair of the asset of transmission network	(28,242)
Gross profit from the variable rate of the renumeration for exploitation and maintrenance of transmission network	-
Gross profit from exploitation and maintrenance of transmission network	178

5. Other operating income

In thousands of BGN	**2007**
Revenue from sales of reactive energy	5,595
Reveneu from sales of current assets	2,104
Other	1,882
	9,581

6. Materials

In thousands of BGN	**2007**
Liquit fuel	2,352
Spare parts	2,046
Raw materials	1,772
Uniforms	663
Instruments and inventory	593
Materials and labor safety	539
Other materials	523
Office materials	484
	8,972

7. Hired services

In thousands of BGN	**2007**
Repair	31,605
Rent	3,580
Security	1,467
Telcommunication	1,249
Heating and lighting	838
Insurance	606
Maintenance of office equipment	492
Information services	482
Other hired services	333
Taxes and fees	246
Freelance contracts and fees	75
Other	818
	41,791

8. Salaries and remuneration

In thousands of BGN	**2007**
Salaries and remuneration	43,760
Change of liabilities for retirement compensations	386
Change of liabilities for unused annual paid leave	3,046
	47,192

9. Social security contributions

In thousands of BGN	**2007**
Pension and health contribution	11,961
Professional qualification and unemployement , extra voluntary pension contribution	1,236
Social expenses	17,602
Expenses for additional pension benefits	1,764
Change in liabilities for social securities for unused annual paid leave	846
	33,409

10. Other operating expenses

In thousands of BGN	**2007**
Business trips	947
One-off taxes	324
Donations	265
Local taxes and fees	174
Other	442
	2,152

11. Finance income and expense

In thousands of BGN	**2007**
Interest income on current accounts	24
Interest income on bank deposits	113
Finance income	137
	195
Interest expenses on loans	(4)
Foreign exchange gains/(losses), net	(2)
Bank fees	(54)
Finance expense	(60)
Finance expense	(118)
	77

12. Income tax expense

In thousands of BGN	**Бележка**	**2007**
Current tax expense		
Corporate income tax		(2,055)
Deferred tax income		
Origination and reversal of temporary differences	13	1,006
		(1,049)

The expenses for current taxes in 2007 include the corporate tax charged at 10% applied to the current financial result after tax adjustments.

Reconciliation of effective tax rate		**2007**
In thousands of BGN		
Profit for the period		10,484
Total income tax expense based on domestic tax rate	10%	1,048
Expenses not recognized for tax purposes	0.02%	2
Discount	(0.01%)	(1)
	10.01%	1,049

13. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December 2007 and 04 January 2007 are attributable to the following balance sheet items:

	31 December 2007		04 January 2007		2007	04 January 2007
In thousands of BGN	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Net**	**Net**
Property, plant and equipment	-	(2,018)		(2,386)	(2,018)	(2,386)
Deferred financing	98	-		-	98	-
Employee remuneration	800	-	299	-	800	299
Long term part of employee remuneration	466	-	427	-	466	427
Net deferred tax assets / (liabilities)	1,364	(2,018)	726	(2,385)	(654)	(1,660)

Deferred tax for 2007 is determined based on the applicable tax rate, which is 10% and is the one set by the Corporate Income Taxation Act, which is in force in 2008.

Movement in deferred tax during the year

In thousands of BGN	**Balance at 04 January 2007**	**Recognized in income statement**	**Recognized in equity**	**Balance at 31 December 2007**
Property, plant and equipment	(2,386)	368	-	(2,018)
Deferred financing	-	98	-	98
Employee remuneration	299	501	-	800
Long term part of employee remuneration	427	39	-	466
Net deferred tax assets / (liabilities)	(1,660)	1,006	-	(654)

14. Property, plant and equipment

In thousands of BGN	Land and buildings	Plant and equipment	Vehicles	Fixtures and Fittings	Assets under construction	Total
Cost						
Contribution in kind assets on 04 January 2007	15,137	20,409	8,098	1,234	-	44,878
Additions	-	1	-	-	9,233	9,234
Disposals	-	(40)	(11)	(9)	-	(60)
Transfers	522	5,842	2,009	110	(8,483)	-
Balance at 31 December 2007	15,659	26,212	10,096	1,335	750	54,052
Depreciation and impairment losses						
Depreciation charge for the year	269	8,078	1,948	534	-	10,829
Disposals		(34)	(6)	(9)	-	(49)
Balance at 31 December 2007	269	8,044	1,942	525	-	10,780
Carrying amount						
At 04 January 2007	-	-	-	-	-	-
At 31 December 2007	15,390	18,168	8,154	810	750	43,272

Assets with disputed ownership

As at 31 December 2007 the Company is in a process of preparing documents for ownership of assets with carrying amount of BGN 964 thousand, including Land – 32 thousand and Buildings – 932 thousand.

