Individual Interim Financial Report

INTERCAPITAL PROPERTY DEVELOPMENT ADSIC

30 June 2022

Individual Report for the financial condition

	Notes	30.06.2022 '000 BGN	31.12.2021 '000 BGN
Assets			
Non-current assets			
Property, plant and equipment	6	17 550	17 550
Investment property	7	25 773	25 890
Investments in subsidiaries	9		
Non-current asets		**43 323**	**43 440**
Current assets			
Unfinished construction	11		
Trades Receivables	12	2 489	2 860
Advances Provided	13	4 944	4 950
Receivables from related parties	33		
Other receivables	14	199	416
Cash and cash equivalents	15	11	18
Current assets		**7 643**	**8 244**
Prepaids			
Total assets		**50 966**	**51 684**

Accountant: **Executive Director:**

/Optima Audit AD/ **/Velichko Klingov/**

Date: 29.07.2022

Individual report for the financial condition (continued)

Equity and Liabilities	Notes	30.06.2022 '000 BGN	31.12.2021 '000 BGN
Equity			
Main/Share capital	16.1	27 766	27 766
Issue premiums		7 651	7 651
Revaluation reserve	16.2	9 347	9 347
General reserves		1	1
Retained earnings		13 974	10 234
Uncovered loss		(29 830)	(29 830)
Current earnings (loss)		(397)	3 740
Total own capital		**28 512**	**28 909**
Liabilities			
Non-current liabilities			
Liabilities to financial institutions	15	-	-
Bond issued liabilities	17	11 735	11 735
Other liabilities	10	6 367	6 367
Total non-current liabilities		**18 102**	**18 102**
Current liabilities			
Liabilities to financial institutions	17	-	243
Financial leasing	10	1233	1 270
Commercial Liabilities	18	37	24
Amounts received in advance from customers	19	1 487	1 487
Short-term liabilities to related parties	33		
Tax payables	20	26	31
Social security payables and salaries payables	21	139	173
Other liabilities	22	1430	1 445
Total current liabilities		**4 352**	**4 673**
Total liabilities		**22 454**	**22 775**
Total Equity and Liabilities		**50 966**	**51 684**

Date: 29.07.2022

Accountant: ____________________ **Executive Director:** ____________________

/Optima Audit AD/ **/Velichko Klingov/**

Individual report for the profit or loss and other comprehensive income

	Notes	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Revenue from sales	23.1		115
Other revenue	23.2		
Expenses for materials	24		
Expenses for external services	25	(79)	(60)
Expenses for salaries	26	(25)	(24)
Expenses for depreciation	6	-	-
Other expenses	27	(130)	(162)
Book value of assets sold	28	-	-
Operating profit/(loss)		**(234)**	**(131)**
Financial income / expenses	29	(163)	(355)
Changes in the fair value of the investment property	30	**-**	**-**
Profit/ (loss)		**(397)**	**(486)**
Income per share	32	**(0.014)**	**(0.018)**
Other comprehensive income		**-**	**-**
Total annual comprehensive income	23.1	**(397)**	**(486)**

Accountant: ____________________
/Optima Audit AD/

Executive Director: ____________________
/Velichko Klingov/

Date: 29.07.2022

Individual Report for the Changes in Equity

All amounts are in '000 BGN	Share Capital	Premium Reserves	Other Reserves	Undistributed Earnings	Accummulated loss	Total Equity
Balance as of 1st January 2021	**27 766**	**7 651**	**9 348**	**10 234**	**(29 830)**	**25 169**
Profit/ Loss	-	-	-	3 740	-	3 740
Other comprehensive income	-	-	-	-	-	-
Revaluation of long-term assets	-	-	-	-	-	-
Increases	**-**	**-**	**-**	**3 740**	**-**	**3 740**
Total comprehensive income						
Balance as of 31st December 2021	**27 766**	**7 651**	**9 348**	**13 974**	**(29 830)**	**28 909**
Profit/ Loss	-	-	-	-	(397)	(397)
Other comprehensive income	-	-	-	-	-	-
Revaluation of long-term assets	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**(397)**	**(397)**
Balance as of 30 June 2022	**27 766**	**7 651**	**9 348**	**13 974**	**(30 227)**	**28 512**

Accountant: ____________________
/ Optima Audit AD /

Executive Director: ____________________
/Velichko Klingov/

Date: 29.07.2022

Individual Cash Flow Statement

	Notes	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Cash flow from operating activities			
Customers receivables		37	600
Suppliers payables		(85)	(86)
Salaries and social securities payables		(60)	(34)
Paid /recovered taxes (excluding corp. tax)		278	(7)
Other operating activities payments		(125)	(5)
Net cash flow from operating activities		**475**	**475**
Cash flow from investment activity			
Purchase of long-term assets		-	-
Net cash flow from investment activity		**-**	**-**
Cash flow from financing activity			
Proceeds on loans		(52)	(118)
Payments on loans		-	(356)
Leasing payments		-	-
Payments of interest, taxes		**-**	**-**
Net cash flow from financing activity			
Net change in cash and cash equivalents		**(7)**	**1**
Cash and cash equivalents at the beginning of the year		18	2
Cash and cash equivalents at the end of the period		**11**	**3**

Accountant: ____________________ **Executive Director: ____________________**
/ Optima Audit AD / **/Velichko Klingov/**

Date: 29.07.2022

Explanatory Notes

1. General information

"Intercapital Property Development" ADSIC- the parent company.

"Intercapital Property Development" ADSIC is a company registered in accordance with the Special Purpose Vehicles Act. The Company operates as a collective investment scheme for real estate; "real estate securitization" means that the Company purchases real estate with cash flows accumulated from investors by issuing securities (shares, bonds).

The Company is registered as a stock company and is entered in the Commercial Registry in the Sofia City Court, company case № 3624/2005, batch № 92329, volume 1204, reg. 1, page 23. The Bulstat Code is 131397743. The legal seat and the address of the Company`s management is Dobrudja Str. № 6, 4th floor, Sofia.
The Board of directors is composed as follows:

- Velichko Klingov,
- Tsvetelina Hristova.
- AHELOY 2012 EOOD

Currently, the Company has no Investor Relations Director appointed.
Service companies of "Intercapital Property Development" ADSIC in compliance with the clauses of the Special Purpose Vehicles Act are: Optima Audit AD, Marina Cape Management EOOD. Independent appraiser of the properties is Dobi 02 EOOD.

The Company`s shares are listed for trading on the Bulgarian Stock Exchange – Sofia AD and on the alternative trading system NewConnect, organized by the Warsaw Stock Exchange.

2. Basis for the preparation of the Individual financial report

The Company's Individual financial report is prepared in compliance with the International Financial Reporting Standards, developed and published by the International Accounting Standards Board (IASB) and adopted by the European Commission.

The financial reports of the company have been prepared in compliance with the international standard for financial reports, adopted by the Comission of the EU. They include the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the interpretations for their application (SIC - IFRS interpretations). IFRS also include the subsequent amendments and complements to these standards and interpretations of their application and the future standards and interpretations for their application prepared by the International Accounting Standards Board (IASB).

The financial statements are prepared in BGN which is the functional currency of the Company. All amounts quoted are in thousands of BGN ('000 lv) (including the comparative information for 2018) unless otherwise specified.

