# BIOIASIS AD

## Financial statement

## For the year ending on 31 December 2009

## with an independent auditor’s report

**Income Statement**

For the year ending on 31 December 2009

| | Attach. | Year ending on 31 December 2009 | Year ending on 31 December 2008 |
|---|---|---|---|
| | | **Thousand BGN** | **Thousand BGN** |
| | | | |
| Revenues | 3.2 a | 2082 | 973 |
| Cost of materials | 3.2 b | (11) | (10) |
| External services | 3.2 c | (129) | (114) |
| Depreciation expenses | 3.2 d | (15) | (7) |
| Staff costs | 3.2 e | (63) | (25) |
| Other expenses | 3.2 f | (26) | (28) |
| Net book value of sold assets | 3.2 g | (602) | (349) |
| **Result from the activity** | | **1 236** | **440** |
| | | | |
| Net financial expenses | 3.2.h | **(12)** | **(10)** |
| **Result before taxes** | | **1 224** | **430** |
| | | | |
| Tax expenses | 3.3. | 122 | 43 |
| | | | |
| **Net result for the period** | | **1 102** | **387** |
| | | | |
| **Total comprehensive income for the year** | | **1 102** | **387** |

The income statement should be considered together with the attached notes representing an inseparable part of the financial statements presented on pages 17-18.

The financial statement was prepared on 28 February 2010

Executive Director
Georgios Kisas

*Registered auditor*
Veselin Dichev

Prepared by
“Accounting Service” OOD

**Statement of the financial position**
on 31 December 2009

| | attach. | On 31 December 2009 | On 31 December 2008 |
|---|---|---|---|
| | | **Thousand BGN** | **Thousand BGN** |
| **Non-current assets** | | **60** | **67** |
| Tangible | 3.1.a | 59 | 67 |
| Deferred taxes | | 1 | - |
| | | | |
| **Current assets** | | **1 665** | **699** |
| Inventory | 3.1.b | 148 | 186 |
| Trade and other receivables | 3.1.c | 1 360 | 401 |
| Cash and cash equivalents | 3.1.d | 157 | 112 |
| **Total assets** | | **1 725** | **766** |
| | | | |
| **Equity** | | **1 529** | **501** |
| Share capital | | 400 | 200 |
| Reacquired stock | 3.1.e | (74) | - |
| Other reserves | | 101 | - |
| Result from prior years | | - | (86) |
| Result for the current year | 3.1.f | 1 102 | 387 |
| | | | |
| **Non-current liabilities** | | **29** | **19** |
| Other long-term liabilities | 3.1 g | 29 | 19 |
| | | | |
| **Current liabilities** | | **167** | **246** |
| Trade and other payables | 3.1.h | 47 | 89 |
| Liabilities to related parties | 3.1.h | - | 48 |
| Liabilities to financial entities | 3.1.h | - | 39 |
| Liabilities to employees | 3.1.h | 8 | 1 |
| Other short-term liabilities | 3.1.h | 112 | 69 |
| **Total equity and liabilities** | | **1 725** | **766** |

The statement of the financial position should be considered together with the attached notes representing an inseparable part of the financial statement presented on pages 14-16.

Executive Director
Georgios Kisas

*Registered auditor*
Veselin Dichev

Prepared by
“Accounting Service” OOD

**Cash flow statement**

For the year ending on 31 December 2009

| | Year ending on 31 December 2009 | Year ending on 31 December 2008 |
|---|---|---|
| | **Thousand BGN** | **Thousand BGN** |
| **Operating activity** | | |
| Revenues related to trade partners | 1 531 | 837 |
| Payments related to trade partners | (779) | (669) |
| Cash flows related to salaries | (49) | (27) |
| Paid interest and commissions | (5) | (6) |
| Cash flows from foreign exchange gains and losses | (1) | - |
| Paid profit taxes | (74) | |
| Other payments, net | (443) | (108) |
| *Net cash flow from operating activity* | 180 | 27 |
| **Investment activity** | | |
| Payments for acquisitions | (6) | (16) |
| *Net cash flow from investment activity* | (6) | (16) |
| **Financing activities** | | |
| Cash flows from emissions and redeeming of securities | (74) | - |
| Repaid loans | (39) | 39 |
| Payments under lease contracts | (9) | - |
| Paid interest | (7) | (2) |
| *Net cash flow from financing activities* | (129) | 37 |
| **Increase/(decrease) of cash and cash equivalents** | **45** | **48** |
| **Cash and cash equivalents at the beginning of the period** | **112** | **64** |
| **Cash and cash equivalents on 31 December 2009** | **157** | **112** |