15. Intangible assets

In thousands of BGN	License	Software	Other	Assets under construction	Total
Cost					
Contribution in kind assets on 04 January 2007	94	3,831	231		4,156
Additions				2,685	2,685
Disposals		(5)	(2)		(7)
Transfers		2,595	90	(2,685)	
Balance at 31 December 2007	94	6,421	319	-	6,834
Amortisation and impairment losses					
Amortisation charge for the year	23	1,843	60		1,926
Disposals		(5)	(2)		(7)
Balance at 31 December 2007	23	1,838	58		1,919
Carrying amount					
At 04 January 2007					
At 31 December 2007	71	4,583	261		4,915

16. Inventories

In thousands of BGN	**2007**
Electrical materials	3,049
Electrical equipment	1,608
Materials for ASDU	1,229
Mechanical materials	1,116
Fuel, oil and chemicals	835
Other materials	783
Other equipment	168
	8,788

17. Trade and other receivables

In thousands of BGN	**2007**
Trade receivables	2,401
Clients using the electricity network and reactive energy	2,462
Clients on balancing market	870
Advance payment to suppliers	595
Deferred expense	574
Other	201
	7,103

The exposure of the Conpamy to interest rate risk and a sensitivity analysis of financial assets and liabilities are presented in note 25.

18. Cash and cash equivalents

In thousands of BGN	**2007**
Cash in hand	20
Cash at bank	9,582
Deposits	242
	9,844

The exposure of the Conpamy to interest rate risk and a sensitivity analysis of financial assets and liabilities are presented in note 25.

19. Liabilities for retirement compensation

In thousands of BGN	**2007**
Long-term liabilities for retirement compensation	3,958
Short-term liabilities for retirement compensation	698
	4,655

19. Liabilities for retirement compensation (continued)

Actuarial assumptions

	2007
Discount rate 31 December	5.7%
Salary increases (2008-2012)	5%
Salary increases after 2012	4%

Assumptions regarding future mortality are based on published statistics and mortality tables of the National Statistical Institute.

An effective annual interest rate i = 5.7% has been used to discount post-empoyment benefit obligations It is based on the yield on long-term government securities (with 10-year maturity). Taking into account that the average length of service before retirement is longer than ten years (for the Company it is eighteen years), the discount rate is estimated by extrapolating the effective annual yield on long-term government securities

In thousands of BGN

Effect in increase with one percentage point increase in salary growth:	
Total amount of the liability as at 31.12.2007	5,001
Effect in decrease with one percentage point increase in salary growth	
Total amount of the liability as at 31.12.2007	4,346
Effect in increase with one percentage point on the interest:	
Total amount of the liability as at 31.12.2007	4,373
Effect in decrease with one percentage point on the interest:	
Total amount of the liability as at 31.12.2007	4,976

20. Trade and other payables

In thousands of BGN	**2007**
Payables to personnel	8,841
Payable for social security	2,777
Trade payables	3,036
Payables to suppliers	6,462
Other	2,402
	23,518

The exposure of the Conpamy to interest rate risk and a sensitivity analysis of financial assets and liabilities are presented in note 25.

21. Deferred financing

In thousands of BGN	**2007**
Deferred financing – long-term part	528
Deferred financing – short-term part	457
	985

22. Tax liabilities

Corpotate income tax	1,379
Value added tax	3,601
Personal income tax	967
One-off tax	25
Other tax and excise	8
	5,980

23. Share capital

The share capital of the Company amounts to BGN 57,847,195 consisting of 57,847,195 registered shares with a par value of BGN 1. The Company is established with share capital consist of long term assets and inventories. The sole owner of the capital is NEK EAD, which owns 100% of the share capital of the Company.

24. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit rsik at the reporting date is:

In thousands of BGN	**31 December 2007** Carrying amount
Trade and other receivables	27,987
Cash and cash equivalents	9,844
	37,831

Impairment losses

As at the balance sheet date, there is no indication of impairment of receivables.

24. Financial instruments (continued)

Liquidity risk

The following are the contractual maturities of financial lisbilities, including estimated interest payments and excluding the impact of netting agreements.

31 December 2007

In thousands of BGN	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	12,099	12,099	12,099				
	12,099	12,099	12,099				

Currency risk

Exposure to currency risk

Operation of the Company is not exposured to a currency risk, wherefore receivables and payables in their material part are in leva as at balance sheet date.