This financial statement is individual. The Company also prepares Individual financial statements in accordance with International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), in which investments in subsidiaries are reported and disclosed in in accordance with IFRS 10 "Individual Financial Statements".

a. Going Concern

The financial statements have been prepared in accordance with the going concern principle. As at the date of preparation of these financial statements, the management has assessed the ability of the Company to continue its activities as an operating enterprise based on the available information for the foreseeable future. The company reports a loss for the period in the amount of BGN 257 thousand and a positive cash flow from operating activities in the amount of BGN 393 thousand. The amount of current liabilities exceeds the amount of current assets by BGN 24,472 thousand as of 30.06.2022 compared to 24 428 thousand BGN as of 31.12.2021. These circumstances show the existence of significant uncertainty, which may raise significant doubts about the ability of the Company to continue to operate as a going concern without the support of the owners and other sources of funding.

The management has taken the following significant measures to improve the financial condition of the Company:

· The Company has rescheduled its short-term liabilities to creditor banks, which will significantly improve the financial condition of the Company in terms of the ratio between current assets and liabilities.

· The company pursues a policy of optimizing costs, inventories and other elements of working capital. The expected result of these measures is a significant reduction in stocks, which will improve the liquidity position and working capital of the Company.

The management believes that based on the forecasts made for the future development of the Company and the measures taken, as well as due to the ongoing financial support from the owners will be able to continue its activities and repay its liabilities without selling assets and without making significant changes. in its activity.

Comparative data

Where appropriate for the better presentation of the financial statements, comparative information is reclassified in order to ensure comparability with the current period, and the nature, amount and reasons for reclassification are disclosed. When it is impracticable to reclassify comparative information, the Company discloses the reason for this and the nature of the changes that would have been made if the amounts had been reclassified.

3. Amended accounting standards

The accounting policies of the Company are consistent with those applied in the previous reporting period, except for the following amended IFRS adopted from January 1, 2021:
For the first time in 2021, some amendments and clarifications are applied, but they have no impact on the Company's financial statements. The Company has not adopted standards, clarifications or amendments that have been published but have not yet entered into force.

Reform of interest rate benchmarks - Phase 2 - IFRS 7, IFRS 9, IFRS 4, IFRS 16 and IAS 39 (Amendments)
In August 2020, the IASB published Reform of Interest Rate Benchmarks - Phase 2 - IFRS 7, IFRS 9 and IAS 39, concluding its work in response to the IBOR reform. The amendments provide temporary relief that addresses the financial reporting effects when the interbank rate (IBOR) is replaced by an alternative near-risk-free rate (RFR). Specifically, the amendments provide practical guidance, when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require an adjustment of the effective interest rate equivalent to a movement in the market interest rate. Also, the amendments introduce relief for terminating hedge relationships, including a temporary exemption from the need to comply with the separate identification requirement when an RFR instrument is designated as a hedge of a risk instrument. In addition, the amendments to IFRS 4 are intended to allow insurers still applying IAS 39 to obtain the same relief as those provided for in the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of the benchmark interest rate reform on the Company's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after January 1, 2021. Application is retroactive, but the Company is not required to restate prior periods. Adoption of the amendments did not have an impact on the financial position or results of the Company's activity.
b. Published standards not yet in effect and not previously adopted.
At the date of approval of these financial statements, new standards, amendments and clarifications to existing standards have been published, but have not entered into force or have not been adopted by the EU for the financial period beginning on 1 January 2020 and have not been implemented from an earlier date than the Company. They are not expected to have a material effect on the Company's financial statements. Management expects all standards and amendments to be adopted in the Company's accounting policy during the first period beginning after their effective date.
The changes are related to the following standards:
• IFRS 17 Insurance contracts effective from 1 January 2023;
• Amendments to IAS 1 Presentation of financial statements: Classification of liabilities as current and non-current, effective from January 1, 2022;
• Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective from January 1, 2022;
• Annual improvements 2018-2020, effective from 1 January 2022, not yet adopted by the EU;
c. Changes in accounting policy
The adopted accounting policy is consistent with the one applied in the previous year.

4. Accounting Policy

a) General Position

The most important accounting policies applied to the preparation of these financial statements are presented below.

The Individual financial report is prepared in compliance with the valuation principles concerning any type of assets, liabilities, revenues, and expenses according to IFRS. The valuation bases are announced in detail in the following points of this accounting policy.
It should be noted that in preparing the Individual financial report, accounting valuations and assumptions have been used. Although they are based on information, presented to the management as of issuing the Individual financial report, the real results may differ from the valuations and assumptions.

The Individual financial report is presented according to IAS1 "Presenting financial reports". The company has accepted to present the Individual report for the comprehensive income in a unified report: Individual report for the comprehensive income.

In the Individual report for financial condition two comparative periods are presented, when the company:

a) Applies accounting policies retrospectively;
b) Recalculates retrospectively positions in Individual the financial report; or
c) Reclassifies positions in the financial report

The Company has agreed to present two comparative periods in all cases in order to ensure consistency in presentation for each year.

b) Transactions in foreign currency

Transactions in foreign currency are recorded in the functional currency of the company at the official exchange rate at the date of the transcation (as per the rates of the Bulgarian National Bank). Profits and losses from rate differences arising when settling the transactions and the revaluation of cash positions in foreign currency at the end of the accounting period are recorded in the profit or loss.

Non-monetary positions, valued at historic price in foreign currency are recorded at the exchange rate at the day of the transaction (they are not reevaluated). Non-monetary positions, valued at fair value in foreign currency are recorded at the exchange rate on the day, on which the fair value is determined.

The Individual financial report of the group, where all assets, liabilities and transactions of the separate companies are in the functional currency, different from BGN (the presentation currency of the group) are recalculated in BGN in the consolidation. The functional currency of the separate companies of the Group is not changed during the accounting period.
At consolidation, all assets and liabilities are revalued in BGN at the final rate at the date of the Individual financial report. Income and expenses are revalued in the presentation currency of the group at the average rate for the accounting period. Currency rate differences lead to increase or decrease of the other comprehensible income and are recorded in the revaluation reserve of equity. In case of sale of net investment in foreign activity, the currency differences accrued from revaluation, recodded in equity, are reclassified in the profit or loss and are recorded as part of profit or loss from the sale. The reputation and corrections connected to determining the fair value at the date of acquirement, are treated as assets and liabilities of the foreign company and are revalued at BGN at the final rates.

c) Revenues and Expenses

The Company recognizes revenue to reflect the transfer of the goods or services promised by the contract to customers, in an amount that reflects the remuneration to which the Company expects to be entitled in exchange for the transferred goods or services.

The transfer of goods or services is based on the concept of transfer of control over them, the ability to manage the use of the asset and to obtain essentially all other benefits from it. Control also includes the ability to prevent other companies from managing the use of the asset and its benefits.

Revenue from contracts with customers is recognized as follows:

- over time in a manner that reflects the work performed by the Company under the contract;
- at a particular time when control of the goods or services of the customer is transferred.
- Revenues from contracts with customers are recognized on the basis of a 5-stage recognition model, with a distinction being made in the following two directions according to the time of satisfaction of the obligation to perform:

  - obligation to perform (transfer of control) over time - in this case the revenue is recognized gradually, following the degree of transfer of control over the goods or services of the client;
  - for performance satisfied (transferred control) at a certain time - the client receives control over the goods or services at a certain time and revenue is recognized in full at once.

Interest income

Interest income is accounted for using the effective interest method, which is the rate that exactly discounts expected future cash payments over the expected life of the financial instrument or for a shorter period, as appropriate, to the carrying amount of the financial asset. Interest income is included in finance income in the income statement.