Executive Director
Georgios Kisas

*Registered auditor*
Veselin Dichev

Prepared by:
“Accounting Service” OOD

**Statement of changes in equity**
For the year ending on 31 December 2009

| | Registered capital | Reserves | Financial result | Total |
|---|---|---|---|---|
| | Thousand BGN | Thousand BGN | Thousand BGN | Thousand BGN |
| **Balance on 1 January 2008** | 200 | - | (86) | 114 |
| Result for the year on 31 December 2008 | - | - | 387 | 387 |
| **Total comprehensive income for the year** | - | - | **387** | **387** |
| **Balance on 1 January 2009** | **200** | - | **301** | **501** |
| Distribution of profit from prior years including | | | | |
| Increase of equity | **200** | - | **(200)** | - |
| Formation of reserves | - | **101** | **(101)** | - |
| Reacquired stock | **(74)** | - | - | **(74)** |
| Result for the year ending on 31 December 2009 | - | - | **1 102** | **1102** |
| **Total comprehensive income for the year** | **(74)** | - | **1 102** | **1 028** |
| **Balance on 31 December 2009** | **326** | **101** | **1 102** | **1 529** |

Director:

Registered auditor

Veselin Dichev

Prepared by:
“Accounting Service” OOD

## 1. Basis for the preparation of the financial statement

### (a) Legal status

The Company is registered under the name Mediplas OOD and is registered in the Company Register of Sofia City Court by decision № 1 dated 18/04/2005 under company case 4357/2005 batch № 92873, volume 1215, registration 1, page. 65, BULSTAT 131407988 with establishment capital of BGN 5 000 divided into 50 shares of BGN 100 each.

Mediplas OOD (the Company) is limited liability company 100% private property. The partners are Georgios Panos Kisas, Greece, holder of passport “N” № 008423 issued on 22.10.1999, holding 40 shares of the Company capita and Dimitrios Hristos Dumpalis, Greece, holder of passport “B” № 109981 issued on 13.01.2005, holding 10 shares.

By decision № 2 dated 25/07/2006 Sofia City Court entered Dimitris Panayotis Sotiropulos as partner who transferred 10 company shares. Georgios Panos Kisas transfers 4 shares and Dimitrios Hristos Dumpalis transfers 6 shares. A change of the company name was also registered from Mediplas OOD to **Bioiasis OOD.**

By decision № 3 dated 11/10/2006 of Sofia City Court the capital of the Company was increased from BGN 5 000 to BGN 100 000.

By decision № 5 dated 23.02.2007 of Sofia City Court the capital of the Company was increased from BGN 100 000 to BGN 200 000.

By decision № 6 dated 01/08/2007 Sofia City Court registered the transformation of the legal form of the company **Bioiasis OOD** into a joint stock company with name **Bioiasis AD** with registered office and address of management: Sofia, Vazrazhdane, 83 Gyueshevo, Business Centre Serdika, offices 406-407.

A General Meeting of the Shareholders was held 07.05.2009 and a decision was taken to divide the undivided profit from previous years amounting to BGN 386 762.69 as follows:

- To cover losses from past years - BGN 86 272.20.
- To increase the equity - BGN 200 000.
- To establish reserves - BGN 100 490.49.

The increase of the capital was officially registered in the Trade Register on 08.06.2009.

The main business of the Company is the trade in medical materials, instruments and appliances, sanitary products, medical equipment and other similar products.

### (b) Applicable standards

The financial statement of BIOIASIS AD is prepared in accordance with all International Financial Reporting Standards (IFRS) consisting of financial statement standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the International Accounting Standards Committee (IASC) and the International Accounting Standards and the interpretations of the Standing Interpretations Committee, approved by the International Accounting Standards Committee effective since 1 January 2009 and adopted by the European Commission.