The Company's exposure to currency risk is as follows:

	31 December 2007		
	EUR	USD	GBP
Trade payables		2,500	
Gross exposure		2,500	

Liquidity risk

Sensitivity analysis

A predominant part of the currency exposure is denominated in Euro (EUR). As in Bulgaria the exchange rate of the Bulgarian Leva (BGN) is pegged to the Euro (BGN 1.95583 = EUR 1), the Company is not exposed to significant currency risk. All of the transaction, different from national currency, are in EUR.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is:

In thousands of BGN	**2007**
Fixed rate instruments	
Financial assets	9,824
Financial liabilities	-
	9,824

24. Financial instruments (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

In thousands of BGN	31 December 2007	
	Carrying amount	Fair value
Trade and other receivables	27,987	27,987
Cash and cash equivalents	9,602	9,602
Trade and other payables	12,099	12,099
	49,688	49,688

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are return on government securities as at balance sheet date and relevant credit addition.

25. Related parties

Related parties	Participation %	Transaction during 2007	Balance as at 31 December 2007
NEK EAD	Sole owner of 100% of the share capital	**Sale:** BGN 382,163 thousand, including: BGN 196,560 thousand – access to transmission network BGN 113,013 thousand– exploitation and maintrenance of transmission network BGN 33,891 thousand– repairs of transmission network BGN 16,562 thousand – crossborder capacity BGN 8,381 thousand – capacity right granted BGN 7,149 thousand – balancing energy BGN 3,878 thousand – reactive energy BGN 2,431 thousand – purchase of current assets BGN 104 thousand – purchase of long term assets BGN 194 thousand – other services **Purchase:** BGN 177,066 thousand, including: BGN 152,116 thousand – disposability of cold reserve and additional services BGN 8,976 thousand – balancing energy BGN 7,321 thousand – sale of long term assets BGN 1,160 thousand – sale of current assets BGN 4,114 thousand – rent of equipment BGN 847 thousand – received advance in accordance with the contract for exploitation and maintrenance of transmission network BGN 3,381 thousand – other services	Receivables BGN 21,290 thousand Payables BGN 1,054 thousand

25. Related parties (continued)

The effects of the transfer of assets and liabilities from NEK EAD

Based on a decision of the Board of Directors, NEK has a adopted a restructuring model in accordance with the requirements of Electricity Directive 2003/54/EC of the European Union and §15 of the transitional and final provisions of the Energy Act. Further to the unbundling, the activities related to supervision of the electrical energy system and organisation of the electricity market has been legally and organizationsationally separated from the other activities of NEK EAD. A new joint-stock Company was established - Electricity System Operator (ESO) EAD, which is a 100% subsidiary of NEK EAD. NEK has paid in 100% of the share capital of ESO EAD against contribution in kind, including land, buildings, office equipment, vehicles and inventory. Upon establishment of ESO EAD, the balance sheet of NEK EAD includes liabilities for unused annual paid leave and liabilities for retirement compensation as well as the corresponding deferred tax assets. Further to the decision taken by the Board of Directors of NEK EAD, Company's personnel is transferred into ESO EAD as per article 123 of the Labor Code, i.e. the labor contractual relations of the employees are not terminated due to change of the employer.

The above restructuring transaction of NEK EAD, whose sole owner is the State, under which NEK EAD receives shares of the new subsidiary ESO EAD against separation of activities, represents a business combination including companies under common control. Both companies are controlled by the State and the control is not temporary. Respectively, this transaction is not covered by IFRS 3 and the reporting standard is not applied.

To disclose the transaction above, the Company has applied the exchange value principle (or actually paid installments). The effects from the transfer of assets and liabilities arising from the transfer of personnel into ESO EAD are listed below:

	4 January 2007
Transfer of long term payables to employees for retirement compensation	(4,270)
Deferred tax asset from long term payables to employees for retirement compensation	427
Transfer of payables to employees for unused annual paid leave	(2,380)
Deferred tax asset from payables to employees for unused annual paid leave	238
Transfer of social securities on payables to employees for unused annual paid leave	(605)
Deferred tax asset from social securities on payables to employees for unused annual paid leave	60
Deferred tax liabilities from property, plant and equipment included in the contribution in kind	(2,149)
Deferred tax liability from revaluation reserve from land included in the contribution in kind	(235)
	(8,914)
Retained earnings	(8,914)

25. Related parties (continued)

Related party transactions – state-owned enterprises	**Participation %**	**Transaction during 2007**	**Balance as at 31 December 2007.**
TPP Bobov Dol EAD	100% state owned	Purchased disposability – BGN 21,306 thousand	Payables BGN 592 thousand
District Heating Company Rousse EAD	100% state owned	Purchased disposability – BGN 2,700 thousand	
NPP Kozloduy EAD	100% state owned	Sale of insulators – BGN 110 thousand	

Related party transactions – directors and key management personnel

The Company has a related party relationship with its directors and key management personnel.

The total amount of the accrued remuneration, included in expenses for salaries, remuneration and hired services are as follows:

In thousands of BGN	**2007**
Remuneration of the Board of Directors	86
Social security on remuneration of the Board of Directors	6
	92

26. Subsequent events

As of the date of these financial statements no events have occurred after the balance sheet date, which require adjustments or disclosures in the financial statements.