###### SPEEDY AD

###### SOFIA

**EXPLANATORY NOTES TO THE**

**FINANCIAL STATEMENT**

**30 September 2017**

**EXPLANATORY NOTES**

**Core Activity**

The expansion of the APS network which is essential element in the new postal service of the company – Speedy Post, continued. It offers to our clients opportunity to send parcels in 4 sizes up to 20 kg in Speedy’s offices at highly attractive prices. In the middle of the year a contract with the retail chain Billa was signed for placing an APSs in their locations where a suitable area is available. This has allowed for speeding up the network expansion.

During the period, the focus continued to be on the regional market’s development with the service Speedy Balkans, which is the best performing segment during the year. The main contributor are the deliveries from / to Romania but after the successful launch of the deliveries to / from Greece last year the latter also increase with a high pace. Speedy JSC acquired the DPD franchise for Greece. The activity will be carried out through the branch of Geopost Bulgaria registered in Thessaloniki. The company offers international deliveries to / from Europe through DPD network, while deliveries within Greece continue to be executed through the local partner. Although at early stage, the service shows promising results.

The investments during the period are BGN 10.5 m. where the main share (BGN 4.26 m.) were funneled in vehicles, almost entirely in Bulgaria. For the expansion and modernization of the logistic network of DPD Romania an equipment and computers in amount of BGN 3 m was bought. In Bulgaria significant expansion of the logistic network was completed last year and during the current period the investments in equipment has amounted BGN 575k.

**Financial results**

The nine months of 2017 experianced significant changes in thedynamics in each quarter with high growth of revnues at the beginning of the year and improvement of profitability during the last quarter.

During the reporting period, the company focus its attention on more thorough control of expenses. The aim is to align the expenses with delivered parcels and to improve the profitability. A measures were taken to improve the processes and optimize expenses. The prices of some services were increased and more strict control over application of the rules for standardization and pricing was implemented. As a result, during the last quarter EBITDA added 31% yoy on non-consolidated and 37.7% on consolidated basis. The increase of net income is even more significant – 29% on non-consolidated and 44.4% on consolidated income. Only for the last quarter the increase is even more significant – 198.6% and 158.4%, respectively.

The pace of growth of revenues on all markets and segments has slowed down during the year while Romania keeps on higher growth compared to the domestic market. On non-consolidated basis courier services add 9.2% for the period from the beginning of the year and 12.9% on consolidated basis. Only for the last quarter the increase is respectively 5% and 8%. The slow down is not only due to increase of prices (mainly in Romania) but also due to termination of contracts with customers which the company has serviced at low profitability. The decreased economic activity during the summer months also had a significant impact on revenues, mostly in Bulgaria.

After the high growth of expenses in Q1, during Q2 and especially Q3, Speedy constrained its expenses significantly.

During Q3 17 non-consoliadted expenses shrinked on annual basis accross all items except the slight increase in compensation costs. The labor market’s conjuncture is characterized with decrease in labor supply and pressure for increase in remunerations. The optimizations undertaken lowered transportation costs as well as nerrow viriance in expenses on largest items with increasing revenues. After the intensive investments in 2016 the utilization of assets is improving as well as the dropping out of some current expenses related to the investments also helped the improvement of the financial results.

In Romania the margin improvements is mostly due to increase in prices of services. DPD Romania continue its intensive development and high level of investments where utilization yet to contribute to profitability. The expenses related to the expantion –rentals, utilities, marketing, trainings have had sizable increase on annual base. At the same time the improved logistic network and the complete reorganization of transportation already have a positive effect over the profitability