Interest income on financial assets at fair value through profit or loss is included in net profit / (loss) of their fair value. Interest income on financial assets carried at amortized cost and financial assets at fair value through profit or loss, calculated using the effective interest method, is recognized in the income statement.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that are subsequently impaired. They are subject to an effective interest rate on the net book value of the financial asset (after deducting loss compensation).

d) Borrowing costs

Borrowing costs mainly represent interest on the Company's loans. All borrowing costs, including those that are directly attributable to the purchase, construction of a qualifying asset, are recognized as an expense in the period in which they are incurred as part of the "finance cost" in the income statement comprehensive income. In the Statement of profit or loss and other comprehensive income, additional paid bank fees related to renegotiation of loan relationships are reported. Until the final completion of construction and installation work for the respective site, the land costs increase the cost of the constructed properties. After the final completion of construction, the capitalization of borrowing costs is terminated. The capitalization of these costs is terminated and in case of temporary suspension of construction works.

e) Intangible assets

The intangible assets include Program products. They are recorded at acquisition price including all duty taxes paid, irrecoverable taxes, and direct expenses made in relation to asset use preparation, whereas the capitalized costs are depreciated at the linear method during the period of valuation of useful life of assets, which is considered limited.When acquiring intangible asets as a result of business combination, its cost is equal to the fair value at the day of acquisition.

The following valuation is carried out at acquisition price, decreased by the accrued depreciation and impairment losses. The impairment is recorded as expenses and are recorded in the Individual income report for the period.

The following expenses, arising in relation to other intangible assets after their initial recording, are recored in the Individual income report at the period of their occurrence, unless as a result of them, the asset can generate more than the initially estimated future economic benefits and these expenses can reliably be valued and appliet at the asset. If these conditions are met, the expenses are added to the cost of the asset.

The residual value and useful life of other intangible assets are determined by the management of the Group at each reporting date.

Depreciation is calculated by using the linear method on the valued useful term of use of the separate assets as follows:

- Software 2.0 years
- Others 6,5 years

Depreciation is included in the line "expenses for depreciation and impairment of non-financial assets" of the statement of comprehensive income.

Trademarks and licenses are displayed at historical cost. They have a limited useful life and are stated at cost less accumulated depreciation.

The Company makes a careful assessment when determining whether the criteria for initial recognition as an asset of development costs have been met. Management's judgment is based on all available information at the date of the Statement of Financial Position. In addition, all activities related to the development of an intangible fixed asset are monitored and controlled on an ongoing basis by management.

The chosen threshold of materiality for properties, machinery and equipment for the Group is set at 700 BGN.

f) Property Plant and equipment are measure at cost, included the cost of acquisition, as well as any direct cost of bringing the asset to working condition

Subsequent measurement of land and buildings is carried at revalued amount, which is equal to the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are presented in the statement of comprehensive income and are reported at the expense of equity (revaluation reserve), if they are not preceded by previously accrued expenses. Upon sale or write-off of the revalued asset, the remaining revaluation reserve is recorded at the expense of retained earnings.

Subsequent measurement of all other groups of assets is performed at cost less accumulated depreciation and impairment losses. Impairment losses are recognized as an expense and recognized in the income statement and other comprehensive income for the period.

Subsequent expenditure on an asset of property, plant and equipment is added to the carrying amount of the asset when it is probable that the economic benefits associated with the item will flow to the asset. All other subsequent expenses are recognized as an expense in the period in which they are incurred.

The Company has adopted the alternative approach for subsequent valuation of land and buildings and the recommended one for all other non-current tangible assets.

Increases in value, based on revaluation of land, are reported in the increase in reserves. Discounts that are up to previous increases for the same asset will be reported as a reduction of the same reserve. Further reductions in the value of the asset are reported in the reduction of additional reserves (if any) or as current expense.

The revaluation reserve is recognized as retained earnings after the decommissioning of the respective asset.

The results of the disposal of non-current assets are determined by comparing the income with the book value and are reported in the financial result for the period.
When the carrying amount of a non-current asset is higher than its recoverable amount, that asset is impaired to its recoverable amount.

Property, plant and equipment acquired under finance leases are depreciated on the basis of the expected useful life, determined by comparison with similar assets, or on the basis of the value of the lease, if its term is shorter.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the individual asset groups, as follows:
• Machines 3.3 years
• Business inventory 6.67 years
• Facilities 10 years
• Computers 2 years
• Another 6.67 years

The selected materiality threshold for property, plant, equipment and facilities of the Company amounts to BGN 700.

g) Reporting of leasing contracts

In accordance with the requirements of IAS 17 "Leasing", the rights to dispose of the asset are transferred from the lessor to the lessee in cases where the lessee bears the significant risks and rewards of ownership of the leased asset.
Upon concluding a finance lease, the asset is recognized in the lessee's statement of financial position at the lower of the fair value of the leased asset and the present value of the minimum lease payments plus contingencies, if any. The Statement of Financial Position also reflects the respective financial leasing obligation, regardless of whether part of the lease payments are due in advance at the conclusion of the financial leasing contract.
Subsequently, the lease payments are apportioned between the finance charge and the reduction of the outstanding finance lease liability.
Leases of land and buildings are classified separately by distinguishing the components of land and buildings in proportion to the ratio of the fair values of their units in the lease to the date on which the assets are initially recognized.
Assets acquired under finance leases are depreciated in accordance with the requirements of IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets.
The interest part of the lease installment represents a constant percentage of the outstanding liability and is recognized in profit or loss for the period of the lease agreement.
All other leases are considered to be operating leases. Payments made under an operating lease are recognized as an expense on a straight-line basis over the term of the agreement. Operating lease costs, e.g. maintenance and insurance costs are recognized in profit or loss when incurred.

h) Tests for impairment of intangible assets and property, plant and equipment

In calculating the impairment, the Company defines the smallest identifiable group of assets for which separate cash flows can be determined - a cash-generating unit. As a result, some of the assets are tested for impairment on an individual basis and others on a cash-generating unit basis.

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

When the recoverable amount of an asset or cash-generating unit is lower than the relevant carrying amount, the latter should be reduced to the recoverable amount of the asset. This reduction represents an impairment loss. To determine the recoverable amount, the Company's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. The data used in the impairment testing are directly related to the last approved forecast budget of the Company, adjusted if necessary to exclude the impact of future reorganizations and significant asset improvements. The discount factors are determined separately for each cash-generating unit and reflect the risk profile assessed by the Company's management.

Impairment losses on a cash-generating unit are allocated to a reduction in the carrying amount of the assets of that unit in proportion to their carrying amount. The Company's management subsequently assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or be reduced. A previously recognized impairment loss is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

i) Investment property

The Group accounts for investment property as buildings that are held for the purpose of earning rental income or raising capital, or both, but also for sale in the ordinary course of business.

Investment property is recognized as an asset in the Group's financial statements only if the following two requirements are met:
• it is probable that future economic benefits will accrue from the investment property
• the value of investment property can be measured reliably.

Investment property is initially measured at cost, including the purchase price and any costs directly attributable to the investment property - such as legal fees, property transfer taxes and other transaction costs.

Upon initial recognition, investment property is accounted for using the fair value model. Fair value is the most probable price that can be obtained on the market at the balance sheet date. Investment property is revalued on an annual basis and is included in profit or loss and other comprehensive income at market value. They are determined by independent appraisers with professional classification and significant professional experience, as well as recent experience in the location and category of the appraised property, based on evidence of market conditions.