No changes have occurred in the accounting policy of the company since the adoption of these standards and/or interpretations effective for periods starting on 1 January 2009 apart from the introduction of the new report of the comprehensive income amd new disclosures as well as expansion of already established disclosures without leading to further changes – in the classification or evaluation of individual reporting items and operations.

The new amendments that affect the financial statement of the Company and are mandatory for the annual period beginning on 1 January 2009 are:

- Changes in IAS 1 - Presentation of Financial Statements (effective for annual periods since 01.01.2009) This standard introduces a statement of the comprehensive (aggregate) income and distinguishes the changes in the equity as a result of operations with the owners (capital operations) from changes which are not a result of operations with the owners. The comprehensive (aggregate) income may be presented either in one statement of the comprehensive (aggregate) income (comprising the income statement and all effects in the equity that do not result from operations with the owners), or in two statements – an income statement and a separate statement of the comprehensive (aggregate) income. Additionally, the name of the balance sheet is changed into a financial condition statement and the format of the statement of changes in equity has become more succinct.

The company management has chosen the single statement for presentation of the (aggregate) income.

The following new changes of standards and interpretations became mandatory for the first time for the financial year beginning on 1 January 2009 but currently they do not concern the activities of the Company:

- IFRS 2 „Share-based payment" (adjusted);
- IFRS 8 „Operating Segments";
- IAS 1 „Presentation of Financial Statements" (revised in 2007 and adjusted);
- IAS 23 „Borrowing Costs" (revised in 2007 and adjusted);
- IAS 27 "Consolidated and Separate Financial Statements" (adjusted);
- IAS 32 „Financial Instruments: Presentation" (adjusted);
- IAS 39 „Financial Instruments: Recognition and Measurement" (adjusted);
- IFRIC 12 „Service Concession Arrangements";
- IFRIC 13 „Customer Loyalty Programmes";
- IFRIC 14 „IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction";
- IFRIC 15 „Agreements for the Construction of Real Estate";
- IFRIC 16 " Hedges of a Net Investment in a Foreign Operation";
- Annual Improvements 2008: IASC published Improvements of the International Financial Reporting Standards 2008. Most of these changes enter into effect during accounting period beginning on or after 1 January 2009;
- IFRS 4 „Insurance contracts" (adjusted);
- IFRS 7 „Financial Instruments: Disclosures" (adjusted);
- IFRIC 9 „Reassessment of Embedded Derivatives" (adjusted).

**Standards, amendments and interpretations that have not entered into effect and that are not applied by the Company from an earlier date.**

As at the date of the approval of this financial statement some new standards, amendments and interpretations of already existing standards were published but have not entered in force and have not been applied by the Company from the earlier date. The Management expects that all new regulations that will have effect on the financial statement of the Company will be included in the accounting policy of the Company for the first reporting period beginning after the date when they become effective.

**(c) Basis for preparation**

The financial statement was prepared in compliance with the principles of evaluation of all types of assets, liabilities, income and expenses in accordance with IFRS. The evaluation bases are described in detail further in the accounting policy to the financial statement. The financial statement was prepared in compliance with the principle of going concern.

The financial statement was prepared in thousand levs. The historical price was used as basis. The financial statement is an independent statement of the enterprise. The financial statement is prepared in the national currency of the Republic of Bulgaria – Bulgarian lev. Since 1 January 1999 the Bulgarian lev has a fixed rate to the euro: 1.95583 levs for 1 euro. The accuracy of the amounts in this financial statement is thousand Bulgarian levs.

Date of the financial statement: 31.12.2009

Current period: the year beginning on 01.01.2009 and ending on 31.12.2009

Prior period: the year beginning on 01.01.2008 and ending on 31.12.2008

## 2. Main elements of the accounting policy

### (a) Foreign currency operations

The transactions in a foreign currency are recalculated in BGN at the foreign exchange rate of the Central Bank on the date of the transaction. The monetary assets and liabilities denominated in a foreign currency as at the date of the balance sheet are recalculated in BGN at the closing foreign exchange rate of the Central Bank on 31 December 2009. The resulting foreign exchange differences are reflected in the comprehensive income statement. The non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported at the foreign exchange rate on the date of the transaction (they are not revalued). The non-monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rate that existed on the date this fair value is determined on.

