**SPEEDY AD**

**SOFIA**

**CONSOLIDATED FINANCIAL STATEMENT**

**30 JUNE 2015**

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| --- | --- | --- | --- |
|  | *Notes* | **30.06.2015** | **31.12.2014** |
|  | **BGN’000** | **BGN’000** |
| **ASSETS** |  |  |  |
|  |  |  |  |
| **Non-current assets** |  |  |  |
| Property, plant and equipment | 3 | 21,277 | 23,650 |
| Intangible assets | 4 | 12,245 | 10,220 |
| Goodwill | 4 | 10,360 | 10,360 |
| Deferred tax assets | 21 | 225 | 225 |
| **Total non-current assets** |  | **44,107** | **44,455** |
|  |  |   |   |
| **Current assets** |  |  |  |
| Inventories | 6 | 1,196 | 530 |
| Trade and other receivables  | 7 | 24,199 | 22,758 |
| Cash and cash equivalents | 8 | 8,475 | 11,046 |
| Other current assets |  | 492 | 486 |
| **Total current assets** |  | **34,362** | **34,820** |
|  |  |  |  |
| **TOTAL assets** |  | **78,469** | **79,275** |

*Continued*

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Notes* | **30.06.2015** | **31.12.2014** |
|  | **BGN’000** | **BGN’000** |
| **LIABILITIES** |  |  |  |
|  |  |  |  |
| **Equity** |  |  |  |
| Share capital | 9.1 | 5,336 | 5,336 |
| Statutory reserves | 9.2 | 544 | 448 |
| Premium reserves | 9.3 | 19,565 | 19,565 |
| Retained earnings |  | 9,528 | 5,591 |
| Current profit |  | 4,861 | 9,591 |
| **Total equity** |  | **39,834** | **40,531** |
|  |  |   |   |
| **Non-current liabilities** |  |  |  |
| Obligations under financial lease agreements | 10 | 7,693 | 8,505 |
| Loans obtained from banks | 11 | 4,966 | 4,411 |
| **Total non-current liabilities** |  | **12,659** | **12,916** |
|  |  |  |  |
| **Current liabilities**  |  |  |  |
| Obligations under financial lease agreements | 10 | 3,802 | 3,645 |
| Loans obtained from banks | 11 | 1,823 | 1,299 |
| Trade and other payables | 12 | 17,716 | 17,819 |
| Tax payables | 21 | 866 | 985 |
| Other current liabilities |  | 1,769 | 2,080 |
| **Total current liabilities** |  | **25,976** | **25,828** |
|  |  |  |  |
| **TOTAL EQUITY AND LIABILITIES**  |  | **78,469** | **79,275** |

The enclosed explanatory notes on pages 1 to 23 are an integral part of the financial statement.

|  |  |
| --- | --- |
| Executive Director: |  Chief Accountant: |
|  Valery Mektupchiyan |  Stefka Levidzhova |

Date:

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Notes* | **30.06.2015** | **30.06.2014** |
|  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| **Revenues** |  |  |  |
| Core revenues | 13 | 54,410 | 33,529 |
| Other revenues | 14 | 2,307 | 1,214 |
| **Total revenues** |  | **56,717** | **34,743** |
|  |  |  |  |
| Costs of materials | 15 | -3,413 | -3,315 |
| Costs of external services | 16 | -31,693 | -15,858 |
| Compensation costs | 17 | -10,757 | -8,248 |
| Depreciation and amortization  | 3, 4 | -4,229 | -2,272 |
| Other operating expenses | 18 | -588 | -436 |
| **Total operating expenses** |  | **-50,680** | **-30,129** |
|  |  |  |  |
| **Operating profit** |  | **6,037** | **4,614** |
|  |  |  |  |
| Financial revenues | 19 | 301 | 156 |
| Financial costs | 20 | -813 | -322 |
|  |  |  |  |
| **Profit before taxes** |  | 5,525 | 4,448 |
|  |  |  |  |
| Income taxes  | 21 | -664 | -445 |
|  |  |   |   |
| **Profit after taxes** |  | **4,861** | **4,003** |
|  |  |  |  |
| Other comprehensive income for the year, net of taxes |  | **-** | **-** |
|  |  |  |  |
| **Total comprehensive income for the year** |  | **4,861** | **4,003** |
|  |  |  |  |
| **Earnings per share** | 22 | **0.91** | **0.90** |

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Date:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **30.06.2014** |
|  | **BGN’000** | **BGN’000** |
| **Cash flows from operating activity** |  |  |
| Proceeds from customers | 66,603 | 41,683 |
| Payments to suppliers | -44,357 | -25,878 |
| Payments related to remunerations | -11,125 | -7,701 |
| Tax payment  | -5,082 | -4,235 |
| Other cash flows from operating activity | 85 | - |
| ***Net cash flow from operating activity*** | **6,124** | **3,869** |
|  |   |   |
| **Cash flows from investing activity** |  |  |
| Proceeds from sale of plant and equipment | 104 | 68 |
| Payments for purchase of plant and equipment | -1,914 | -324 |
| Other proceeds | 1,128 | - |
| ***Net cash flow from investing activity*** | **-682** | **-256** |
|  |   |   |
| **Cash flows from financial activity** |  |  |
| Payments under financial lease agreements | -2,285 | -1,981 |
| Proceeds from issuance of securities | - | - |
| Loans obtained | 1,623 | - |
| Repayment loans | -4,002 | -61 |
| Dividend payment | -2,471 | -2,221 |
| Other cash flows from financial activity | -797 | -5,432 |
| ***Net cash flow from financial activity*** | **-7,932** | **-9,695** |
|  |   |   |
| **Change in cash and cash equivalents** | **-2,490** | **-1,458** |
|  |  |  |
| Net effect of changes in exchange rates | -21 | - |
| Cash and cash equivalents at the beginning of the period | 10,986 | 8,714 |
| Cash and cash equivalents at the end of the period | 8,475 | 2,632 |

*The enclosed explanatory notes on pages 1 to 23 are an integral part of the financial statement.*

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| --- | --- |
| Executive Director: |  Chief Accountant: |
|  Valery Mektupchiyan |  Stefka Levidzhova |

Date:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Share capital** | **Statutory reserves** | **Premium reserves** | **Financial result** | **Total**  |
|  |  **BGN ’000** |  **BGN ’000** |  **BGN ’000** |  **BGN ’000** | **BGN ’000** |
|  |  |  |  |  |  |
| **Balance as of 1 January 2014**  | **4,447** | **448** | **-** | **10,038** | **14,933** |
|  |  |  |  |  |  |
| Issuance of shares  | 889 | - | 19,565 | - | 20,454 |
|  |  |  |  |  |  |
| Distribution of profits, incl. | **-** | - | **-** | **-4,447** | **-4,447** |
| -               *Dividends* | *-* | *-* | *-* | *4,447* |  |
|  |  |  |  |  |  |
| Profit for the year | **-** | - | **-** | **9,591** | **9,591** |
|  |  |  |  |  |  |
| **Balance as of 31 December 2014** | **5,336** | **448** | **19,565** | **15,182** | **40,531** |
|  |  |  |  |  |  |
| **Balance as of 1 January 2015**  | **5,336** | **448** | **19,565** | **15,182** | **40,531** |
|  |  |  |  |  |  |
| Distribution of profits, incl. | **-** | - | **-** | **-5,603** | **-5,603** |
| -               *Dividends* | *-* | *-* | *-* | *5,603* |  |
| Profit for the year | **-** | - | **-** | **4,861** | **4,861** |
| Other changes | - | 96 | **-** | **-51** | **45** |
| **Balance as of 30 June 2015.** | **5,336** | **544** | **19,565** | **14,389** | **39,834** |

*The enclosed explanatory notes on pages 1 to 23 are an integral part of the financial statement.*

|  |  |
| --- | --- |
| Executive Director: |  Chief Accountant: |
|  Valery Mektupchiyan |  Stefka Levidzhova |

Date:

**1. Corporate information**

**1.1 Parent Company**

“Speedy” AD (“the Parent Company”) is a joint-stock company, registered under file No 1455/2005 with the Sofia City Court in accordance with the Commercial Act of the Republic of Bulgaria.

The seat and the registered address of the Parent Company are in the city of Sofia, 2L Samokovsko shose Street, Boila Trade Center.

The principal activity of the Parent Company mainly consists in the provision of courier services, for which the Communications Regulation Commission has issued Certificate No 0062 of 3.11.2009, as well as forwarding, processing, warehousing and distribution of documents, goods and cargo, domestic and international transport and any other activities that are not prohibited by the law.

The Parent Company was listed at the Bulgarian Stock Exchange on 12 November 2012.

The Parent Company is managed through a one-tier management system – Board of Directors.