The gain or loss arising from a change in the fair value of the investment property is included in profit or loss for the period in which it arises.

Subsequent investment property expenses already recognized in the financial statements of the Group are added to the carrying amount of the assets when it is probable that the Group will receive future economic benefits in excess of the initially estimated value of the existing investment property. All other subsequent expenses are recognized as an expense in the period in which they are incurred.

The Group derecognises its investment property when sold or permanently decommissioned if no economic benefits are expected from their sale. Gains or losses arising from disposal or disposal are recognized in the Income Statement and other comprehensive income and are determined as the difference between the net proceeds of the sale and the carrying amount of the asset.

Rental income and operating expenses related to investment property are reported respectively as 'sales revenue' and 'material costs', 'external service costs' and 'other expenses'. Generally, investment property income (rentals) is investment income and is stated separately.

j) Financial Assets

Financial instruments - initial recognition and subsequent measurement

Initial recognition
The Group classifies upon initial recognition of financial assets in the following categories: Measured at amortized cost,

The classification is based on the business model for managing a given class of financial assets and the contractual characteristics of cash flows. Investments held by the Group to obtain profit from short-term sales or repurchases are classified as held-for-sale financial assets. Investments in debt instruments held by the Group within the business model to collect the contractual cash flows are classified as financial assets at amortized cost. Investments in debt instruments held by the Group within the business model for the purpose of collecting the contractual cash flows and selling are classified as financial assets at fair value in other comprehensive income.

Financial assets carried at amortized cost
The following financial assets of the Group may fall into this category, depending on the business model selected and the characteristics of their cash flows: trade receivables, loans and borrowings, leasing receivables, receivables on granted deposits, receivables under cession, receivables, acquired through cessions, loans and loans acquired through cession, held-to-maturity investments.

Trade receivables
Trade receivables are amounts owed by customers for goods or services sold in the ordinary course of business of the Group. They are usually settled within 30 days and are therefore all classified as current. Trade receivables are initially recognized at the unconditional amount received, unless they contain significant financial components, then they are recognized at fair value. The Group holds trade receivables to collect contractual cash flows and subsequently estimates them at amortized cost using the effective interest method.

Other receivables
These amounts generally arise from transactions outside the Group's normal operating activities. Interest may be charged on the basis of market interest rates when the repayment period exceeds six months. Usually the security is not received. Non-current other receivables are due and payable within three years after the end of the reporting period.

Subsequent valuation of financial assets
Financial assets carried at amortized cost
After initial recognition, assets are carried at amortized cost.
Reporting at amortized cost requires the use of the effective interest method. The amortized cost of a financial asset is the amount at which the financial asset is initially recognized, less its principal repayments plus or minus the accumulated amortization using the effective interest rate method of any difference between the original value and the maturity value and less any impairment.

The Group derecognises its investment property when sold or permanently decommissioned if no economic benefits are expected from their sale. Gains or losses arising from disposal or disposal are recognized in the Income Statement and other comprehensive income and are determined as the difference between the net proceeds of the sale and the carrying amount of the asset.

Rental income and operating expenses related to investment property are reported respectively as 'sales revenue' and 'material costs', 'external service costs' and 'other expenses'. Generally, investment property income (rentals) is investment income and is stated separately.

Financial assets at fair value through other comprehensive income
After initial recognition, the asset is measured at fair value, taking into account changes in the fair value of the revaluation reserve of securities investments (other comprehensive income). When a debt instrument is written off, the accumulated gain or loss recognized in other comprehensive income is transferred to profit or loss.

Financial assets at fair value through profit or loss
After initial recognition, the asset is measured at fair value, taking into account changes in fair value in profit or loss.

Impairment of financial assets
The Group recognizes impairment for expected credit losses on all debt instruments that are not carried at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows and all the cash flows that the Group expects to receive, discounted annually at the original effective interest rate.

The amount of expected credit losses recognized as an allowance for impairment depends on the credit risk of the financial asset on initial recognition and the change in credit risk in subsequent reporting periods. Three stages of credit risk deterioration have been introduced, with specific reporting requirements for each stage.
• Stage 1 (regular exposures) - classified financial assets with no indication of an increase in credit risk over the original valuation. For financial instruments for which there was no significant increase in credit risk compared to initial recognition, an allowance for expected credit losses resulting from a possible default in the next 12 months is recognized.
• Stage 2 (impaired exposures) - classifies financial assets with a significant increase in credit risk compared to the initial assessment but without objective evidence of impairment. For those credit exposures for which there has been a significant increase in credit risk compared to initial recognition, recognition is required. Interest is calculated on the basis of the gross carrying amount of the instrument.
• Stage 3 (credit impairment exposures) - classifies financial assets with a significant increase in credit risk and for which objective evidence of impairment exists. For non-performing exposures, credit impairment is recognized for the remaining life of the exposure, regardless of the time of default. Interest is calculated based on the amortized cost of the asset.

Trade receivables and contractual assets
The Group applies the simplified approach of IFRS 9 to measure expected credit losses, which calculates an impairment for life expectancy losses on all trade receivables and contractual assets.

To measure expected credit losses, trade receivables and contractual assets are grouped on the basis of shared credit risk characteristics and days past due. Contract assets relate to work in progress and have the same risk characteristics as trade receivables for the same types of contracts. Therefore, the Group determines that the expected credit losses for 2021 on trade receivables are a reasonable approximation of credit losses on contractual assets.

The Group recognizes in profit or loss - as impairment gain or loss - the amount of expected credit losses (or reversals). When the adjustment for expected credit losses is recognized through other comprehensive income, any adjustment thereto is recognized in other comprehensive income.

Write-off of financial assets
A financial asset is derecognised by the Group when the contractual rights to the cash flows from that asset mature or when the Group transfers those rights through a transaction whereby all material risks and rewards of ownership of the asset are transferred to the buyer. Any participation in an already transferred financial asset, which the Group retains or creates, is accounted for individually as a separate asset or liability.

In cases where the Group retains all or most of the risks and rewards of the assets, the latter are not derecognized from the statement of financial position (an example of such transactions is repurchase agreements).
In transactions in which the Group neither retains nor transfers the risks and rewards of the financial asset, the latter is derecognized when and only when the Group has lost control of the financial asset. The rights and obligations that the Group retains in these cases are accounted for separately as an asset or liability. For transactions in which the Group retains control of the asset, its recognition in the statement of financial position continues, but to the extent that the Group retains its interest in the asset and carries the risk of a change in its value.

Ex-post evaluation of financial liabilities
The subsequent measurement of financial liabilities depends on how they were classified at initial recognition. The Group classifies its financial liabilities into one of the following categories:

Liabilities at fair value through profit or loss
Liabilities are classified in this category when they are principally held for sale in the near future (trade payables) or are derivatives (except for a derivative that is designated and is an effective hedging instrument) or qualify for this category determined on initial recognition. All changes in fair value in respect of liabilities carried at fair value through profit or loss are recognized in the income statement and other comprehensive income as of the date they arise.

Liabilities measured at amortized cost
All liabilities not classified in the previous category fall into this category. These liabilities are carried at amortized cost using the effective interest method.

Items classified as trade and other payables are usually not remeasured as the payables are known for a high degree of certainty and settlement is short-term.
The following financial liabilities of the Group generally fall into this category: trade payables, loans and borrowings, leasing liabilities, deposits received, cession liabilities.