### (b) Property, plant and equipment

As property, plant and equipment are reported assets meeting the criteria of IAS 16 with value at the time of acquisition equal to or higher than BGN 500. The assets with value lower than the above mentioned value are reported as current expenses for the period of acquisition in accordance with the approved accounting policy. An item of property, plant and equipment is evaluated at the time of its acquisition at the cost of acquisition determined in accordance with the requirements of IAS 16.

The Company accounts for property, plant and equipment in accordance with IAS 16 at the cost of acquisition without the accrued depreciation charges and accrued depreciation loss.

The subsequent expenses related to an item of property, plant and equipment are reported as increase of the net book value of the asset when the enterprise is likely to obtain any economic benefit above the initially evaluated standard efficiency. In all other cases the subsequent expenses are reported as current expenses for the period.

The long-term tangible assets are depreciated using the linear method for the period of the expected useful life determined at the time of the acquisition of the asset.

The average useful life expressed in years for the basic groups of tangible fixed assets is as follows:

| Group | Years |
|---|---|
| Buildings and facilities | 25 |
| Equipment | 3,3 |
| Vehicles | 4 |
| Fixtures and fittings | 6,7 |
| Computers and peripheral devices | 2 |

The land and expenses for acquisition of fixed assets are not depreciated. The depreciation standards used are based on the estimated useful life.

The profit or the loss from the sale of property, plant and equipment is determined as a difference between the revenues from the sale and the net book value of the asset and is reported in the income statement, row “Profit/(Loss) from the sale of non-current assets.”

**(c) Intangible assets**

The assets corresponding to the definition of intangible asset and meeting the criteria for reporting of intangible assets formulated in IAS 38 are accounted for as intangible assets.
The intangible assets are reported at the time of their acquisition at cost.
The intangible assets are accounted for after the acquisition at cost decreased by the accumulated depreciation and depreciation losses.
They are depreciated using the linear method for the term of their useful life.

**(d) Depreciation of tangible fixed assets**

Depreciation is performed when there are events and changes in circumstances indicating that the net book value of tangible and intangible fixed assets is irrecoverable in the course of the business. The depreciation loss is recognized for the amount by which the net book value exceeds the recoverable cost which is the selling price higher than its net cost and value in use. In order to measure the depreciation the assets are grouped up to the highest possible degree of analytical assessment based on identifiable cash flows.
With regard to the provisions of IAS 36 “Depreciation of assets” the Company believes that:

1. No negative changes are expected in the business environment.
2. The internal reports of the Company do not indicate any possibility to decrease the economic benefit of the assets held on the basis of the business forecasts of the Company.

**(e) Investments in subsidiaries, associated enterprises and minority shares**

The investments in associated enterprises and subsidiaries are reported and represented at cost.
The investments in the form of minority shares are accounted for at fair value and are classified as financial assets available for sale in accordance with IAS 39.

**(f) Investment properties**

The Company does not report any investment properties in accordance with IAS 40.

## (g) Inventory stock

Accounted as inventories are current tangible assets in the shape of:
Materials acquired mainly through purchase and earmarked for direct sales.
The inventories are appraised at the lower of the cost price and the net realizable value.
The cost price of inventories constitutes the amount of all expenses relating to the purchase, processing, and other expenses incurred in view of delivery to their present location and condition.
They are subsequently incorporated in the reported value of the goods sold under the average weighted value method for the incoming inventory stock.
At the end of each reporting period the inventory stock is appraised at the lower of the cost price and the net realizable value. The amount of impairment of inventory stock to their net realizable value is recognized as an expense for the period of impairment.