*Revenue structure, non-consolidated*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **In BGN ‘000** | **9mo 16** | **9mo 17** | **Change** | **Q3 16** | **Q3 17** | **Change** |
| **Domestic market** | 58 495 | 64 030 | 9.5% | 20 440 | 21 450 | 4.9% |
| ***% of the total revenues*** | 82.47% | 83.16% |  | 82.8% | 83.1% |  |
| **International market** | 9 215 | 9 927 | 7.7% | 3 171 | 3 325 | 4.9% |
| ***% of the total revenues*** | 12.99% | 12.89% |  | 12.8% | 12.9% |  |
| **Others** | 3 220 | 3 039 | -5.6% | 1 082 | 1 030 | -4.8% |
| ***% of the total revenues*** | 4.54% | 3.95% |  | 4.4% | 4.0% |  |
| **Number of parcels delivered** | 11 512 | 12 805 | 11.2% | 4 019 | 4 076 | 1.4% |
| **Total revenues** | **70 930** | **76 996** | **8.6%** | **24 693** | **25 805** | **4.5%** |

*Revenue structure, consolidated*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **In BGN ‘000** | **9mo 16** | **9mo 17** | **Change** | **Q3 16** | **Q3 17** | **Change** |
| **Domestic market** | 58 495 | 64 030 | 9.5% | 20 440 | 21 450 | 4.9% |
| ***% of the total revenues*** | 56.6% | 55.3% |  | 57.8% | 55.7% |  |
| **International market** | 39 282 | 46 337 | 18.0% | 13 654 | 15 330 | 12.3% |
| ***% of the total revenues*** | 38.0% | 40.0% |  | 37.6% | 39.8% |  |
| **Others** | 5 609 | 5 338 | -4.8% | 1 885 | 1 744 | -7.5% |
| ***% of the total revenues*** | 5.4% | 4.6% |  | 4.7% | 4.5% |  |
| **Number of parcels delivered** | 17 712 | 19 450 | 9.8% | 6 201 | 6 153 | -0.8% |
| **Total revenues** | **103 386** | **115 705** | **11.9%** | **35 979** | **38 524** | **7.1%** |

*Cost strиcture, non-consolidated*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **In BGN ‘000** | **9mo 16** | **9mo 17** | **Change** | **Q3 16** | **Q3 17** | **Change** |
| **Costs of materials** | 4 283 | 4 234 | -1.1% | 1 377 | 1 333 | -3.2% |
| **Costs of external services** | 37 039 | 40 329 | 8.9% | 13 358 | 13 120 | -1.8% |
| **Compensation costs** | 15 816 | 18 031 | 14.0% | 5 775 | 6 081 | 5.3% |
| **Other operating costs** | 1 274 | 1 535 | 20.5% | 464 | 403 | -13.1% |
| **Depreciation** | 7 003 | 5 974 | -14.7% | 2 516 | 2 030 | -19.3% |
| **EBITDA** | **12 518** | **12 867** | **2.8%** | **3 719** | **4 868** | **30.9%** |
| **Net profit for the period** | **4 738** | **6 094** | **28.6%** | **864** | **2 580** | **198.6%** |

*Cost strиcture, consolidated*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **In BGN ‘000** | **9mo 16** | **9mo 17** | **Change** | **Q3 16** | **Q3 17** | **Change** |
| **Costs of materials** | 5 038 | 5 072 | 0.7% | 1 641 | 1 677 | 2.2% |
| **Costs of external services** | 62 384 | 69 724 | 11.8% | 21 978 | 22 240 | 1.2% |
| **Compensation costs** | 20 165 | 22 925 | 13.7% | 7 341 | 7 733 | 5.3% |
| **Other operating costs** | 1 846 | 2 953 | 60.0% | 717 | 948 | 32.2% |
| **Depreciation** | 8 561 | 7 910 | -7.6% | 3 035 | 2 684 | -11.6% |
| **EBITDA** | **13 953** | **15 031** | **7.7%** | **4 302** | **5 926** | **37.7%** |
| **Net profit for the period** | **3 873** | **5 591** | **44.4%** | **1 007** | **2 602** | **158.4%** |

**RISK FACTORS IN COMPANY OPERATIONS.**

“Speedy“ AD aims at keeping a low-risk profile through maintaining a low level of financial and operating leverage, high level of efficiency, implementation of strict rules and procedures in operations and strict compliance, diversification of customer base and suppliers.