Write-off of financial liabilities
The Group derecognises a financial liability when its contractual obligations are canceled, expired or canceled.
The difference between the carrying amount of the written off financial liability and the consideration paid is recognized in profit or loss.

Offsetting financial asset and financial liability

Financial assets and financial liabilities are offset and a net amount is presented in the statement of financial position when:
• has a legally enforceable right to offset the amounts recognized; and
• intends to either settle on a net basis, or to realize an asset and at the same time settle a liability.

The offsetting of a recognized financial asset and a recognized financial liability and the presentation of the net worth are different from the derecognition of a financial asset or financial liability.
The right to compensation is the legal right of a debtor under a contract to settle or otherwise eliminate all or part of the amount owed to a creditor by deducting from that amount an amount owed by the creditor.

k) Inventories, construction in progress

The company carries out its activity only by assigning the various types of activities to specific contractors. That is, the company does not have its own staff and outsources all work to external companies. The cost of unfinished construction consists of the costs of design, construction and installation works, advertising, construction supervision, fees and others. The cost of finished products includes the cost of loans raised for the construction of a particular site. (Amended IFRS 23, effective for annual periods beginning on or after 1 January 2009).
The cost of finished products (real estate - apartments, commercial properties, etc.) will be included as an element and part of the value of the land, which corresponds to its impairment, due to the limited rights of disposal. The land will be assessed (according to the requirements of the Bulgarian legislation) at least once a year by an independent licensed appraiser.

The direct costs are accumulated at the moment of their execution in batches for the specific sites, and the indirect ones are distributed in proportion to the direct costs incurred for the site.

Inventories include materials and finished products. The cost of inventories includes the cost of purchase and other direct costs associated with their delivery. The costs of used financing are included in the value of inventories (unfinished construction), analytically taking into account the affiliation to the site, and after the final completion of construction and installation works, financing costs are reported in the result. Upon suspension of construction and installation work, the reporting of the expenses for interests, fees and commissions for used financing to the unfinished construction is suspended.

The Company determines the cost of inventories using the weighted average method.

When inventories are sold, their carrying amount is recognized as an expense in the period in which the related revenue is recognized.

l. Income taxes
The financial result of the Company is not subject to corporate tax, according to Art. 175 of the Corporate Income Tax Act.
m. Cash and cash equivalents
The Company reports as cash and cash equivalents cash in hand and cash in bank accounts.
n. Equity and dividend payments
The share capital of the Company reflects the nominal value of the issued shares.

Retained earnings include the current financial result stated in the Statement of profit or loss and other comprehensive income, as well as the accumulated profits and uncovered losses from previous years.

The company is obliged by virtue of Art. 10 of the Law for the companies with special investment purpose to distribute as dividend not less than 90 per cent of the profit for the financial year, determined in the following way and in observance of the requirements of art. 247a of the Commercial Law. Profit for distribution is the financial result (accounting profit / loss), adjusted as follows:
1. increased / decreased by the expenses / revenues from subsequent real estate appraisals;
2. increased / decreased by the losses / profits from transactions for transfer of ownership over real estates;
3. increased / decreased in the year of transfer of ownership of real estate with the positive / negative difference between:
(a) the sale price of the immovable property, and
(b) the amount of the historical cost of the immovable property and the subsequent costs that led to an increase in its carrying amount;

The Company may issue only dematerialized shares registered in accounts with the Central Depository. Shares of the company may be subscribed only against cash contributions and after the payment of their full issue value, except in cases of conversion into shares of bonds issued as convertible. Ordinary shares are classified as equity.

The additional costs inherent in the issuance of new shares or options are shown in equity as a reduction in net income. Additional costs directly related to the issue of new shares are included in the acquisition price as part of the consideration for the purchase.

The company may not issue shares that give the right to more than one vote or additional liquidation share.

The company can issue different classes of shares. Shares of one class grant equal rights to shareholders.

The Company may issue the following classes of shares:
class A - ordinary registered voting shares and
class B - preferred shares with the right to a guaranteed or additional dividend and without the right to vote.

The difference between the nominal value of the imitated shares and the issue value is included in additional reserves and represents an element of the company's equity.
o. Pension and other liabilities to staff
Short-term liabilities to staff include wages, salaries and social security contributions.

The Company has not developed and does not implement plans for remuneration of employees after leaving or other long-term remuneration and plans for remuneration after leaving or in the form of compensation with shares or shares of equity, as by law it can only appoint an employment contract. one person - Investor Relations Director.

p) Financial liabilities include bank and bond loans, trade and other payables and finance lease payables.

Financial liabilities are recognized when there is a contractual obligation to pay cash or another financial asset to another entity or a contractual obligation to exchange financial instruments with another entity under potentially adverse conditions. All interest expenses are recognized as a finance expense in the income statement and other comprehensive income.

Bank loans are reflected in the balance sheet of the Company, net of the costs of obtaining the loan. Financial costs such as the premium payable on settling or repurchasing the debt and direct transaction costs are included in the income statement and other comprehensive income on an accrual basis using the effective interest method and are added to the carrying amount. value of financial liabilities to the extent that they are not settled at the end of the period in which they arise.

Trade payables are initially recognized at nominal value and subsequently measured at amortized cost less settlement payments.

Dividends payable to the shareholders of the Company are recognized when the dividends are approved at the General Meeting of Shareholders.

q. Interest and dividend income

Interest income is reported on an ongoing basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

r. Operating expenses

Operating expenses are recognized in profit or loss on the use of the services or on the date of their occurrence. Guarantee costs are recognized and deducted from related provisions in recognizing the related revenue.

s. Provisions, contingent assets and contingent liabilities

Provisions are recognized when it is probable that current liabilities will result in an outflow of resources from the Company and a reliable estimate of the amount of the liability can be made. The maturity or amount of cash outflow may not be certain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events. Provisions for restructuring are recognized only if a detailed formal restructuring plan has been developed and implemented or management has disclosed the main points of the restructuring plan to the persons concerned. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs necessary to settle the current liability at the end of the reporting period, taking into account the risks and uncertainties, including those related to the current liability. Provisions are discounted when the effect of time differences in the value of the money is significant.

Indemnities from third parties in connection with a given obligation of the Company are recognized as a separate asset. However, this asset may not exceed the value of the relevant provision.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate at the balance sheet date. In cases where it is considered that an outflow of resources is unlikely to occur as a result of a current obligation, such an obligation is not recognized. The Company does not recognize contingent assets, as their recognition may result in the recognition of income that may never be realized.

t. Significant judgments of management in applying accounting policies

The significant judgments of the Management in the application of the accounting policies of the Company, which have the most significant impact on the financial statements, are described below. The main sources of uncertainty in the use of accounting estimates are described in the note

Uncertainty of accounting estimates

In preparing the financial statements, management makes a number of assumptions, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from management's assumptions, estimates and assumptions and, in rare cases, are consistent with previously estimated results.

Information about the significant assumptions, estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, income and expenses is presented below.

v. Impairment
An impairment loss is the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. To determine the recoverable amount, the Company's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. In calculating expected future cash flows, management makes assumptions about future gross profits. These assumptions are related to future events and circumstances. Actual results may vary and require significant adjustments to the Company's assets in the next reporting year.

In most cases, determining the applicable discount factor involves making appropriate adjustments to market risk and risk factors that are specific to individual assets.

w. Useful life of depreciable assets
Management reviews the useful lives of depreciable assets at the end of each reporting period. As of June 30, the management determines the useful life of the assets, which is the expected useful life of the assets of the Company. The carrying amounts of assets are analyzed in Note 6. Actual useful lives may differ from those made due to technical and moral depletion, mainly of software products and computer equipment.