As of 31 December 2014, the members of the Board of Directors were:

1. Valery Harutyun Mektupchiyan

2. Georgi Ivanov Glogov

3. Danail Vasilev Danailov

As of 23 February 2015, the members of the Board of Directors are:

1. Valery Harutyun Mektupchiyan

2. Georgi Ivanov Glogov

3. Danail Vasilev Danailov

4. Nedelcho Asparuhov Bonev

5. Cedric Favne-Lorraine

As of 11 June 2015, the members of the Board of Directors are:

1. Valery Harutyun Mektupchiyan

2. Georgi Ivanov Glogov

3. Danail Vasilev Danailov

4. Avak Stepan Terzian

5. Cedric Favne-Lorraine

The Parent Company is represented by the Executive Director Valery Harutyun Mektupchiyan.

The ultimate owner of the Parent Company is Valery Harutyun Mektupchiyan.

**1.2 Subsidiary companies**

As at 30 June 2015, the subsidiary companies in the Group are:

SPEEDY EOOD – commercial company, registered in Bulgaria, with UIC 115260535 and with seat and registered address: Bulgaria, Plovdiv Region, Maritsa Municipality, village of Trud, 42 “Karlovsko shose”.

The object of the company consists in import and export, forwarding services, production of and trade in all types of goods in the country and abroad, intermediation, distribution of all types of goods and any other activity that is not prohibited by the law. The fixed capital of the company comes up to BGN 982,200.

Geopost Bulgaria EOOD – commercial company, registered in Bulgaria, with UIC 131330260 and with seat and registered address: Bulgaria, Sofia Region, Sofia Municipality, city of Sofia, 2L “Samokovsko shose” Street, Boila Trade Center.

The object of the company consists in the provision of courier services, forwarding, processing, warehousing and distribution of documents, goods and cargo, domestic and international transport, import and export of goods, commercial representation and intermediation of Bulgarian and non-resident natural persons and legal entities, activity as an insurance agent and any other activity that is not prohibited by the law. The fixed capital of the company comes up to BGN 80 thousand.

Dynamic Parcel Distribution S.A., Romania – commercial company, registered in Romania with single registration code (SRC) 9566918 and with seat and registered address: Romania, Ilfov Region, city of Buftea, 20 “Tamash” Street, hall 4A and 4B. The object of the company consists in forwarding and courier services. The share capital of the company comes up to RON 90 thousand.

**2. Accounting policy**

**2.1 Basis for preparation of the financial statement**

**General provisions**

The annual consolidated financial statement is drawn up for the period 1 January 2014 – 31 December 2014 in accordance with the International Financial Reporting Standards (IFRS), which are applicable in the Republic of Bulgaria. The International Financial Reporting Standards include the International Financial Reporting Standards and the interpretations of the IFRS Interpretations Committee (IFRIC), approved by the International Accounting Standards Board, and the International Accounting Standards (IAS) and the interpretations of the Standing Interpretations Committee (SIC), approved by the International Accounting Standards Board (IASB), adopted by the Commission of the European Union.

The annual consolidated financial statement is drawn up in Bulgarian levs, which is the functional currency of the Group. All sums are presented in thousand BGN (‘000 BGN) (including the comparative information for 2013), unless otherwise specified. The statements of the non-resident company are recalculated from the local currency into BGN for the purposes of each consolidated financial statement in accordance with the policy of the Group.

The consolidated financial statement is drawn up in adherence to the going-concern principle.

As at the date of preparation of this financial statement, the management made an evaluation of the Group’s ability to continue its activity on a going-concern basis. For the purposes of such evaluation the management took into account all the available information of the foreseeable future, which is at least, but not limited to twelve months as of the end of the reporting period.

**Basis for consolidation**

Subsidiary company: company, in which SPEEDY AD, whether directly or indirectly, holds more than 50 % of the votes or is entitled to appoint more than half of the members of the managing body and hence has the power to manage the financial and operating policy of the company.

The subsidiary companies are consolidated as of the date, on which the effective control is transferred to the Group, and are deconsolidated as of the date, on which such control is discontinued. The financial statements of the companies in the Group are fully consolidated, being united line by line.

The consolidated financial statement includes the financial statements of SPEEDY AD and of the following subsidiary companies:

|  |  |
| --- | --- |
|  | **Ownership** |
| **Subsidiary company** | **2015** | **2014** |
|  |  |  |
| SPEEDY EOOD | 100% | 100% |
| Geopost Bulgaria EOOD | 100% | 100% |
| Dynamic Parcel Distribution S.A., Romania | 100% | 100% |

The subsidiary companies Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A. were acquired by the Parent Company SPEEDY AD in November 2014.

For the purposes of preparation of the consolidated financial statement, the financial statements of the Parent Company and of the subsidiary companies were united on a “line by line” basis through summing up of similar items of the assets, liabilities, equity, revenues and costs. The intragroup operations and estimates are completely eliminated, including the unrealized intragroup profit or loss.

The financial statements of the subsidiary companies are consolidated in the annual consolidated financial statement using the “full consolidation” method. The method applies as of the moment, from which the control is deemed to be transferred to the Parent Company.

**Application of new and amended IFRS**

**New standards, interpretations and amendments, into force as of 1 January 2014**

The following amendments to existing standards issued by IASB and adopted by EU, are in effect for the current reporting period:

* IFRS 10 “Consolidated Financial Statements”, into force for annual periods, starting on or after 1 January 2014, adopted by EU on 11 December 2012, published in OJ on 29 December 2012

IFRS 10 “Consolidated Financial Statements” introduces a new definition of control, based on specific principles, which shall be applied for all investments, when determining the basis for consolidation.

* IFRS 11 “Joint Arrangements”, into force for annual periods, starting on or after 1 January 2014, adopted by EU on 11 December 2012, published in OJ on 29 December 2012

IFRS 11 “Joint Arrangements” substitutes IAS 31 “Interests in Joint Ventures” and replaces the three categories of “jointly controlled entities“, “jointly controlled operations“ and “jointly controlled assets“ by two categories – “joint operations” and “joint ventures“. However, it is no longer admissible to choose whether to apply the method of proportionate consolidation in joint venture reporting. The application of the equity method is compulsory in the accounting for all joint ventures.

* IFRS 12 “Disclosure of Interests in Other Entities”, into force for annual periods, starting on or after 1 January 2014, adopted by EU on 11 December 2012, published in OJ on 29 December 2012

IFRS 12 “Disclosure of Interests in Other Entities” is a new standard concerning the requirements for disclosure of all forms of interests in other entities, including joint arrangements, associates and special purpose entities and other unconsolidated entities.

* IAS 27 “Separate Financial Statements” (revised in 2011), into force for annual periods, starting on or after 1 January 2014, adopted by EU on 11 December 2012, published in OJ on 29 December 2012

IAS 27 “Separate Financial Statements” (revised) now concerns only separate financial statements, whose requirements are not substantially amended.

* IAS 28 “Investments in Associates and Joint Ventures” (revised 2011), into force for annual periods, starting on or after 1 January 2014, adopted by EU on 11 December 2012, published in OJ on 29 December 2012

IAS 28 “Investments in Associates and Joint Ventures” (revised) continues to provide for the application of the equity method. Certain changes in the scope of the standard were introduced upon the publication of IFRS 11 “Joint Arrangements”.

* Amendments to IAS 32 “Financial Instruments: Presentation” – offsetting of financial assets and financial liabilities, into force for annual periods, starting on or after 1 January 2014, adopted by EU on 13 December 2012, published in OJ on 29 December 2012

The amendment specifies that the right to offset financial assets and liabilities shall be in effect as at the moment, not occur depending on a future event. It shall also be exercisable by all parties in the usual course of business, as well as in cases of non-performance, insolvency or bankruptcy.

* Amendments to IAS 36 “Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets”, into force for annual periods, starting on or after 1 January 2014, adopted by EU on 19 December 2013, published in OJ on 20 December 2013

The purpose of this amendment is to limit the circumstances, where the recoverable amount of cash-generating assets or groups of assets needs to be disclosed, to clarify the required disclosures and to present the express requirement to disclose the discount rate, used for determining the impairment (or its reversal), where the recoverable amount (based on the fair value less the costs of disposal) is determined using the present value technique.

* Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting”, into force for annual periods, starting on or after 1 January 2014, adopted by EU on 19 December 2013, published in OJ on 20 December 2013

Based on the amendments, there is no need to discontinue hedge accounting, if a hedging derivative is novated, provided that certain criteria are complied with. The novation indicates an event, where the original parties to the derivative agree that one or more clearing contracting parties substitute the original contracting party, so that they become the new contracting parties of each of the parties. In order to reap the benefits of the amended guidance, the novation of a central contracting party shall result from laws and rules or from the introduction of laws and rules.

* Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities – Transition Guidance” (issued on 28 June 2012) into force for annual periods, starting on or after 1 January 2014, adopted by EU on 4 April 2013, published in OJ on 5 April 2013

The amendment aims at further facilitating the transition to IFRS 10, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”, through “limiting the requirement to submit corrected comparative information only for the previous comparative period”. Amendments were also made to IFRS 11 and IFRS 12, eliminating the requirement to submit comparative information for periods that precede the previous period.

* Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities – Transition Guidance” and IAS 27 “Separate Financial Statements” – relating to Investment Entities (issued on 31 October 2012), into force for annual periods, starting on or after 1 January 2014, adopted by EU on 20 November 2013, published in OJ on 21 November 2013

The amendments set out the requirements to consider a given company as an “investment entity”. If a given company complies with the definition of investment entity, it is not allowed to consolidate its subsidiary companies and it shall measure its investments in such subsidiary companies at fair value through the profit and loss. In spite of that, the investment entity is still required to consolidate the subsidiary company, when the subsidiary company is performing services, which relate to the investment activities carried out by the investment entity.

The adoption of these amendments to existing standards did not result in any changes in the accounting policy of the Group.

**Standards, interpretations and amendments to standards issued by IASB and adopted by EU, but still not into force**

* Amendments to IAS 19 “Employee Benefits – Defined Benefit Plans: Employee Contributions” (issued on 21 November 2013), into force as of 1 July 2014, adopted by EU on 17 December 2014, published in OJ on 9 January 2015

The amendment clarifies paragraph 93 of IAS 19 “Employee Benefits”, which refers to the accounting for employee contributions, as set out in the official conditions of a defined benefit plan, through the provision of guidance to the company management as regards the accounting for employee benefits that are linked to a service.

* Annual improvements 2010 – 2012 cycle (issued on 12 December 2013), into force as of 1 July 2014, adopted by EU on 17 December 2014, published in the OJ on 9 January 2015

The amendment to IFRS 2 “Share-based Payment” amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

The amendments to IFRS 3 “Business Combinations” relate to: accounting for contingent consideration in a business combination – clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date; aggregation of operating segments – requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments.

The amendment to IFRS 8 “Operating Segments” clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

The amendment to IFRS 13 “Fair Value Measurement” clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The amendment to IAS 16 “Property, Plant and Equipment” clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The amendment to IAS 24 “Related Party Transactions” clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

The amendment to IAS 38 “Intangible Assets” clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

* Annual improvements 2011 – 2013 cycle (issued on 12 December 2013), into force as of 1 July 2014, adopted by EU on 18 December 2014, published in OJ on 19 December 2014

Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.

Amendment to IFRS 3 “Business Combinations” clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

The amendment to IFRS 13 “Fair Value Measurement” clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of [IAS 39](http://www.iasplus.com/en/standards/ias/ias39) Financial Instruments: Recognition and Measurement or [IFRS 9](http://www.iasplus.com/en/standards/ifrs/ifrs9) Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in [IAS 32](http://www.iasplus.com/en/standards/ias/ias32) Financial Instruments: Presentation.

The amendment to IAS 40 “Investment Property” clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in [IFRS 3](http://www.iasplus.com/en/standards/ifrs/ifrs3) Business Combinations and investment property as defined in [IAS 40](http://www.iasplus.com/en/standards/ias/ias40) Investment Property requires the separate application of both standards independently of each other.

* IFRIC 21 “Levies” (issued on 20 May 2013), into force as of 1 January 2014, adopted by EU on 13 June 2014, published on 14 June 2014

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with [IAS 37](http://www.iasplus.com/en/standards/ias/ias37) Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations.  However, it does not include income taxes (see [IAS 12](http://www.iasplus.com/en/standards/ias/ias12) Income Taxes), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.

**Documents issued by IASB/IFRIC, which are not approved for application by EU**

The following new or revised standards, new interpretations and amendments to existing standards, which are issued by the International Accounting Standards Board (IASB) as at the reporting date, are not yet approved for application by EU and respectively are not taken into account by the Group upon the preparation of the financial statements.

* IFRS 9 “Financial Instruments” (issued on 12 November 2009) and Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date and Transition Disclosures” (issued on 16 December 2011), into force as of 1 January 2015; hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (issued on 19 November 2013)

IFRS 9 is the first step of IASB project to replace the existing IAS 39 “Financial Instruments: Recognition and Measurement” as at the end of 2010 and substitutes, based on a single principle, the four categories of financial assets upon their measurement in accordance with the classification of IAS 39. IFRS 9 requires all financial assets to be measured at amortized cost or at fair value. The amortized cost provides information that is useful for the making of decisions concerning the financial assets, which are held before the receipt of cash flows, representing payments of principals and interests. For all the other financial assets, including those held for trading, the most suitable basis for measurement is the fair value. IFRS 9 removes the need of several amortization methods and permits the amortization method only for assets that are measured at amortized cost. There are still developed additional sections related to the impairment of assets and hedge accounting. The company management shall evaluate the effects of the amendments on the financial statement. However, the management does not expect that the changes will become applicable before the issuing of all sections of the standard, when it will be able to evaluate their overall effect on the financial statements.

* IFRS 14 “Regulatory Deferral Accounts” (issued on 30 January 2014), in effect as of 1 January 2016

IFRS 14 permits an entity, which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous basis for preparation of financial statements, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

* IFRS 15 “Revenues from Contracts with Customers” (issued on 28 May 2014), into force as of 1 January 2017

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

* Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” (issued on 6 May 2014), into force as of 1 January 2016

The amendments clarify the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

* Amendments to IAS 16 and IAS 38: “Clarification of Acceptable Methods of Depreciation and Amortization” (issued on 12 May 2014), into force as of 1 January 2016

The amendments clarify that the revenue-based method is not considered to be an appropriate manifestation of consumption.

* Amendments to IAS 16 and IAS 41: “Bearer Plants” (issued on 30 June 2014), into force as of 1 January 2016

The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

* Amendments to IAS 27: “Equity Method in Separate Financial Statements” (issued on 12 August 2014), into force as of 1 January 2016

The amendments bring back the equity method as a way of accounting for investments in subsidiary companies, joint ventures or associates in the separate financial statements of the company.

* Amendments to IFRS 10 and IAS 28: “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (issued on 11 September 2014), into force as of 1 January 2016

The amendments are directed to a contradiction between the requirements of IAS 28 “Investments in Associates and Joint Ventures” and the requirements of IFRS 10 “Consolidated Financial Statements” and clarify that in a transaction, including an associate or a joint venture, the extent of accounting for profits and losses depends on whether the asset sold or contributed constitutes a business.

* Annual improvements of IFRS 2012 – 2014 cycle (issued on 25 September 2014), into force as of 1 January 2016

The amendment of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendment to IFRS 7 “Financial Instruments: Disclosures” adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The consequential amendment to IFRS 1 clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendment to IAS 19 “Employee Benefits” clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendment to IAS 34 “Interim Financial Reporting” clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

* Amendments to IAS 1: “Disclosure Initiative” (issued on 18 December 2014), into force as of 1 January 2016

The amendments are intended at clarifying IAS 1 and are directed to the identified obstacles that the preparers are facing when using judgments in the presentation of the financial statements.

* Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (issued on 18 December 2014)

The amendments concern problems that occur when applying the consolidation exception to investment entities.

Some of the standards and clarification that are referred hereinabove are not applicable to the activity of the Group, and, therefore, they will not affect the financial statements. As far as the others are concerned, as at the date of preparation of these statements, the Group management has not yet evaluated the potential effects of these changes on the financial statements.

**2.2 Changes in the accounting policy and disclosures**

The assumed accounting policies are consistent with those applied during the previous reporting period.

Accounting judgments and assumptions were used for the preparation of the presented financial statement. Although they are based on information that was available to the management as at the date of preparation of the financial statement, the real results may differ from the judgments and assumptions made.

**Judgments**

When applying the assumed accounting policies, the Group management made the following judgments, besides those that include estimates, which have the most significant effect on the sums recognized in the financial statement:

***Estimates and assumptions***

The main assumptions that are associated with future and other major sources of uncertainties in the estimates as at the date of the balance sheet and for which there exists a considerable risk of resulting in material corrections of the carrying amounts of the assets and liabilities during the next reporting period, are specified herein below.

Leases

Pursuant to IAS 17 “Leases” the management classifies the lease agreements for plant, equipment and vehicles as financial lease. In certain cases the lease transaction is not straightforward and the management judges whether the agreement is for financial lease, where substantially all the risks and rewards of ownership over the asset are transferred to the lessee.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which they could be utilized. The determination of the sum of the deferred tax assets, which shall be recognized, requires the management to make a substantial judgment, based on the expected time of occurring and level of the future taxable profits, as well as of the future Group’s tax planning strategies.