*Macroeconomic risk*

Speedy “AD covers the whole country and provides services to companies of different sectors of the economy. Hence, the activity of the company depends heavily on economic conditions and overall business environment. Potential shrinking of the economy and the consumption would affect the profit margins, while a considerable and prolonged slow-down in the business activity might lead to a negative trend in the revenues. The company mitigates the risk by maintaining a high level of financial independence and constantly invests in efficiency improvement, which allows to achieve profitability well above its competitors.

*Regulatory risk*

The regulatory risk is associated with adoption of regulations, which might result in additional costs or restrictions on the activity of the company. Currently, are not expected implementation of changes, which may encumber the activity or may involve additional costs.

*Interest rate risk*

All interests-bearing liabilities of “Speedy“AD are with floating interest rates, EURIBOR and SOFIBOR. Respectively, the increase in the overall interest levels would have a negative effect on the company. The expansionary monetary policy of the leading central banks dampen the main interest rates and most likely these levels will be sustained in the medium term, and considerable negative change is unlikely.

*Credit risk*

Almost 80 % of the revenues are generated from customers under contracts and therefore the service is not paid, when rendered, but on a monthly basis. In case of deterioration of economic situation, the amount of the past-due receivables may increase considerably. The company has implemented a detailed and strict system to monitor the accounts payable and their maturity, as well as a procedure for action in case of overdue payment. Following the improvement in economic situation, the provisions for past-due payments considerably decreased during the recent years and the company was able to collect a substantial part of its receivables, which had already been provisioned. As a result, the total amount of the accumulated provisions are decreasing during the recent years.

The cash is kept with a view to the lowest risk. The banks of the company are with the highest rating in the country.

*Price risk*

The price risk is related to the average inflation level of the country and to the level of competition. After 2009, the inflation in the country is low and in 2014 it reached negative levels. That,combined with the high competition, put pressure on the prices of the services. Thanks to investments in efficiency and improvement of the processes, “Speedy“AD manages to maintain its competitiveness and has an opportunity to achieve high profitability despite of the price pressure.

*Currency risk*

The exposures of the company’s currency incurred due to deliveries to and from abroad, whose share in the total revenues is currently low. The bigger part of the currency operations are carried out in EUR. Therefore, the total effect of the change in the exchange rates is negligible. The increase in the international deliveries is one of the main sources of growth in the future, which is also expected to lead to an increase in the currency exposure in the long run. During this year, transactions were carried out in EUR, BGN and RON. If the fixed exchange rate BGN – EUR is maintained, in the medium term we do not envisage considerable effect on the financial result of the company caused by the changes in the exchange rates. After the acquisition of DPD Romania SA, transactions in RON increased substantially and, respectively, the currency risk exposure. The share in the total revenues of the operations in RON is small and do not have a considerable effect on the final result. The change in the BGN/RON exchange rate has a considerable effect on consolidation of DPD Romania SA, since the revenues constitute about 30 % of the consolidated revenues.

*Liquidity risk*

The liquidity risk is the risk that the company may not be able to meet its due payments. “Speedy“ AD has considerable payables related with the payment under lease agreements and to its suppliers.

When managing its liquidity, the company tunes its payments in accordance with the expected future cash flows. In addition, cash reserves are maintained as a buffer in case of potential unfavorable market and economic circumstances and, respectively, temporary shrinking of the cash proceeds. Up to now, the company generates considerable positive cash flow, which allows to meet maturing payments timeously and maintaining solid liquidity indicators.