5. Property, plant and equipment

The properties, machinery and equipment, of the Group include land, Computer equipment, transport vehicles. Their book value can be analyzed as follows;

	Land	**Buildings**	**Machinery**	**Assets under construction**	**Total**
	‘000 BGN	**‘000 BGN**	**‘000 BGN**	**‘000 BGN**	**‘000 BGN**
Balance as of 1st January 2021	7 549	544	4	7 273	15 370
Newly acquired assets	-	-	-	-	-
Change result from revaluation	1 838	-	-	898	2 728
Written-off assets	-	-	-	-	-
Balance as of 30thJune 2021	**9 387**	**544**	**4**	**8 163**	**18 098**
	7 422	544	4	7 273	15 243
Balance as of 1st January 2022	-	(544)	(4)	-	(548)
Depreciation	-	-	-	-	-
Written-off depreciation	-	-	-	-	-
Amortization	-	-	-	-	-
Balance as of 30thJune 2022	-	-	-	-	-
Book Value as of 30thJune 2022	**-**	**(544)**	**(4)**	**-**	**(548)**

	Land	Buildings	Machinery	Transport vehicles and others	Total
	‘000 BGN	**‘000 BGN**	**‘000 BGN**	**‘000 BGN**	**‘000 BGN**
Book Value					
Balance as of 1st January 2021	9 387	544	4	8 163	18 098
Newly acquired assets	-	-	-	-	-
Revaluation	-	-	-	-	-
Written off	-	-	-	-	-
Balance as of 31st December 2021	**9 387**	**544**	**4**	**8 163**	**18 098**
Depreciation					
Balance as of 1st January 2021	-	-	-	-	-
Depreciation	-	(544)	(4)	-	-
Written off depreciation	-	-	-	-	-
Balance as of 31st December 2021					
Book Value as of 31st December 2021	**9 387**	**-**	**-**	**8 163**	**17 550**

All depreciation and impairment costs are included in the Individual income statement under "Amortization and impairment of non-financial assets".

The Group has not pledged property, plant and equipment as collateral on its liabilities.

6. Investment property

The properties that are built and for which the Company has received Certificate for exploitation and that are not sold and respectively transferred to clients are reported in the item “Investment property”, because the Company is restricted to operate the constructed assets by itself and it could realize income through assigning the management of those assets to third parties.

The investment properties are valuated initially at their direct cost which includes all the expenditures that are directly related to the particular investment property – such as construction-assembly works, project services, legal fees and other expenditures. After their initial recognition the investment properties are reported through the use of the model of the fair value.

Pursuant to the Special Purpose Vehicles Act the Board of Directors has assigned the completion of revaluation as of 31.12.2018 of all the company's real estate properties to the independent appraiser – "Dobi 02" Ltd.,

The next table presents the changes in the value of the investment property in 2021 and 2022.

	Investment properties **'000 BGN.**
Book value as of January 01, 2022	**25 890**
Newly acquired assets	-
Written-off assets	(117)
Net loss from the change in fair value of the inv. properties	
Book value as of June 30, 2022	**25 773**

	Investment properties **'000 BGN.**
Book value as of January 01, 2021	**24 968**
	-
Newly acquired assets	(5 975)
Net loss from the change in fair value	6 897
Book value as of December 31, 2021	**25 890**

The group is investing in the construction of two sites - Marina Cape and Grand Borovets, a detailed presentation of which is given below.

Marina Cape Property
The Marina Cape Vacation Complex is located in the peninsular part of the Black Sea town of Aheloy, which gives a picturesque view of the bay and the open sea. This is reflected both in the urban solution - the plastic S-shape of the first and second zones, as well as in the design of individual dwellings. A vertical accent in the overall silhouette is the sea light and the clock tower.
The complex consists of four separate zones, spread over a property of 40 000 sq.m. and forming a total built-up area of over 66,000 square meters, with a total of 761 apartments. The complex has 4 restaurants, 4 cafes, 14 shops, two squash halls (licensed by the Squash Federation), a room for a Medical and dental center, a fully equipped and working fitness and SPA center, bowling, a children's center, a room intended for bank office, administrative part, offices, two swimming pools and service premises to the respective sites.
Each of the zones consists of separate sectors (27 in total), with the majority being residential, with the exception of the sectors intended for: banking office, sports and entertainment area, children's center and Sector 27 - two-level restaurant. Some of the residential sectors include public facilities - restaurants,

cafes, shops, offices, medical center facilities, and fitness facilities. In the central part of the complex there is a swimming pool with a total area of 910 sq.m. with a water bar and a children's pool, and in the northeast there is a pool of 470 sq.m.

The unfinished construction reflects the amount of BGN 295 thousand, which represents the accumulated expenses for the sale of properties in the Marina Cape Resort Complex, which will be recognized as an expense in recognizing the income from the sale by a notary deed or a transferred right of use, when adherence to the principle of income and expense comparability.

Grand Borovets Property
The project envisages the construction of residential properties mainly for holiday use in a separate complex of buildings. The complex bears the trade name "Grand Borovets". It is located in the area of the resort. Borovets. Borovets is located 62 km.

The commercial-administrative area and the service facilities for the complex are located in the ground floor and basement. These include a reception and administration lobby, a lobby bar, a 110-seat restaurant with a banquet hall and a covered terrace, two shops, a ski wardrobe, a fitness and a spa center, an indoor pool, a children's center, a bowling alley, a hairdresser, a reception lounge, and and technical and office space and toilets, including for people with disabilities. The total area of the outlets is 3 140 sq.m. The complex also has a covered two-level parking for 34 parking spaces, as well as an outdoor parking lot with 16 parking spaces.
The residential part of the complex consists of 75 apartments with total built-up area of 5 175 sq.m. They are 41 studios, 14 apartments, mainly one-bedroom apartments and a large variety of penthouses.

A landscaping project with alleys and park lighting will be implemented in the adjacent surrounding area and the coniferous forest will be preserved.
Collateral provided on real estate owned by Intercapital Property Development REIT for liabilities of the Company:

Number of real estate on collateral	Area of real estate under collateral	Book value of the collateral provided ‘BGN 000
60 residential sites	4 811 sq.m.	6 931 712
19 commercial / warehouse sites	1 037 sq.m.	2 009 867
Land	40 000 sq.m.	4 517 000

7. Intangible assets

The intangible assets of the Company are long-terms assets that include acquired software licenses. Their book value for the current reporting period can be presented as follows:

	Лиценз ‘000 BGN.	Total ‘000 BGN.
Book value		
1st January 2022	3	3
30 June 2022	**3**	**3**

Depreciation and impairment		
1st January 2022	(3)	(3)
30 June 2022	**(3)**	**(3)**
Book value as of June 30, 2022	**-**	**-**
Book value		
1st January 2021	3	3
30 June 2021	**3**	**3**
Depreciation and impairment		
1st January 2021	(3)	(3)
30 June 2021	**(3)**	**(3)**
Book value as of June 30, 2021	**-**	**-**

8.

a) Financial leasing as a lessee

The Group has acquired by means of financial leasing land and buildings in construction. The net book value of the asets, acquired by means of contracts for financial leasing is 9 953 thousand BGN. The assets are included in the groups"Land" and "Assets in process of construction from "Properties, machinery and equipment".