Impairment of non-financial assets

As at each reporting date, the Group judges whether there are any signs of impairment for all non-financial assets. The intangible assets with unspecified useful life are checked for impairment on an annual basis and at any other time, if there are such signs. Other non-financial assets are checked for impairment, when there are signs that their carrying amount may not be recoverable.

Useful life of assets subject to amortization

The management reassesses the useful life of assets subject to amortization as at the end of each reporting period. The actual useful life may differ from the judgment due to their technical wear and tear and obsolescence, mainly plant and equipment, vehicles, computers and software.

Provisions

Provisions are accounted for, where there occurs a current judicial, constructive or legal obligation for the Group, resulting from past events, if cash outflows are expected to occur so as to cover the obligation and the sum of the obligation may be determined with sufficient precision. The provisions are reassessed by the management as at the end of each reporting period and their value is corrected, so as to reflect the best estimate.

Impairment of receivables

When preparing this financial statement, the management, based on its past experience, made an estimate of the impairment of the trade receivables.

Impairment of inventories

In the end of each financial year, the Group companies carry out a review of the condition, the shelf-life and the usability of the available inventories. If there are found inventories, which may potentially not be realized at their current carrying amount in the subsequent reporting periods, the Group companies impair the inventories to their net realizable value.

Actuarial calculations

In determining the present value of the long-term payables to the staff upon retirement, each year there are used calculations of certified actuaries, based on the assumptions of death rate, staff turnover rate, future level of salaries and discount rate.

Business combinations

Upon their initial recognition, the assets and the liabilities of the acquired business are included in the consolidated statement of financial position at their fair value. For the calculation of the fair value, the management uses judgments of the future cash flows and discount rates, which however may differ from the actual results. All changes in the judgment after the initial recognition would affect the value of the goodwill.

**2.3 Summary of the significant accounting policies**

**Transactions in foreign currency**

***Functional currency and currency of presentation***

The individual components of the financial statements of the Group are measured in the currency of the main economic environment, wherein the company is pursuing its activity (“functional currency”).

The annual financial statement is presented in thousand BGN, which is the functional currency and the currency of presentation. BGN is fixed to the euro (EUR) through the currency board mechanism, introduced in the Republic of Bulgaria on 1 January 1999.

For the purposes of each consolidated financial statement, the financial statements of the non-resident subsidiary companies are recalculated from the functional currency of the relevant non-resident subsidiary company to the presentation currency (BGN) used in the consolidated financial statement, where:

a) all assets and liabilities are recalculated to the Group currency at the closing exchange rate of the local currency to it as at 31 December;

b) all revenue and cost items are recalculated to the Group currency at the average exchange rate of the local currency to it for the period of the statement.

The goodwill and the adjustments to the fair values, occurring upon the acquisition of a non-resident (foreign) company, are treated by analogy to the assets and liabilities of such company and are recalculated to the presentation currency at the closing exchange rate.

***Transactions and balances***

The transactions in foreign currency are transformed into the functional currency, applying the official exchange rate for the relevant day. The profits and losses from changes in the exchange rates, resulting from payments under transactions in foreign currency, as well as from revaluation of the assets and liabilities that are denominated in a foreign currency at the closing exchange rate, are recognized in the income statement.

The monetary assets and liabilities in foreign currency are accounted for at the closing exchange rate of BNB as at the date of the balance sheet. As at 31 December 2014, EUR 1 = BGN 1.95583. (31 December 2013: EUR 1 = BGN 1.95583)

**Property, plant and equipment**

The items of property, plant and equipment are initially accounted for at acquisition cost, including the purchase price, customs duties and unrecoverable taxes, as well as all direct costs needed to bring the asset to its current condition and location.

The subsequent valuation of property, plant and equipment is carried out at acquisition cost, reduced by the accrued amortizations and the potential impairment losses.

The assets are amortized as of the date of acquisition or commissioning. The amortization accrues using the straight-line method over the estimated useful life of the assets, so as to distribute the difference between the carrying amount and the residual value over the useful life of the assets, as follows:

* Plant and equipment 3.3 years
* Computers 2 years
* Vehicles 5 years
* Fittings and fixtures 6.7 years

The residual value and the useful life of the assets are subject to a review and, if necessary, there are made the relevant adjustments as at each date of preparation of the financial statements.

When the carrying amount is higher than the recoverable amount, the fixed tangible asset is accounted for at its recoverable amount.

The profits and losses resulting from derecognizing of assets are determined by comparing the proceeds and the carrying amount and are accounted for in the statement of comprehensive income.

**Intangible assets**

***Software***

The software is accounted for at historic cost. It is amortized using the straight-line method for a term of 2 years.

**Impairment of non-financial assets**

Assets with unspecified useful life are not amortized, but are checked for signs of impairment on annual basis. The assets which are subject to amortization are reviewed for signs of impairment, when there occur events or there is a change in the circumstances, suggesting that the carrying amount of the assets is not recoverable. Impairment loss is recognized to the amount, by which the carrying amount exceeds the recoverable amount.

The recoverable amount is the higher of the net sales value and the value in use. For the purposes of determining the value in use, the assets are grouped into the smallest possible identifiable cash-generating units. The non-financial assets, other than positive goodwill, which are subject to impairment, are reviewed for signs of the need of impairment as at each reporting date.

As at each balance sheet date, the impaired non-financial assets during the past periods, other than positive goodwill, are subject to a review for potential reintegration of the impairment losses.

For the purposes of the impairment test, the assets are grouped at the lowest levels, for which a cash-generating unit can be identified.

**Inventories**

The inventories consist of materials and goods. The cost of inventories includes the direct costs for their purchasing or production, the processing and other direct costs, related to their delivery. As at the end of each reporting period, the inventories are measured at the lower of their cost and their net realizable value. The amount of the impairment of inventories to their net realizable value is recognized as cost for the period of the impairment.

The net realizable value is the expected sales price of the inventories, reduced by the expected costs for completion and sale.

The method of the weighted average price (cost) is used in case of use (sale) of materials and goods.

In case of sale of inventories, their carrying amount is recognized as cost during the period, when the relevant revenue is recognized.

**Goodwill**

The goodwill constitutes the future economic benefits resulting from other assets, acquired in a business combination, which are not individually identified and separately recognized.

The goodwill is recognized after determination of all identifiable intangible assets. It is the difference between the acquisition cost (provided remuneration) and the fair value of the Group share in the net identifiable assets of the acquired company as at the date of acquisition (the business combination). In the consolidated financial statement, it is originally measured at acquisition cost (cost) and, subsequently, at acquisition cost less accrued impairment losses. The goodwill is not amortized.

The goodwill that occurs upon the acquisition of a subsidiary company is presented in the consolidated statement of financial position in the “intangible assets” group.

For the purposes of the impairment test, the goodwill is attributed to each cash-generating unit of the Group (or group of cash-generating units), expected to reap the benefits of the business combination, regardless of whether other assets and liabilities of the acquired company are attributed to these units.

The losses, resulting from impairment of goodwill, are presented in the consolidated statement of comprehensive income (in the profit or loss for the year), line “costs for amortization”.

**Business combinations**

The acquisition method (purchase and sale) is used in case of acquisition of a subsidiary company (entity) by the Group in business combinations. The transferred remuneration includes the fair value as at the date of exchange of the provided assets, the occurring or assumed obligations and of the equity instruments issued by the acquiring company against gaining the control over the company being acquired. It also includes the fair value of each asset or liability, resulting from a contingent consideration agreement. The direct costs associated with the acquisition are recognized as current costs for the period, when incurred, except for the costs for issuing of debt or equity instruments, which are recognized as a component of the equity.

All acquired identifiable assets, assumed liabilities and the contingent (crystallized) obligations within the business combination are initially measured at their fair value as at the date of the exchange. In case the sum of the transferred remuneration (measured at fair value), the sum of the non-controlling interest in the company being acquired and, in case of acquisition in stages, the fair value at the date of acquisition of the earlier held capital interest in the company being acquired, exceed the sum of the acquired identifiable assets and assumed liabilities of the acquiring company, the relevant sum is treated and recognized as goodwill. If the interest of the acquiring company in the fair value of the net acquired identifiable assets exceeds the acquisition cost of the business combination, the excess is immediately recognized in the consolidated income statement of the Group under the heading “profits/(losses) from acquisition/(disposal) of subsidiaries”.

**Financial assets**

The credits and receivables are non-derivative financial assets with fixed or identifiable payments, which are not quoted at an active market. In the consolidated statement of financial position, they are measured at their amortization base using the effective interest rate method, reduced by the impairment made. These assets are included in the current assets group, if their maturity is within 12 months or in the usual operational cycle of the relevant Group company, and the others – as non-current.

**Trade receivables**

The trade receivables are initially recognized at fair value and subsequently at amortized cost (using the effective interest rate method), reduced by the potential provision for impairment, based on a review of the balances carried out by the management in the end of each month.