**(h)Trade and other receivables**

Categorized as receivables and credits originally occurring at the enterprise are receivables arising from the direct supply of goods, services, cash or cash equivalents to debtors.
Initially, such receivables and credits are appraised as per cost price.
Following initial recognition, receivables and credits from customers and suppliers with no fixed maturity are reported as per cost price.
Receivables and credits from customers and suppliers with a fixed date are reported as per depreciable value. The effective interest rate is the original interest rate fixed in the contract.
Current to financial statements' date a review is made to determine bad debt impairment. The impairment is determined on an individual base on each decision made by the management.
Taxes pending refund are presented in the original amount of the receivable.
Deferred tax assets are presented with a value determined according to the amount of temporary differences. Deferred taxes are accounted for all temporary differences between the tax base of the assets and liabilities and their carryover value as at financial statements' date by applying the book value method for the payables. For the purpose of determining the deferred taxes the expected tax rates, as in effect upon their future realization. Assets under deferred taxes are recognized to the extent whereto future taxable profit is likely so that the temporary tax differences can be used. Deferred taxes are recognized as revenue or expense and are included in the net profit or loss for the period, except in the cases where taxes arise from transactions or events recognized either in the same or another period directly in the equity. Deferred taxes are reported directly in the equity when the tax refers to items reported directly in the equity either in the same or another period.
All other receivables are presented at cost price.
Categorized are current are receivables, which:
- have no fixed maturity
- have a fixed maturity with a residual period of up to one year as of financial statements' date

Categorized as non-current are receivables, which have a fixed maturity with a residual period of more than one year as of financial statements' date.

Trade and other receivables are presented as per their par value after deducting all impairment losses.

**(i) Cash and cash equivalents**

Cash includes petty cash and cash held in bank accounts.

**(k) Financial instruments**

The Company's financial instruments include petty cash and cash held in bank accounts, receivables and payables. The Company management believes that the fair value of financial instruments is close to their book value.

Currency risk

Currency transactions are made in euro. The Company uses no specific financial instruments to hedge the risk since use of such financial instruments is not customary practice in the Republic of Bulgaria.

Credit risk

The financial assets potentially exposing the Company to credit risk are mainly sales receivables. The Company is exposed to credit risk in case customers default on their payables. The Company's policy in this regard is geared towards making sales of goods and services to customers of good credit reputation.

**(l) Main capital stock**

The Company's main capital stock is accounted as per historic cost as at registration day.

**(m) Payables**

Payables categorization:

- Categorized as credits and payables originally occurring at the enterprise are payables arising from the direct supply of goods, services, cash or cash equivalents by creditors.

Initially, such payables and credits are appraised as per cost price.

Following initial recognition, payables and credits to customers and suppliers with no fixed maturity are reported as per cost price.

Receivables and credits from customers and suppliers with a fixed date are reported as per depreciable value. The effective interest rate is the original interest rate fixed in the contract.

- The payables to staff and social security establishments are categorized as obligations of the Company with regard for past labour provided by the hired staff and for the relevant social security payments required by law. Pursuant to the requirements of IAS this includes the accrued short-term staff incomes originating from unused paid leaves and the social security payments assessed thereon based on the effective social security rates. The Company has not adopted a policy to assess long-term income for the staff.
- Deferred tax assets are presented with a value determined according to the amount of temporary differences. Deferred taxes are accounted for all temporary differences between the tax base of the assets and liabilities and their carryover value as at financial statements' date by applying the book value method for the payables. For the purpose of determining the deferred taxes the expected tax rates, as in effect upon their future realization. Assets under deferred taxes are recognized to the extent whereto future taxable profit is likely so that the temporary tax differences can be used. Deferred taxes are recognized as revenue or expense and are included in the net profit or loss for the period, except in the cases where taxes arise from transactions or events recognized either in the same or another period directly in the equity. Deferred taxes are reported directly in the equity when the tax refers to items reported directly in the equity either in the same or another period.

- Current tax payables are the enterprise's payables relating to application of tax laws. They are presented in values in compliance with the rules of the relevant tax law for determining the value of each type of tax.

- Provisions are accrued as per the best estimate of the enterprise's management on occasion of constructive and legal obligations arising as a result of past events. The amount recognized as provision is calculated based on the most reliable estimation of costs required to settle a current payable at the end of the reporting period, taking into account the risks and insecurity associated with the current payable. Where a number of such payables exist the likelihood of the need for an outflow to amortize the payable is determined by accounting the overall group of payables. Provisions are discounted where the effect of the time differences in the money value is a significant one. Provisions are reviewed at the end of each reporting period, with their value adjusted in order for the best estimate to be reflected.