The Group has signed two contracts for financial leasing with "Bulgaria Leasing" EAD on December 17, 2013 and with "VEI Prodject" AD from December 30, 2011. The liabilities of the financial leasings are secured by the relevant assets, acquired by means of the financial leasing.

On December 17 2013, the parent company has signed a contract for financial leasing for properties with "Bulgaria Leasing" EAD – lease subject – investment project "Grand Borovets", owned by "Intercapital Property Development" ADSITS.Initially the leasing price should have been paid in 2 years from transferring the right to use the leasing objects, with a grace period during the first six months and 25 leasing payments due on the 20th of the month, at a fixed interest rate of 9 %. By mutual agreement from 2014, the term for making the leasing payments was extended to 20.12.2022 as a result of which the leasing price was changed to 3 183 968.45 euro without VAT. In the end of 2016 the parties signed a new agreement, according to which the term for making the leasing payments was extended to 20.12.2022 and the leasing price was changed to 3 411 746 euro without VAT. According to this contract, on 17.12.2013 "Intercapital Property Development" ADSITS has transferred by notary means the right of ownership on property with identifier 65231.918.189, located in Samokov, Samokov Municipality, Sofia district, as well as the building in the property, namely a hotel apart complex with service units with identifier 65231.918.189.2, to the lessor "Bulgaria Leasing" EAD. As a result of the latter and at the conditions of a leaseback "Intercapital Property Development" ADSITS received possession of the properties, subject of the financial lease, from the lessor

On November 13, 2019, the Company signed an agreement by which Bulgaria Leasing was replaced by Investbank AD as a lessor, and all other clauses of the contract remain unchanged.

With Annex of 10.2021 the interest under the leasing contract is reduced to 6% per annum. To date, all other clauses of the contract are unchanged.

Leases include fixed lease payments and an option to purchase at the end of the last year of the lease term. Leases are irrevocable but do not contain other restrictions.

10 Account Receivables

Information about the account receivables is presented in the following table:

	30.06.2022 '000 BGN.	31.12.2021 '000 BGN.
Grand Borovests 2013	759	759
Other	29	28
Marina Cape Managemetn EOOD	1 701	2025
Net	**2 489**	**2 812**

Receivables from customers represent unpaid, remaining installments due to the Company on transferred real estate from a complex of residential buildings for seasonal use "Marina Cape". The carrying amount of trade receivables is considered a reasonable approximation of their fair value.

All of the Company's trade receivables are reviewed for indications of impairment. The company has no expectations that funds owed by customers will not be paid according to previously concluded contracts. All trade receivables are subject to credit risk. The Company's management does not identify a specific credit risk, as trade receivables consist of a large number of individual customers.

13. Other Receivables

Current:

VAT recovery	12	285
Guarantees provided	16	16
Receivable from sale of subsidiary	98	98
Other	85	17
Current other receivables	**199**	**416**

14 Money and money equivalents

The company's funds are kept in the depository bank - Unicredit Bulbank AD - St. Sunday
Money and money equivalents include the following components:

	30.06.2022 '000 BGN.	31.12.2021 '000 BGN.
Money in banks and in cash:		
- in BGN	11	4
- in EUR	-	14
Total	**11**	**18**

15 Equity

a. Main/Share capital

The Company`s registered capital consists of 27 766 476 ordinary shares with a nominal value of 1 BGN per share. All the shares are with a right of dividend and liquidation quota and each of them gives a right of one vote in the General shareholders` meetings of the Company.

	30.06.2022 '000 BGN	**31.12.2021 '000 BGN**
Issued and fully paid shares		
- at the beginning of the year	27 766 476	27 766 476
- issued during the year	-	-
Total shares, authorized as of June 30	**27 766 476**	**27 766 476**

b. Revaluation reserve of assets

According to the theory of business valuation, generally, the indications for a fair value of a given property could be calculated using three approaches: market approach, income approach and expenditure approach.
By using the expenditure and market approach the objects are treated as they are in the moment of the valuation. When using the income approach in the valuation of the objects are added also the perspective of their growth – their yield.
In accordance with the objective of the valuations as the most approximate approach for calculating the market value, the valuation team has adopted the "Method of comparative value (market approach). In that case the price of the property is formed on the base of research of realized deals on the market with comparable real estate. The market approach looks for the supposed market price of properties that are similar in quality to the valuated one.
When calculating the market value of the property information about three properties similar to the valuated one, located in the same region and for which deals have been realized in the last six months of the previous year, are used. The sale prices of the three properties are adjusted with an area coefficient that removes differences between them.

In the calculating of the evaluation is used the following:

- Information obtained by the inspection of the object;
- Information and documents about the legal status of the object;
- Newsletters, price lists and reference books of official editions of Ministry of the Regional Development and Public Works, Bulgarian Construction Chamber and etc;
- Information from appraiser`s personal experience.

With Resolution of the Board of Directors the revaluation of the company's assets is assigned to the independent appraisers – "Dobi 02" Ltd.

16 Liabilities to financial enterprises and liabilities under bond issue

The loans include the following financial liabilities:

	30.06.2022	**31.12.2021**

	'000 BGN.	'000 BGN.
Liabilities towards financial institutions		
Non-current	11 735	11735
Current	-	
Total	**11 735**	**11735**

17.Trade payables

The following table shows the more significant liabilities of the Company as of June 30, 2022.

	30.06.2022 '000 BGN.	31.12.2021 '000 BGN .
Marina Cape Management	**10**	**10**
Intercapital Markets AD	1	1
Other	26	13
Total	**37**	**24**

18. Amounts received in advance from customers

Amounts received in advance from customers include:

	30.06.2022 '000 BGN.	31.12.2021 '000 BGN.
Foreign individuals	928	928
Guarantee deposits from clients under concluded contracts	502	559
Total	**1 430**	**1 487**

19. Tax liabilities

	30.06.2022 '000 BGN	31.12.2021 '000 BGN
VAT obligations to pay		
PIT liabilities	-	5
Liabilities for real estate tax and municipal waste tax	26	26
Total	**26**	**31**

20. Obligations to staff and social security institutions

	30.06.2022 '000 BGN	31.12.2021 '000 BGN
Current:		
Salaries	129	172
Insurance obligations	10	1
Total	**139**	**173**

21. Other liabilities

	30.06.2022 '000 BGN	31.12.2021 '000 BGN
Current:		
Liabilities to Dika account	208	208
Liabilities to BGI Imo EAD	-	-
Liability to Telelink	522	522
Other	756	756
Total:	**1 486**	**1 486**

23.1 Revenue from sales

Revenue from sales incldue:

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Sale of investment property	-	-
Management of investment property	**-**	**115**
Total	-	115

23.2 Other Revenue

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Written off liabilities	-	-
Other revenue	-	-
Total	**-**	**-**

24 Material expenses

Material expenses incldue:

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Utilities	-	-
Other	-	-
Total	**-**	**-**

25. External services liabilities

26. External services liabilities include:

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Maintenance and management	-	-
Fees, appraisal, accounting and auditing services	(31)	(38)
Consulting services	-	-
Advertising	-	-
Sales costs - commissions	-	-
Rent	-	-
Telecommunication services	(1)	(1)
Other	(47)	(21)
Total	**(79)**	**(60)**

26. **Personnel expenses**

include:

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Wage cost	(21)	(20)
Social security costs	(4)	(4)
Total	**(25)**	**(23)**

27. **Other expenses**

Include:

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Written off receivables	-	-
Loss on sale of lease	-	-
Fines, fees and penalties	-	-
other	130	-
Total	**130**	**-**

27. Book value of sold assets

In the item “Book value of the sold assets”, the Company reports the book value of the expropriated investment properties.