**NON-CONSOLIDATED FINANCIAL STATEMENTS**

**SPEEDY AD**

**AS OF 30.09.2017**

**SPEEDY AD**

**NON-CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 30 September 2017

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | ***Notes*** | **30.09.2017** |  | **31.12.2016** |  |
|  | **BGN’000** |  | **BGN’000** |  |
| **ASSETS** |  |  |  |  |  |
| **Non-current assets** |  |  |  |  |  |
| Property, plant and equipment | 3 | 26 370 |  | 26 987 |  |
| Intangible assets | 4 | 2 462 |  | 2 406 |  |
| Investments in subsidiaries | 5 | 26 447 |  | 26 447 |  |
| Loans to related parties | 7 | 8 902 |  | 7 341 |  |
| Deferred tax assets |  | 199 |  | 199 |  |
|  |  | **64 380** |  | **63 380** |  |
| **Current assets** |  |  |  |  |  |
| Inventories | 6 | 223 |  | 446 |  |
| Trade and other receivables | 7 | 9325 |  | 10 810 |  |
| Receivables from related parties | 7 | 989 |  | 1 000 |  |
| Other receivables and prepayments |  | 3217 |  | 1 694 |  |
| Cash and cash equivalents | 8 | 5 756 |  | 6 011 |  |
|  |  | **19 510** |  | **19 961** |  |
|  |  |  |  |  |  |
| **TOTAL ASSETS** |  | **83 890** |  | **83 341** |  |

*The enclosed explanatory notes on pages 1 to 24 are an integral part of the financial statements.*

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| Executive Director: | Chief Accountant: |
| Valery Mektupchiyan | Stefka Levidzhova |
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*Continued*

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| --- | --- | --- | --- | --- |
| **EQUITY AND LIABILITIES** |  |  |  |  |
| **Equity** |  |  |  |  |
| Share capital | 9.1 | 5 378 | 5 336 |  |
| Premium reserves | 9.3 | 19 565 | 19 565 |  |
| Statutory reserves | 9.2 | 538 | 534 |  |
| Retained earnings |  | 21 542 | 21 482 |  |
|  |  | **47 023** | **46 917** |  |
| **Non-current liabilities** |  |  |  |  |
| Long-term interest-bearing debt | 10 | 15 084 | 15 744 |  |
| Subsidies |  | 444 | 671 |  |
| Long-term provisions for pension benefits |  | 56 | 56 |  |
|  |  | **15 584** | **16 471** |  |
| **Current liabilities** |  |  |  |  |
| Short-term interest-bearing debt | 10 | 8 494 | 7 531 |  |
| Accounts payable | 12 | 2 349 | 3 385 |  |
| Payables for remunerations and for social security | 12 | 2 834 | 2 890 |  |
| Payables to related parties | 12 | 2 892 | 1 833 |  |
| Tax payables | 12 | 1 191 | 1 094 |  |
| Subsidies |  | 302 | 302 |  |
| Other current liabilities | 12 | 3 221 | 2 918 |  |
|  |  | **21 283** | **19 953** |  |
|  |  |  |  |  |
| **TOTAL EQUITY AND LIABILITIES** |  | **83 890** | **83 341** |  |

The enclosed explanatory notes on pages 1 to 24 are an integral part of the financial statements.