Provision for impairment is made in case there is an objective proof that the Group will not be able to collect all due sums in accordance with the initial conditions with reference to the relevant estimate.

The following indicate the presence of grounds for impairment: significant financial difficulties of a customer, declaring of insolvency, delay in the payment or non-payment. The amount of the impairment is the difference between the carrying and the recoverable amount. The latter is the present value of the cash flows, discounted by the effective interest rate. The amount of the provision for impairment is recognized in the income statement. Receivables that are overdue for more than 360 days are impaired to their whole amount.

If during the next period the sum of the impairment loss decreases and this decrease may objectively be associated with an event, occurring after the recognition of the impairment, the previously recognized impairment losses are reversed to the extent the carrying amount of the asset does not exceed its amortized cost as at the date of reversal. The reversal of the impairment loss is recognized in the profit or loss.

**Interest-bearing loans and other provided financial resources**

All loans and other provided financial resources are initially presented at cost (nominal sum), which is assumed as the fair value of what is provided under the transaction, net of direct costs, related to these loans and provided resources. After their initial recognition, the interest-bearing loans and other provided resources are subsequently measured and presented in the consolidated financial statement at amortization base, determined using the effective interest rate method. The amortization base is calculated taking into account of all kinds of charges, commission and other sums associated with these loans. The profits and losses are recognized in the consolidated statement of comprehensive income (in the profit or loss for the year) as financial revenues (interests) or costs for the period of amortization or when the receivables are extinguished, written off or reduced.

**Cash and cash equivalents**

Cash and cash equivalents consist in cash at hand and on bank accounts, other highly liquid short-term investments with initial maturity of 3 months or less.

**Financial liabilities and equity instruments**

The Group classifies the debt and equity instruments either as financial payables or as equity, depending on the nature and the conditions of the contract with the relevant contracting party in respect of such instruments.

**Equity, reserves and dividends**

The issued ordinary shares are classified as share capital, which is presented at par value in accordance with the court decision for registration of the Parent Company.

SPEEDY AD is a joint-stock company and it is obliged to register with the Commercial Register a certain amount of share capital, to serve as a security for the creditors of the Parent Company as to the recovery of their claims against the company.

The Parent Company accounts for its share capital at par value of the registered shares.

In accordance with the requirements of the Commercial Act and the adopted By-laws, the Parent Company created a Reserve fund raising funds from the following sources:

* Part of the profit, specified by the single owner of the capital, however, not less than 1/10, until the money in the fund reach 1/10 of the capital;
* The obtained funds above the par value of the shares and bonds upon their issuing;
* Other sources, upon decision of the single owner of the capital.

The funds in the Reserve fund may be used only for:

* Covering of the loss for the year;
* Covering of losses from previous years;
* When the funds in the Reserve fund exceed 1/10 of the capital, the excess may be used to increase the capital.

The share premium reserves consist of premiums, obtained upon the issuance of equity. All costs for transactions, related to the issuance of shares are deducted from the paid-in capital, net of tax reliefs.

The retained earnings consist of the current financial result and the accumulated profits from previous years and losses not covered from previous years.

The distribution of dividends is recognized as payable in the financial statements for the period, when approved by the owners.

**Financial liabilities**

The financial liabilities of the Group consist of bank loans, trade and other payables and payables under lease agreements.

The financial liabilities are recognized, where there is a contractual obligation for payment of cash or another financial asset to another entity or contractual obligation to exchange financial instruments with another entity under potentially unfavorable conditions.

Subsequently, the financial liabilities are measured at amortized cost, using the effective interest rate method.

**Trade payables**

The trade payables constitute obligations for payment of goods or services obtained from suppliers in the ordinary course of business. The trade payables are qualified as current liabilities, if the payment is due within one year or less (or the normal business cycle is longer). Otherwise, they are presented as non-current liabilities.

Initially, the trade payables are recognized at fair value, while subsequently – at amortized cost using the effective interest rate method.

**Interest-bearing loans and other attracted financial resources**

In the consolidated financial statement, all loans and other attracted financial resources are initially presented at cost (nominal sum), which is assumed as the fair value of what is received under the transaction, net of the direct costs associated with these loans and attracted resources. After their initial recognition, the interest-bearing loans and other attracted financial resources are subsequently measured and presented in the consolidated financial statement at the amortization base, determined using the effective interest rate method. The amortization base is calculated taking into account all kinds of charges, commissions and other costs, including discount or premium, associated with these loans. The profits and losses are recognized in the consolidated statement of comprehensive income (in the profit or loss for the year) as financial revenues or costs (interests) during the period of amortization or when the payables are written off or reduced.

**Lease**

***Financial lease***

***The Group as a lessee***

The financial lease, where substantially all the risks and economic rewards of the ownership over the asset under financial lease are transferred to the Group, is capitalized in the statement of financial position of the lessee, being presented as property, plant and equipment under lease at the immediate sales price or, if lower, at the present value of the minimum lease payments. The lease payments consist of a specified ratio between the financial cost (interest) and the respective part of the lease obligation (principal), so as to achieve a fixed interest rate for the remaining unpaid part of the principal under the lease obligation. The interest costs are included in the consolidated statement of comprehensive income (in the profit or loss for the year) as “financial costs” – interest on the basis of the effective interest rate.

The assets acquired under financial lease are amortized on the basis of the useful life of the asset and within the period of the lease.

***Operating lease***

***The Group as a lessee***

Lease, where the lessor still owns substantially all the risks and economic rewards of the ownership over the given asset, is classified as operating lease. Therefore, the asset is not included in the statement of financial position of the lessee.

The payments in relation to the operating lease are recognized as costs in the consolidated statement of comprehensive income (in the profit or loss for the year) on the basis of the straight-line method for the period of the lease.

***The Group as a lessor***

The lessor still owns substantially all the risks and economic rewards of the ownership over the given asset. Therefore, this asset is still included in its property, plant and equipment and its amortization for the period is included in the current costs of the lessor.

The revenues from rents under operating lease are recognized on the basis of the straight-line method for the duration of the term of the relevant lease. The initially incurred direct costs in relation to the negotiating and settlement of the operating lease are added to the carrying amount of the assets rented out and are recognized on the basis of the straight-line method for the duration of the term of the lease.

**Taxes**

The payable taxes are calculated in accordance with the Bulgarian legislation, taking into account the effect of the current taxes and of the deferred taxes. The nominal tax rate for 2014 is 10%.

The current income taxes are calculated on the basis of the taxable profit for tax purposes, provided that for that purpose the financial result is recalculated in accordance with the Bulgarian tax legislation.

The tax effect associated with transactions and events, which are accounted for as revenues or costs, is also reported in the statement of comprehensive income. The tax effect associated with transactions and events, which are accounted for directly in the equity, is also directly referred to the equity.

Deferred taxes are calculated for all temporary differences between the tax base of the assets and liabilities and their carrying amount as at the date of the financial statement, using the balance sheet method. The deferred taxes are calculated using the tax rates, which are expected to be applicable upon their future utilization.

Deferred tax liabilities are accounted for in respect of all temporary differences, which are subject to taxation, unless in the cases, when they result from the initial recognition of an asset or liability within a transaction, which at the moment it is concluded does not affect either the accounting, or the tax profit or loss.

Deferred tax assets are accounted for in respect of all temporary differences, which are subject to deduction, to the extent it is likely in the future to obtain taxable profit against which the assets could be utilized.

**Income of employees**

***Short-term income***

The short-term income of the staff in the form of remunerations, bonuses and social benefits and allowances (claimable within 12 months as of the end of the period, when the staff earned them or met the necessary conditions) are recognized as costs in the statement of comprehensive income (in the profit or loss for the year), unless a given IFRS requires this sum to be capitalized in the cost of a given asset for the period, in which they are earned or the conditions entitling to them are complied with, and as current payables (after deduction of all already paid sums and relevant deductions) to their undiscounted amount.

As at the date of each consolidated financial statement, the Group companies make an evaluation of the sum of the expected costs related to the accumulating paid leaves, which is expected to be paid as a result of the unused right to the accumulated leave. The evaluation includes an estimate of the sums for the remuneration itself and of the contributions for the compulsory social securities and health insurance, which the employer shall pay on these sums.

***Income in retirement (defined benefit plans)***

Pursuant to the Labor Code, upon termination of the employment relationship after the worker or employee had acquired an old-age pension entitlement, the Group has to pay to him or her compensation to the double amount of the gross monthly remuneration as at the date of termination of the employment relationship. If the worker or employee has worked at the Group during the last 10 years, the amount of the compensation comes up to his or her six-month gross remuneration.

The defined benefit obligation is calculated on an annual basis by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the expected future cash outflows by the interest rates of high-quality government securities with maturity close to the one of the relevant obligation and in a currency, in which the payments are denominated.