Disposal of investment property may arise through the sale or establishment of a right of use In determining the date of disposal for investment property, the Company applies the criteria in IAS 18 for recognizing income from the sale of goods or takes into account the relevant guidance in the appendix to IAS 18.

26. Financial income and expenses

The financial costs for the presented reporting periods can be analyzed as follows:

	30.06.2022 ‘000 BGN	30.06.2022 ‘000 BGN
Revenues from positive differences from operations with financial as		
instruments	-	-
other	-	-
Interest expense	(355)	(181)
Negative differences from exchange rate changes	-	-
Other financial expenses (fees for bank renegotiation		
loans and other penalties)	-	-
Total financial income and expenses, net	**(355)**	**(181)**

27. Changes in the fair value of investment property

	30.06.2022 ‘000 BGN	31.12.2021 ‘000 BGN
Negative revaluations	-	-
Positive revaluations	-	-
Net change in the fair value of investment property	**-**	**-**

28. Tax expenses

The financial result of the Company is not subject to corporate tax, according to Art. 175 of the Corporate Income Tax Act.

28. Earning/(Loss) per share and dividends

a) Earning/(Loss) per share

Basic earning per share and diluted earnings per share calculated, as the used numerator is the profit/ (loss) attributable to shareholders of the Company.

The weighted average number of shares used for basic earnings per share as well as net income/ (loss) attributable to holders of ordinary shares is presented as follows:

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Profit / (loss), attrubutalbe to shareholders (in '000 BGN)	(397)	(486)
Weighted AvegeNumber of Shares (in '000 BGN	27 766	6 011
Basic Earnings per Share (in '000 BGN.)	(0,014)	(0,018)

29. Related party Transactions/ Insider Transactions

a. Transactions with subsidiaries

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Sale of goods and services		
- sale of services to Marina Cape Management EOOD	-	-
Purchase of goods and services		
- purchase of services from Marina Cape Management EOOD	-	-

Receivables from subsidiaries	**30.06.2022 '000 BGN**	**31.12.2021 '000 BGN**
Current:		
Marina Cape Management EOOD	-	2 139
Total	**-**	**2 139**

Задължения към дъщерни предприятия	**30.06.2022 '000 BGN**	**31.12.2021 '000 BGN**
Текущи:		
Marina Cape Management EOOD	-	10
Total	**-**	**10**

Over 80% of receivables and payables between related parties arose more than 360 days ago. Due to the nature of their relationship, they are not intercepted.

б. Transactions with key management personnel

The key management personnel of the Company includes the members of the Board of Directors The remuneration of the key management personnel includes the following expenses:

	30.06.2022 '000 BGN	30.06.2021 '000 BGN
Remuneration to individuals	129	172
Remuneration for Aheloy 2012	-	-
Total	**129**	**172**

The obligations of the company to the members of the Board of Directors are as follows:

	30.06.2022 '000 BGN	31.12.2021 '000 BGN
Remuneration to individuals	129	172
Remuneration for Aheloy 2012	-	-
Total	**129**	**172**

30. Risk related to financial instruments

Aims and policy of the management regarding risk management

The Group is exposed to various risks in relation to its financial instruments, the most important of which are: market risk, credit risk and liquidity risk.

The risk management of the Group is carried out by the BD of the parent company, assisted by IP Intercapital Markets AD, which has a contract for valuation and risk management of the Group in collaboration with the BD. It is a priority for the BD to supply the short term and long term cash flows by reducing its credit exposition. Long term financial investment are managed to generate long term return.

The parent company does not have the right to trade on the financial markets.

The structure of the Company's financial assets and liabilities as of 30th June by category is shown below. It includes all financial assets in a group - "loans and receivables", and all financial liabilities in one group - "other financial liabilities":

(a) Market risk

(-) Currency risk. The expenses of the Company are denominated in BGN or in EUR. In BGN denominated expenses are associated with the construction and operation of real estate. The cost of the real estate most often is negotiated in BGN. On the other hand, almost all other earnings are negotiated in EUR. In a currency board and fixed exchange rate of the lev against the euro, currency risk for the company is virtually none.

In conducting of transactions in foreign currency there are currency gains and expenses which are included in the Income Statement. During the reporting period the Company has not been exposed to currency risk, in so far as no positions have occurred in currencies other than the lev and euro.
The policy on currency risk management applied by the company is not to have substantial operations and do not maintain open positions in foreign currencies other than Euro.
The financial assets and liabilities, which are denominated in foreign currency are revalued in BGN at the end of the accounting period

Interest rate risk
The Group may be exposed to interest rate risk if there is a mismatch between the type (fixed or floating income, respectively interest) of assets and liabilities. The main assets of the Company are property (land or those under construction). It could be assumed that these assets are fixed-price or income because their price is not affected directly by changes in interest rates. The Group will seek to finance these assets in debt instruments, which also have a fixed rate. Where this is not possible or not favorable to the company, it may use a floating-rate debt. In these cases the Company will constantly analyze forecasts on interest rates. In case of significant risks of a large increase in interest rates, which have a significant negative impact on profits of the company, it may use derivatives or other financial instruments to hedge this risk. These may be contracts for swap payments from floating to fixed interest rate, futures or other instruments. As of June 30, 2021, the bigger part of the liabilities of the Group are with floating rate, based on EURIBOR. In this regard, the company is exposed to risk if the base interest in the Eurozone rises.

It must be noted that, the possible increase of market interest rates will possibly reflect unfavorably on the prices and demand for properties as a large part of these deals is financed through loans.

The policy of the Group is towards minimizing the interest rate risk during long term financing.

(b) Analisys of the Credit risk

In its activity the Company may be exposed to credit risk when it pays in advance (grant advances) to its suppliers or has sales receivables (including the sale with deferred payment). Group policy provides for the avoidance of advances as much as possible. Yet when these are imposed (e.g. purchase of windows, elevators and etc. for buildings under construction), the Company will analyze in detail and depth the reputation and financial condition of the suppliers and if necessary will require a bank and other guarantees of good performance. Similarly, in the conduct of sales of goods and services and providing loans to customers, the Company will focus on the credit standing of counterparties.

(c) Liquidity risk

Liquidity risk arises in connection with securing funding for the activities of the Company and its management positions. It has two dimensions - risk the Company will not be able to meet its obligations when they fall due and the risk of being unable to realize company assets at an appropriate price and within acceptable limits.
The company aims to maintain a balance between maturity of funding and flexibility of the use of funds with varying maturity structure.
The company aims to reduce the risks of a shortage of cash by making investments and works only when the financing is secured with its own funds, advances from customers or borrowings. Company monitors

closely the financial markets and the opportunities for raising additional funds (own or debt). The company seeks to shorten the time to raise such funds as necessary.

35. Capital management policy and procedures

The objectives of the Company in connection with capital management are:
• to ensure the ability of the Company to continue to exist as a going concern and
• to ensure adequate profitability for shareholders,
determining the price of its products and services in accordance with the level of risk.

The company manages the capital structure and makes the necessary adjustments in accordance with changes in the economic situation and the risk characteristics of the respective assets.

In order to maintain or adjust the capital structure, the Company may change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its liabilities.

36 Information regarding events after the balance sheet reporting date

No such events have occurred.