|  |  |
| --- | --- |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | |  | | |  | |
|  | ***Notes*** | | **30.09.2017** | |  | **30.09.2016** | |
|  | **BGN’000** | |  | **BGN’000** | |
|  |  | |  | |  |  | |
|  |  | |  | |  |  | |
| Revenues | 13 | | 73,957 | |  | 67,710 | |
| Other revenues(losses) from core activity, net | 14 | | 3,039 | |  | 3,220 | |
| Costs of materials | 15 | | (4,234) | |  | (4,283) | |
| Costs of external services | 16 | | (40,329) | |  | (37,039) | |
| Compensation costs | 17 | | (18,031) | |  | (15,816) | |
| Depreciation and amortization | 3, 4 | | (5,974) | |  | (7,003) | |
| Other operating expenses | 18 | | (1,535) | |  | (1,274) | |
| **Operating profit** |  | | **6,893** | |  | **5,515** | |
|  |  | |  | |  |  | |
| Financial revenues | 19 | | 377 | |  | 516 | |
| Financial expenses | 20 | | (499) | |  | (671) | |
| **Financial revenues/expenses, net** |  | | **(122)** | |  | **(155)** | |
|  |  | |  | |  |  | |
| **Profit before taxes** |  | | 6,771 | |  | 5,360 | |
|  |  | |  | |  |  | |
| Income taxes | 21 | | (677) | |  | (622) | |
|  |  | |  | |  |  | |
| **Profit after taxes** |  | | **6,094** | |  | **4,738** | |
|  |  | |  | |  |  | |
| **Other comprehensive income:** |  | |  | |  |  | |
| ***Items that will not be reclassified to profit or loss:*** |  | |  | |  |  | |
| Premeasurements of defined benefit pension plans |  | |  | |  | - | |
| Income tax relating to items of other comprehensive income that will not be reclassified |  | | - | |  | - | |
|  | 14 | |  | |  | - | |
| ***Items that may be reclassified to profit or loss:*** |  | | **-** | |  | **-** | |
|  |  | |  | |  |  | |
| **Other comprehensive income for the year, net of tax** |  | | **-** | |  | **-** | |
|  |  | |  | |  |  | |
| **Total comprehensive income for the year** |  | | **6,094** | |  | **4,738** | |
|  |  | |  | |  |  | |
| **Earnings per share** BGN | 22 | | **1.13** | |  | **0.89** | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | ***Notes*** | **30.09.2017** | **30.09.2016** |
|  |  | **BGN’000** | **BGN’000** |
| **Cash flows from operating activity** |  |  |  |
| Proceeds from customers |  | 93 063 | 89 140 |
| Payments to suppliers |  | (58 233) | (54 686) |
| Payments related to remunerations and social security |  | (16 863) | (15 608) |
| Tax payments |  | (7 448) | (5 094) |
| Income tax paid |  | (574) | (680) |
| Other proceeds/payments, net |  | 1 532 | (873) |
| ***Net cash flow from operating activity*** |  | **11 477** | **12 199** |
|  |  |  |  |
| **Cash flows from investing activity** |  |  |  |
| Purchase of plant and equipment |  | (1 578) | (4 545) |
| Proceeds from sale of plant and equipment |  | 156 | 1 030 |
| Extended loans, net |  | (2 382) | (2 739) |
| Dividends received |  | - | 254 |
| Other proceeds from investing activities |  | 42 |  |
| ***Net cash flow from investing activity*** |  | **(3 762)** | **(6 000)** |
|  |  |  |  |
| **Cash flows from financing activity** |  |  |  |
| Payments under financial lease agreements |  | (4 331) | (3 863) |
| Proceeds from long-term loans |  | 2 603 | 7 310 |
| Repayment of long-term loans |  |  |  |
| Paid interests and bank charges |  | (147) | (1 038) |
| Dividends paid |  | (6 018) | (6 019) |
| ***Net cash flow from financing activity*** |  | **(7 893)** | **(3 610)** |
|  |  |  |  |
| **Change in cash and cash equivalents** |  | **(178)** | **2 589** |
|  |  |  |  |
| Net effect of changes in exchange rates |  | (77) | (22) |
| Cash and cash equivalents on 1st January |  | 6 011 | 5 632 |
| **Cash and cash equivalents at the end of period** | 9 | **5 756** | **8 199** |

The enclosed explanatory notes on pages 1 to 24 are an integral part of the financial statements.