The actuarial profits and losses, resulting from practical corrections and changes in the actuarial assumptions, are recognized in the other comprehensive income on the basis of the remaining average period of service of the relevant employees. The costs for past service are recognized in the income statement at the moment of their occurrence, unless in the cases, when the retirement plan is created with a condition that the employees shall remain at the Group for a specified period of time. In such a case the costs for past service are amortized using the straight-line method for the “period of obtaining”.

**Provisions**

Provisions are accounted for in case of a present judicial, constructive or legal obligation for the Group as a result of past events, when cash outflows are expected so as to cover the obligation and when the amount of the obligation may be determined with sufficient precision. Provisions for future operating losses are not recognized.

When there are a number of obligations of this kind, the probability of cash outflows so as to cover them is measured taking into account the whole class of obligations.

Provisions are recognized even in the cases of low probability of cash outflows for a given obligation of the class.

The provisions are measured at the present value of the costs, which are expected to be necessary so as to cover the obligations, using a discount rate before taxes, which reflects the current market valuation of the risks associated with the obligations.

**Government funding**

Grants from public institutions (municipal, governmental and international institutions, including the European funds and programs) are initially recognized as deferred revenues (funding), where there is reasonable certainty that it will be received by the Group and that the latter has complied and still complies with the conditions and requirements for the donation.

Governmental funding, associated with compensation of incurred costs, is recognized systematically in the current profits and losses for the same period, for which the costs are recognized.

Governmental funding, associated with compensation of investment costs for the acquisition of an asset, is recognized systematically in the current profits and losses for the whole useful life of the asset, usually proportionate to the amount of the amortization, which is recognized in the costs.

**Earnings per share**

The main earnings per share are calculated by dividing the net profit or loss for the period, which shall be distributed among the shareholders in the Parent Company, holding ordinary shares, by the weighted-average number of the held ordinary shares for the period.

The weighted-average number of shares is the number of the held ordinary shares in the beginning of the period, corrected by the number of the redeemed ordinary shares and the newly issued shares during the period, multiplied by the average time factor. This factor represents the ratio between the number of days, during which the specific shares were held, and the total number of days during the period.

In case of capitalization, additional issuance or dividing, the number of ordinary shares that are outstanding by the date of such event is corrected so as to reflect the proportionate change in the number of ordinary outstanding shares as if the event happened in the beginning of the earliest period presented.

Earnings per share with reduced value are not calculated, since there are no issued potential shares with reduced value in the Group.

**Recognition of revenues**

The revenues are recognized to the extent it is likely for the Group to obtain economic benefits and the amount of the revenue can be measured reliably. The revenues are measured by the fair value of the received remuneration, excluding any discounts, rebates and other sales taxes or customs duties. Before recognizing the revenue, the following specific recognition criteria shall also be complied with:

Sales of materials and goods

The revenues from the sale of goods are recognized, when the substantial risks and rewards of the ownership over the goods are transferred to the buyer, which is usually the moment of their dispatch.

Provision of services

The revenues from the provision of services are recognized on the basis of the degree of completion of the transaction as at the balance-sheet date. When the result of the transaction (contract) cannot be reliably measured, the revenue is recognized only insofar as the costs incurred are subject to recovery.

Revenues from interests

The revenues from interests are recognized upon the accrual of the interests (using the effective interest rate method, i.e. the interest rate, which exactly discounts the expected future cash flows for the period of the expected life of the financial instrument to the carrying amount of the financial asset).

*Revenues from dividends*

The Parent Company recognized dividends from a subsidiary company in the profit or loss of its separate financial statements, when the entitlement to the dividend is established.

**3. PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment of the Group consist of buildings, machines, equipment, vehicles and other assets, whose carrying amount for the presented periods may be analyzed as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Buildings** | **Plant and equipment** | **Vehicles** | **Other** | **Total** |
|  | **BGN’000** | **BGN’000** | **BGN’000** | **BGN’000** | **BGN’000** |
| **Book value** |   |   |   |   |   |
| As at 1 January 2014 | - | 2,055 | 23,790 | 7,699 | **33,544** |
| Acquired individually | - | 162 | 7,784 | 3,407 | **11,353** |
| Acquired through business combinations | 63 | 1,125 | 1,393 | 1,353 | **3,934** |
| Written-off | - | -9 | -2,975 | -12 | **-2,996** |
| As of 31 December 2014 | 63 | 3,333 | 29,992 | 12,447 | **45,835** |
| **Depreciation** |   |   |   |   |  |
| As of 1 January 2014 | - | 1,704 | 12,765 | 4,404 | **18,873** |
| Depreciation for the year | 3 | 199 | 3,250 | 1,038 | **4,490** |
| Acquired through business combinations | 34 | 710 | 211 | 846 | **1,801** |
| Written-off depreciation | - | -9 | -2,970 | - | **-2,979** |
| As of 31 December 2014 | 37 | 2604 | 13256 | 6288 | **22,185** |
| **Book value** |   |   |   |   |   |
| As of 1 January 2014 | **-** | **351** | **11,025** | **3,295** | **14,671** |
|  |   |   |   |   |   |
| As of 31 December 2014 | **26** | **729** | **16,736** | **6,159** | **23,650** |
| **Book value** |   |   |   |   |   |
| As of 1 January 2015 | **63** | **3,333** | **29,992** | **12,447** | **45,835** |
| Acquired  | 4 | 498 | 1,346 | 1,179 | **3,027** |
| Written-off |   | -63 | -1,072 | -110 | **-1,245** |
| As of 30 June 2015 | 67 | 3,768 | 30,266 | 13,516 | **47,617** |
| **Depreciation** |   |   |   |   |  |
| As of 1 January 2015 | 37 | 2,604 | 13,256 | 6,288 | **22,185** |
| Depreciation for the year | 13 | 212 | 3,831 | 1,223 | **5,279** |
| Written-off depreciation | - | -63 | -973 | -88 | **-1,124** |
| As of 30 June 2015 | 50 | 2,753 | 16,114 | 7,423 | **26,340** |
| **Book value** |   |   |   |   |   |
| As of 1 January 2015 | **26** | **729** | **16,736** | **6,159** | **23,650** |
|  |   |   |   |   |   |
| As of 30 June 2015 | **17** | **1,015** | **14,152** | **6,093** | **21,277** |

The assets purchased under financial lease agreements are pledged as a collateral for the obligations under the lease agreements/note 10/.

As of 30 June 2015, the Group has not non-operating assets.

 As of 30 June 2015, the Parent Company has entered into a contract for special pledge on assets purchased with proceeds of the investment credit obtained from UniCredit Bulbank AD on 27 November 2014 /note 11/.

As at 30 June 2015, the Group reviewed its buildings, plant and equipment, as a result of which it estimated that there are no basis for impairment.

**4. INTANGIBLE ASSETS**

The intangible assets of the Group consist of goodwill, software and other intangible assets, whose book value for the presented periods can be analysed as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Goodwill** | **Software** | **Other intangible assets** | **Total**  |
|  | **BGN’000** | **BGN’000** | **BGN’000** | **BGN’000** |
| **Book value** |  |  |  |  |
| As of 1 January 2014 | -  | 2,621 | -  | **2,621** |
| Acquired individually | - | 285 | - | **285** |
| Acquired through business combinations | 10,360 | 1,377 | 8,722 | **20,459** |
| Written-off | - | -29 | - | **-29** |
| As of 31 December 2014 | 10,360 | 4,254 | 8,722 | **23,336** |
| **Depreciation** |  |  |  |  |
| As of 1 January 2014 | -  | 2,013 | -  | **2,013** |
| Depreciation for the year | - | 486 | 46 | **532** |
| Acquired through business combinations | - | 211 | - | **211** |
| Written-off | - | - | - | **-** |
| As of 31 December 2014 | **-** | 2,710 | 46 | **2,756** |
| **Book value** |  |  |  |  |
| As of 1 January 2014 | **-** | **608** | **-** | **608** |
| As of 31 December 2014 | **10,360** | **1,544** | **8,676** | **20,580** |
| **Book value** |  |  |  |  |
| As of 1 January 2015 | 10,360 | 4,254 | 8,722 | 23,336 |
| Acquired  | - | 2,660 | - | **2,660** |
| Written-off | - | - | - | **-** |
| As of 30 June 2015 | 10,360 | 6,914 | 8,722 | **25,996** |
| **Depreciation** |  |  |  |  |
| As of 1 January 2015 | -  | 2,710 | 46 | **2,756** |
| Depreciation for the year | - | 361 | 274 | **635** |
| Written-off | - | - | - | **-** |
| As of 30 June 2015 | **-** | 3,071 | 320 | **3,391** |
| **Book value** |  |  |  |  |
| As of 1 January 2015 | **10,360** | **1,544** | **8,676** | **20,580** |
| As of 30 June 2015 | **10,360** | **3,843** | **8,402** | **22,605** |

The goodwill recognized as of 30 June 2015 in the statement of financial position, which comes up to BGN 10,360 thousand, represents the amount, by which the acquisition cost (provided remuneration) exceeds the fair value of the Group share in the net identifiable assets of Geopost Bulgaria EOOD /BGN 4,214 thousand/ and Dynamic Parcel Distribution S.A., Romania /BGN 6,146 thousand/ as at the date of their acquisition.