- In the cases where origination of an outflow of resources resulting from a current payable is deemed unlikely, no liability is recognized. Contingent liabilities should be assessed as the higher of the above comparable provision and the initially recognized amount, as reduced with the accumulated depreciation.
- The likely inflows of economic benefits, which still do not meet the asset recognition criteria, are considered contingent assets

Categorized are current are payables, which:
- have no fixed maturity
- have a fixed maturity with a residual period of up to one year as of financial statements' date

Categorized as non-current are payables, which have a fixed maturity with a residual period of more than one year as of financial statements' date.
Loans received are initially reported as per origination cost, reduced with the relevant transactional expenses. Following initial reporting, the loans received are presented as per depreciable value, with each difference between the origination cost and the subsequent assessment being reflected in the income statement during the period of loan origination based on the effective interest rate.

### (n) Revenues

The Company reports on a current basis the revenue from the ordinary business as per types of activities.
Recognition of revenues is made in compliance with the adopted accounting policy for the following types of revenues:
revenues from sale of goods and other assets - recognition of revenues is made upon transfer of ownership and handing over the relevant assets to the buyers.
Upon rendering of short-term services it is recognized in the income statement in proportion to the degree of service completion as at balance sheet date. The degree of completion is determined based on an examination of the work performed. No revenue is recognized when considerable doubts exist as regards receipt of the revenue.
Revenues are reported under the accrual method. They are appraised as per the fair value of the item received or to be received.

### (o) Expenses

The Company reports the operating expenses by economic elements on a current basis and thereafter allocates by functional intended purposes in order to formulate the amount of expenditure by directions and operations. Recognition of the expenses as expenditure is done upon accrual of their corresponding revenues.
Financial expenses reported by the period and relating to the operating business also refer to the operating expenses.

The Company has adopted an accounting policy of only reporting as extraordinary those expenses that are clearly distinguished from the ordinary business and are therefore not expected to recur often.
The expenses are reported under the accrual method. They are appraised as per the fair value of the item paid or to be paid.

Net financial expenses include interest revenues and expenses and other financial revenues and expenses.

Interest revenues are recognized in the statements at the time of origination, taking into account the effective revenue from the asset.

Interest expenses occurring with regard to financial lease are accounted using the effective interest rate method.

The loan expenses mainly refer to interest due under Company loans. All loan expenses, which may directly be attributed to the purchase, construction, or manufacturing of an asset meeting the requirements, are capitalized during the period when the asset is expected to be finalized and made ready for use or sale. The other loan expenses must be recognized as an expense for the period of their origination in the income statement on the "Financial Expenses" line. When loans with no specific purpose have been received and used to acquire an asset meeting the requirements, the amount of loan expenses, which may be capitalized, is determined by applying a capitalization factor to the expenses in that asset. The capitalization factor is the average weighted value of the loan expenses compared to the Company loans not amortized during the period, except for the loans received specifically for the purpose of acquiring an asset meeting the requirements.

**(p) Related parties**

The Company discloses the following related parties**:**

- Georgios Panos Kisas – Greece
- Dimitrios Hristos Dumpalis **-** Greece

**(q) Taxation:**

The corporate tax for the year incorporates current tax and deferred tax. The current tax incorporates the amount of tax due for payment over the taxable profit for the period based on the effective tax rates or the tax rates effective as at balance sheet date, with all adjustment on the tax due for previous years.

The deferred tax is calculated by applying the balance sheet liabilities method to all time differences between the book value according to the statements, and the value calculated for tax purposes.

The deferred tax is calculated based on the tax rates expected to be effective when the assets is realized or the payable is amortized. The effect of tax rates changes on the deferred tax is reflected in the income statement, except for the cases where it refers to amounts assessed in advance or reported directly in the shareholder equity.

A deferred tax asset is only recognized to the extent to which it is likely to receive future tax profits against which the unused tax losses or tax credit may be turned to account. Deferred tax assets are reduced in accordance with the reduction of the likelihood of achieving tax benefits.

## (r) Accounting assumptions and accounting estimates

Application of the International Accounting Standards requires from the management to apply certain accounting assumptions and accounting estimates during drafting of the annual financial statements and in determining the value of certain assets, liabilities, and expenses. These have all been made based on the best judgment made by the management as at the financial statements' date. Actual results may be different from those presented in these annual financial statements.