The Group management has carried out the necessary procedures so as to perform the impairment test as regards the recognized goodwill associated with the acquisition of the subsidiary companies Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A., Romania. For this purpose, it is assumed that each single company is considered as a cash-generating unit. The basis for the forecasts of the cash flows (before taxes) were the financial budgets, designed by the management of the individual companies and of the Group as a whole, covering from three to five year period, as well as other medium-term and long-term plans and intentions about the development and restructuring of the activities within the Group. The recoverable amount of each cash-generating unit is determined on the “value in use” basis. The key assumptions, used for the calculations, are specifically set out for each company with goodwill, treated as an individual cash-generating unit, and in accordance with its activity specificity, the business environment and the risks.

The tests and the judgments of the Group management as to the impairment of the recognized goodwill are made through the prism of its forecasts and intentions concerning the future economic benefits, which the Group expects to obtain from the subsidiary companies, including through the use of their internally created trademarks, trade and industrial experience and their generated and expected in the future volumes of revenues, ensuring of positions on Bulgarian and foreign markets (development and preservation), expectations of future sales and restructuring of the activity, etc.

Based on the calculations made as of 30 June 2015, there was no ground to recognize impairment of goodwill for Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A., Romania.

The other intangible assets include exclusive contracts with contracting parties, licenses and distribution network, acquired through business combinations, which come up to BGN 8,722 thousand, distributed as follows:

|  |  |
| --- | --- |
|  | **BGN’000** |
|  |  |
| Commercial contract | 7,486 |
| Existing contracts (apart from customers) | 992  |
| Built-up management capacity | 244 |
| **Total**  | **8,722** |

As at 30 June 2015, the Group has reviewed its software and other intangible assets and established that there are no events or changes in the circumstances, on grounds of which to assume that their carrying amount might exceed their recoverable amount.

5. ACQUISITION OF SUBSIDIARY COMPANIES

In 2014, the Group acquired the control over the company Geopost Bulgaria EOOD, having its seat in the city of Sofia, Bulgaria, through the purchasing of shares in the company, as a result of which it now holds 100 % of its capital.

The acquisition price for the Group amounts to BGN 8,164 thousand, and the assignment of the purchase price to the acquired assets and liabilities of company Geopost Bulgaria EOOD is carried out in the end of 2014. The value of each group of acquired assets, liabilities and contingent liabilities, which are recognized as at the date of acquisition, is the following:

|  |  |
| --- | --- |
|  | **Recognized amount at the date of acquisition** |
| **BGN’000** |
|  |  |
| Total remuneration | **8,164** |
| Net assets  | 1,424 |
| Goodwill  | 4,214 |
| Intangible assets, incl. | 2,526 |
| *Commercial contract* | *2,526* |

Geopost Bulgaria EOOD is registered with the Commercial Register kept by the Registry Agency on 1 July 2008, UIC 131330260, having its seat and registered address in Bulgaria, Sofia Region, Sofia Municipality, city of Sofia, 2L “Samokovsko shose” Street, Boila Trade Center. The object of the company consists in provision of courier services, forwarding, processing, warehousing and distribution of documents, goods and cargo, domestic and international transport, import and export of goods, commercial representation and intermediation of Bulgarian and non-resident natural persons and legal entities, activity as an insurance agent and any other activity that is not prohibited by the law. The amount of the fixed capital of the company is BGN 80 thousand.

In 2014, the Group acquired the control over the company Dynamic Parcel Distribution S.A., Romania, Infov Region, city of Buftea, through the purchase of shares in the company, as a result of which it now holds 100 % of its capital.

The acquisition price for the Group amounts to BGN 17,297 thousand, and the assignment of the purchase price to the acquired assets and liabilities of company Dynamic Parcel Distribution S.A., Romania is carried out in the end of 2014. The value of each group of acquired assets, liabilities and contingent liabilities, recognized as at the date of acquisition, is the following:

|  |  |
| --- | --- |
|  | **Recognized amount as at the date of acquisition** |
| **BGN’000** |
|  |  |
| Total remuneration | 17,297 |
| Net assets  | 4,955 |
| Goodwill  | 6,146 |
| Intangible assets, incl.: | 6,196 |
| *Commercial contract* | *4,960* |
| *Existing contracts (apart from customers)* | *992* |
| *Built-up management capacity* | *244* |

Dynamic Parcel Distribution S.A. is registered with the National Commercial Register to the Ministry of Justice of Romania with sole registration code (SRC) 9566918, having its seat and registered address in the Region of Infolv, city of Buftea, 20 “Tamash” Street, hall 4A and 4B. The object of the company consists in forwarding and courier services. The share capital of the company comes up to RON 90 thousand.

**6. INVENTORIES**

As of 30 June 2015, the value of the inventories includes:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **31.12.2014** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Materials  | 440 | 337 |
| Fuel  | 149 | 183 |
| Goods  | 607 | 10 |
| **Total** | **1,196** | **530** |

As at 30 June 2015, the Group made a review of its inventories, as a result of which it estimated that there are no basis for impairment.

**7. TRADE AND OTHER RECEIVABLES**

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **31.12.2014** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Receivables from customers and suppliers – gross amount | 18,242 | 13,197 |
| Less impairment | (995) | (956) |
| Receivables from customers and suppliers – net amount | 17,247 | 12,241 |
| Advance payments to suppliers | 1,493 | 2,059 |
| Receivables from related parties /note 23/ | 4,145 | 6,098 |
| Tax receivables | 420 | 348 |
| Other receivables | 894 | 2,012 |
| **Total** | **24,199** | **22,758** |

The group of provided advance payments to suppliers to the amount of BGN 1,493 thousand includes the sum of BGN 1,493 thousand, representing costs for the acquisition of vehicles and equipment and fixed intangible assets.

The receivables from customers are interest-free.

Usually, the Group companies agree with the customers a certain term for sale-related payments within 60 days, unless there are specific maturity conditions for certain customers or in the cases, where new markets are being developed and new contracting parties are being attracted.

The Group has determined credit period, during which it does not accrue interests on the customers. The impairment indicator adopted by the Group is delay over one year. The managements of the Group companies judge the collectability by analyzing the exposure of the specific customer, the possibilities to repay (of the customer and through the security) and make a decision as to the amount, recognition and accrual of the relevant impairment.

As at 30 June 2015, the net carrying amount of the trade receivables is assumed as the reasonable estimate of their fair value. All trade and other receivables of the Group are subject to a review for signs of impairment.

**8. CASH AND CASH EQUIVALENTS**

The cash and cash equivalents include the following elements:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **31.12.2014** |
|  | **BGN’000** | **BGN’000** |
|  |  |  |
| Cash at hand | 214 | 283 |
| - in BGN | 209 | 280 |
| - in RON | 5 | 3 |
|  |  |  |
| Cash on bank accounts | 5,677 | 7,523 |
| - in BGN | 3,949 | 4,598 |
| - in EUR | - | 1,433 |
| - in RON | 1,519 | 1,492 |
|  |  |  |
| Cash in transit | 2,584 | 3,244 |
| **Total** | **8,475** | **11,046** |

**9. EQUITY**

**9.1 SHARE CAPITAL**

As of 30 June 2015, the registered capital of the Parent Company consists of 5,335,919 ordinary shares with par value of BGN 1 per share. All shares entitle to a dividend and to a liquidation share and represent one vote at the General Meeting of the Shareholders of the Company.

|  |  |  |
| --- | --- | --- |
|  | **2015** | **2014** |
| **Number of shares** | **Number of shares** |
|  |  |  |
| Number of issued and fully paid-in shares: |  |  |
| At the beginning of the year | 5,335,919 | 4,446,600 |
| Number of issued and fully paid-in shares | - | 889,319 |
| **Total number of shares authorized in the end of the period** | 5,335,919 | 5,335,919 |

The list of the main shareholders of the Parent Company is the following:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015 г.** | **31.12.2014г.** |
|  | **# of shares** |  **%** | **# of shares** |  **%** |
|  |  |  |  |  |
| SPEEDY Group AD  | 3,544,367 | 66.42% | 3,544,367 | 66.42% |
| GeoPost SA, France | 1,333,979 | 25.00% | 1,333,979 | 25.00% |
| Other natural and legal entities | 457,573 | 8.58% | 457,573 | 8.58% |
| **Total** | **5,335,919** | **100.00%** | **5,335,919** | **100.00%** |

**9.2 STATUTORY RESERVES**

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **31.12.2014****BGN’000** |
|  |  |  |
| Statutory reserves | 533 | 448 |
| Other reserves | 11 | - |
| **Total**  | **544** | **448** |

The statutory reserves are formed as a result of the setting aside of 10% of the residual profit in accordance with the requirements of the Commercial Act and decision of the General Meeting of the shareholders of the Parent Company. Pursuant to the legal requirements, the statutory reserve shall reach at least 10% of the value of the registered capital. These reserves may not be distributed.