## (s) Cash Flow Statement

The adopted policy for reporting and presenting cash flows under the direct method.
The cash flows are categorized as cash flows from:

- operational activities
- investment activities
- financial activities

There are no aggregate items in the Cash Flow Statement.

**(t) Statement of changes in the shareholder equity**

The accounting policy adopted is to draft the report by including:
Net profit and loss for the period
Balance of retained earnings as well as movement during the period
All items of revenues or expenses, profit or loss, which are directly recognized in the shareholder equity as a result of the IAS in effect.
Cumulative of the changes in accounting policy and fundamental errors in compliance with IAS 8.
Transfer and distribution of equity among the owners.
Changes occurred as a result of all changes in all elements of the shareholder equity.

## 3. Supplementary information to the financial statement items

### 3.1 Balance Sheet:

**(a) as at December 31, 2009 and 2008 the noncurrent tangible assets include:**

| | *Machinery and equipment* | *Vehicles* | *Other* | *Total* |
|---|---|---|---|---|
| ***Book value*** | | | | |
| **Balance at 31.12.2008** | **1** | **28** | **46** | **75** |
| Inflow | 3 | 29 | 2 | 34 |
| Outflow | 0 | 0 | 33 | 33 |
| **Balance at 31.12.2009** | **4** | **57** | **15** | **76** |
| ***Depreciation*** | | | | |
| **Balance at 31.12.2008** | **1** | **1** | **6** | **8** |
| Inflow | 1 | 11 | 3 | 15 |
| Outflow | 0 | 0 | 6 | 6 |
| **Balance at 31.12.2009** | **2** | **12** | **3** | **17** |
| ***Book value:*** | | | | |
| Book value as at 31.12.2008 | 0 | 27 | 40 | 67 |
| **Book value as at 31.12.2008** | **2** | **45** | **12** | **59** |

The Company has no limited rights over the noncurrent tangible assets.
In 2009 the Company executed two financial lease agreements in order to acquired passenger vehicles, which have a book value of BGN 45 000 as at 31.12.2009.
.

**(b) as at December 31, 2009 and 2008 the inventory stock includes**:

| | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Goods | 148 | 186 |

**(c) as at December 31, 2009 and 2008 the trade and other receivables include**

| | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| ***Receivables from sale of goods*** | ***1 301*** | ***362*** |
| ***Guarantees*** | ***45*** | ***34*** |
| ***Advances granted*** | ***11*** | ***2*** |
| ***Rent deposit*** | ***3*** | ***2*** |
| ***Taxes pending refund*** | ***-*** | ***1*** |

**(d) as at December 31, 2009 and 2008 the cash and cash equivalents are as follows:**

| | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Cash at hand (petty cash) – total | 68 | 30 |
| *In BGN* | 37 | 30 |
| *In foreign currency* | 31 | - |
| Cash in current BGN accounts | 67 | 79 |
| Cash in current foreign currency accounts | 15 | 3 |
| Deposits granted | 7 | - |
| **Total cash** | **157** | **112** |

**(e) as at December 31, 2009 and as at December 31, 2008 the own shares redeemed are as follows:**

| | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Own shares redeemed | 74 | - |

In 2009 the Company redeemed 562 of own shares at par value of BGN 1 each with the difference between the par value and the sale value being BGN 73 251.80.

**(f) financial result**

| ***Financial result*** | ***Value*** |
|---|---|
| Financial result profit as at 31.12.2009 | 1 102 |

**(g) as at December 31, 2009 and 2008 the noncurrent trade and other payables are**

| | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| ***Noncurrent*** | | |
| Payables under financial lease for vehicle purchase | 29 | 19 |

The payable under financial lease is formed by two financial lease agreements with a period of 60 months, the net book value of the assets being BGN 45 000 and the total value of the future minimum repayment installments amounting to BGN 40 000. The minimum lease payments have the following current cost of payment:
- up to one year – BGN 11 000
- up to five years - BGN 29 000.