**9.3 PREMIUM RESERVES**

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **31.12.2014****BGN’000** |
|  |  |  |
| Premium Reserves | 19,565 | 19,565 |
| **Total** | **19,565** | **19,565** |

The share premium of the Group comes up to BGN 19,565 thousand. It is accumulated by the proceeds, obtained in addition to the par value of the shares issued in 2014 with issue value per share to the amount of BGN 23.

**10. PAYABLES UNDER FINANCIAL LEASE AGREEMENTS**

Under a financial lease agreement, the Group has acquired plant, computers, vehicles and equipment.

The payables under the financial lease agreement are secured by the respective assets.

As of 30 June 2015, the payables of the Group under financial lease agreements are the following:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **31.12.2014** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Payables under financial lease agreements  | 11,495 | 12,150 |
| * Long-term part
 | 7,693 | 8,505 |
| * Short-term part
 | 3,802 | 3,645 |
| Total  | **11,495** | **12,150** |

The lease agreements consist of fixed lease payments and purchase option during the last year of the term of the lease.

**11. PAYABLES TO BANKS**

As of 30 June 2015, the payables under these loans are the following:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **31.12.2014** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Payables under received loans from banks, incl.: | 6,789 | 5,710 |
|  |  |  |
| *- short-term part, incl.:* | *1,823* | *1,299* |
| * Principal
 | 1,823 | 1,294 |
| * interest
 | - | 5 |
| *- long-term part, incl.:* | *4,966* | *4,411* |
| * principal
 | 4,966 | 4,411 |
| **Total** | **6,789** | **5,710** |

**12. TRADE AND OTHER PAYABLES**

As of 30 June 2015, the trade and other payables include:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **31.12.2014** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Trade payables | 9,119 | 8,460 |
| Payables to related parties (note 23) | 3,542 | 2,620 |
| Payables to the staff | 2,095 | 2,597 |
| Payables for social security | 770 | 775 |
| Other payables | 2,190 | 3,367 |
| **Total**  | **17,716** | **17,819** |

**13. REVENUES**

The Group revenues from sales include:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
| Revenues from courier services | 54,410 | 33,529 |
| **Total** | **54,410** | **33,529** |

**14. OTHER REVENUES**

The Group other revenues include:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| Revenues from renting out of motor vehicles  | 1,076 | 920 |
| Other revenues | 1,231 | 294 |
| **Total** | **2,307** | **1,214** |

1. **COSTS OF MATERIALS**

The costs of materials and consumables include:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015** | **30.06.2014** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Fuels | 1,718 | 1,804 |
| Delivery-related materials | 792 | 619 |
| Spare parts | 386 | 513 |
| Office materials and consumables | 358 | 79 |
| Uniforms | 73 | 89 |
| IT consumables | 29 | 84 |
| Other costs | 57 | 127 |
| **Total** | **3,413** | **3,315** |

**16. COSTS OF HIRED SERVICES**

|  |  |  |
| --- | --- | --- |
| The costs for external services include: | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| Costs for subcontractors | 26,233 | 12,088 |
| Costs for rents | 1,531 | 1,008 |
| Costs for communications and utilities | 1,053 | 869 |
| Costs for maintenance of vehicles | 662 | 675 |
| Costs for insurances | 477 | 493 |
| Costs for maintenance of offices and warehouses | 177 | 89 |
| Costs for staff training | 178 | 90 |
| Costs for marketing | 421 | 95 |
| Other costs | 961 | 451 |
| **Total**  | **31,693** | **15,858** |

**17. COMPENSATION COSTS**

The costs for the staff consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| Salaries and wages  | 8,327 | 6,900 |
| Social security contributions  | 2,430 | 1,348 |
| **Total** | **10,757** | **8,248** |

**18. OTHER OPERATING COSTS**

The other operating costs of the Group include:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| Parcel insurance | 83 | 166 |
| Compensations for parcels  | 208 | 70 |
| Representative expenses | 64 | 77 |
| Other costs  | 233 | 123 |
| **Total** | **588** | **436** |

**19. FINANCIAL INCOME**

The financial revenues of the Group include:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| Interests income | 165 | 156 |
| FX exchange gain | 136 | - |
| **Total** | **301** | 156 |

**20. FINANCIAL EXPENSES**

Financial expenses include:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| Interest expenses | 460 | 260 |
| Fees | 200 | 57 |
| FX exchange loss | 153 | 5 |
| **Total** | **813** | **322** |

**21. TAXES**

The main components of the income taxes, as well as the relation between the tax costs and the accounting profit are explained as follows:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| **Accounting profit before taxes** |  5,525 | 4,448 |
|  |  |  |
| **Income tax** | (664) | (445) |
| Tax rate /10%; 14.8%/ |  |  |
| **Deferred taxes** | - | - |
| Tax rate /10%; 14.8%/ |  |  |
| **Net profit** | **4,861** | **4,003** |

**22. EARNINGS PER SHARE AND DIVIDENDS**

**22.1 Earnings per share**

The earnings per share are calculated using as numerator the net profit, distributable to shareholders of the Parent Company.

The weighted-average number of shares, used for the calculation of the earnings per share, as well as the net profit, which is subject to distribution, is presented as follows:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **30.06.2014****BGN’000** |
|  |  |  |
| Distributable profit  | 4,861 | 4,003 |
| Weighted-average number of shares | 5,335,919 | 4,446,600 |
| **Earnings per share /in BGN/** | **0.91** | **0.90** |

**23. RELATED PARTIES TRANSACTIONS**

If not expressed explicitly, the transactions with related parties are not carried out under special conditions and no guarantees were either granted or received. The recorded amounts are paid by wire.

|  |  |
| --- | --- |
| **Related party** | **Type of relationship** |
|  |  |
| SPEEDY Group AD | Parent Company |
| Dragomir Winery Estate OOD | Company under common control |
| Transbankan group OOD | Company under common control |
| Transabalkan group Romania | Company under common control |
| Omnicar BG EOOD | Company under common control |
| Omnicar Auto OOD | Company under common control |
| Bulrom gas 2006 OOD | Company under common control |

**Extended loans**

Pursuant to the annex signed on 31st August 2013, the Parent Company extended a loan to Bulrom gas 2006 OOD in amount of BGN 3,091k with maturity date 31 August 2017.

As of 30 June 2015, the loans extended are as follows:

|  |  |  |
| --- | --- | --- |
|  | **30.06.2015****BGN’000** | **31.12.2014****BGN’000** |
|   |  |  |
| Bulrom gas 2006 OOD | 3,245 | 3,153 |
| incl. |  |  |
|  - principal | 3,091 | 3,091 |
|  - interest | 154 | 62 |
| **Total** | **3,245** | **3,153** |

**Commercial transactions**

The Group has receivables from related parties as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.06.2015** | **31.12.2014** |
|  |  | **BGN’000** | **BGN’000** |
| Transbalkan group OOD | Services  | 403 | 367 |
| Omnicar Auto OOD | Services | 380 | 423 |
| Dragomir Winery Estate OOD | Services | 32 | 46 |
| Transbalkan group Romania | Services | 38 | 38 |
| Omnicar BG EOOD | Services | 47 | 34 |
| **Total** |  | **900** | **908** |

The Group has the following payables to related parties:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.06.2015** | **31.12.2014** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Speedy Grup AD | Dividend | 3,045 | - |
| Transbalkan group OOD | Services | 444 | 404 |
| Omnicar Auto OOD | Services | 43 | 21 |
| Dragomir Winery Estate OOD | Goods | 1 | 8 |
| Omnicar BG EOOD | Services | 10 | 6 |
| **Total**  |  | **3,542** | **439** |

The Group realized the following sales to related parties:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.06.2015** | **30.06.2014** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services | 1,519 | 1,161 |
| Omnicar BG EOOD | Services | 160 | 141 |
| Omnicar Auto OOD | Services | - | 16 |
| Dragomir Winery Estate OOD | Services | 35 | 9 |

The Group purchased the following goods, materials and services from related parties:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.06.2015** | **30.06.2014** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services  | 4,927 | 3,860 |
| Omnicar Auto OOD | Services | 383 | 294 |
| Omnicar BG EOOD | Services | 52 | 46 |
| Dragomir Winery Estate OOD | Goods | 34 | 23 |