**(h) as at December 31, 2009 and 2008 the current trade and other payables are**

| | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| ***Current*** | | |
| Payables to foreign suppliers | 21 | 59 |
| Payables to domestic suppliers | 26 | 30 |
| Payables to financial enterprises | - | 39 |
| Payables to staff | 8 | 1 |
| Payables to social security enterprises | 2 | - |
| Tax payables incl.: | 97 | 65 |
| -VAT | 8 | 26 |
| - corporate tax | 87 | 38 |

| | | |
|---|---|---|
| - other taxes | 2 | 1 |
| Payables under financial lease for vehicle purchase | 11 | 4 |
| Payables to the owners | - | 48 |
| Guarantees | 2 | - |

## 3.2 Income statement

### (a) Operational revenue

| Type of revenue | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Revenue from sale of goods | 2 073 | 973 |
| Revenue from sale of services | 2 | - |
| Other revenue | 7 | - |
| ***Total*** | 2 082 | 973 |

### (b) Expenses for materials

| Type of expense | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Stationery | 6 | 6 |
| Fuel | - | 4 |
| Spare parts vehicle | 5 | - |
| ***Total*** | 11 | 10 |

### (c) Expenses for external services

| Type of expense | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Accounting, consultancy, and legal services | 57 | 67 |
| Communication expenses | 20 | 14 |
| Rents and utilities | 34 | 22 |
| Advertising | 2 | - |
| Insurances | 3 | - |
| Courier services | 3 | - |
| Other services | 10 | 11 |

### (d) Depreciation expenses

| Type of expense | ***For the year ending on*** | ***For the year ending on 31.12.2008*** |
|---|---|---|

| | ***31.12.2009*** | |
|---|---|---|
| Machinery and equipment | 1 | 1 |
| Vehicles | 11 | 1 |
| Other | 3 | 5 |

**(e) Expenses for salaries and social security**

| Type of expense | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| salaries | 55 | 21 |
| social security | 8 | 4 |

**(f) Other expenses**

| Type of expense | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Business trips | 17 | 22 |
| Expenses not recognized for tax purposes | 2 | 5 |
| Tax on the expenses | 1 | 1 |
| Gifts | 2 | - |
| Hospitality expenses | 4 | - |

**(g) Reported value /cost price/ of sales**

| Type of asset sold | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Goods | 602 | 349 |

**(h) Financial expenses, net**

| | ***For the year ending on 31.12.2009*** | ***For the year ending on 31.12.2008*** |
|---|---|---|
| Bank fee expenses | (6) | (5) |
| Interest expenses | (5) | (4) |
| Positive exchange rate differences | (1) | (1) |

### 3.3. Tax expenditure

According to the effective laws profits are taxed with a corporate tax of 10%
For 2009 the Company reported an accounting profit amounting to BGN 1 224 000, which was transformed for tax purposes pursuant to the Corporate Income Taxation Act, as follows:

- increases – BGN 52 000;
- reductions – BGN 42 000.

The result of Bioiasis AD following tax transformation is a profit to the amount of BGN 1 234 000 and a tax obligation for corporate tax to the amount of BGN 122 000.

### 3.4 Temporary differences and the tax effect thereon

In 2009 temporary tax differences have been accounted in Bioiasis AD for:

- Provisions from unused paid leaves.
- Social security on the provisions from unused paid leaves
- Difference between the book value and tax value of depreciable assets.

## 4. Other disclosures

The remuneration of the CPA for the independent financial audit performed for 2009 amounts to BGN 3 500. No other remunerations have been accrued and disbursed to the CPA.

### Related parties

In 2009 the Company repaid a loan previously received from the owner to the amount of BGN 40 000 and interest thereon to the amount of BGN 3 000.
In 2009 remunerations to the members of the Company's Board of Directors have been accrued to the amount of BGN 5 000.

### Changes in the accounting policy and adjustment of errors

There have been no changes in the accounting policy and adjustment of errors**.**

### Contingent assets and liabilities

There are no classes of contingent assets and liabilities.

## 5. Events following the balance sheet date

On 09.02.2010 BGN 245 000 were transferred to the Company's account by the customer University Multiprofile Hospital for Active Treatment St. George EAD - Plovdiv.

Except as disclosed above, no adjusting or non-adjusting events have occurred following the balance sheet date.

| | |
|---|---|
| Executive Director | Prepared by |
| Georgios Kisas | Accounting Service Ltd. |