|  |  |
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| Executive Director: | Chief Accountant: |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  |  |  | | | |  |  | | |  |  | | |  | |  | |  |  | | |
|  | | | |  |  | **Share capital** | | |  | **Premium reserves** | | |  | **Statutory reserves** | |  | | **Retained earning** | | |  | **Total** | |
|  | | | | ***Notes*** |  | **BGN'000** | | |  | **BGN'000** | | |  | **BGN'000** | |  | | **BGN'000** | | |  | **BGN'000** | |
|  | | | |  |  |  | | |  |  | | |  |  | |  | |  | | |  |  | |
| **Balance as of 1 January 2016** | | | |  |  | **5,336** | | |  | **19,565** | | |  | **534** | |  | | **19,791** | | |  | **45,226** | |
|  | | | |  |  |  | | |  |  | | |  |  | |  | |  | | |  |  | |
| ***Change in equity for 2016*** | | | |  |  |  | | |  |  | | |  |  | |  | |  | | |  |  | |
| Distribution of profits, incl. | | | |  |  | - | | |  | - | | |  | - | |  | | (6,029) | | |  | **(6,029)** | |
| *\* Dividends* | | | |  |  | - | | |  | - | | |  | - | |  | | *(6,029)* | | |  | ***(6,029)*** | |
|  | | | |  |  |  | | |  |  | | |  |  | |  | |  | | |  |  | |
| Total comprehensive income for the year, incl | | | |  |  | - | | |  | - | | |  | - | |  | | 7,720 | | |  | **7,720** | |
| *\* Net income for the year* | | | |  |  | *-* | | |  | *-* | | |  | *-* | |  | | *7,733* | | |  | ***7,733*** | |
| *\* Other comprehensive income, net of taxes* | | | |  |  | *-* | | |  | *-* | | |  | *-* | |  | | *(13)* | | |  | ***(13)*** | |
| **Balance as of 31 December 2016** | | | | 19 |  | **5,336** | | |  | **19,565** | | |  | **534** | |  | | **21,482** | | |  | **46,917** | |
|  | | | |  |  |  | | |  |  | | |  |  | |  | |  | | |  |  | |
| ***Change in equity for 2017*** | | | |  |  |  | | |  |  | | |  |  | |  | |  | | |  |  | |
| Distribution of profits, incl. | | | |  |  | - | | |  | - | | |  | - | |  | | (6,030) | | |  | **(6,030)** | |
| *\* Dividends* | | | |  |  | - | | |  | - | | |  | - | |  | | *(6,030)* | | |  | ***(6,030)*** | |
|  | | | |  |  |  | | |  |  | | |  |  | |  | |  | | |  |  | |
| Total comprehensive income for the year, incl. | | | |  |  | 42 | | |  | - | | |  | 4 | |  | | 6,090 | | |  | **6,136** | |
| *\* Net income for the year* | | | |  |  | *-* | | |  | *-* | | |  | *-* | |  | | *6,094* | | |  | ***6,094*** | |
| *\* Other changes* | | | |  |  | *42* | | |  | *-* | | |  | *4* | |  | | *(4)* | | |  | ***42*** | |
| **Balance as of 30 September 2017** | | | | 19 |  | **5,378** | | |  | **19,565** | | |  | **538** | |  | | **21,542** | | |  | **47,023** | |

The enclosed explanatory notes on pages 1 to 24 are an integral part of the consolidated financial statement.

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**3. PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment of the company consist of machinery, equipment, vehicles, and other assets whose book value for the presented periods could be analyzed as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Plant and equipment** | | **Vehicles** | | **Computers** | | **Facilities and other assets** | | **Investments in rented assets** | | | **Total** |
|  | **BGN’000** | | **BGN’000** | | **BGN’000** | | **BGN’000** | | **BGN’000** | | | **BGN’000** |
| **31 December 2016** |  | |  | |  | |  | |  | | |  |
| **Book value at the beginning of the period** | **463** | | **15 086** | | **1 791** | | **1 771** | | **2 175** | | | 21 286 |
| Acquired | 2 418 | | 5 674 | | 861 | | 3 564 | | 512 | | | 13 029 |
| Written-off | -50 | | -2 580 | | - | | - | | - | | | -2 630 |
| Depreciation | -281 | | -4 814 | | -634 | | -385 | | -671 | | | -6 785 |
| Written-off depreciation | 50 | | 2 033 | | - | | - | | 4 | | | 2087 |
| **Book value at the end of the period** | **2 600** | | **15 399** | | **2 018** | | **4 950** | | **2 020** | | | **26 987** |
|  |  | |  | |  | |  | |  | | |  |
| **31 December 2016** |  | |  | |  | |  | |  | | |  |
| **Initial value** | 4 342 | | 31 806 | | 7 000 | | 6 121 | | 4 248 | | | 53 517 |
| **Accumulated depreciation** | -1 742 | | -16 407 | | -4 982 | | -1 171 | | -2 228 | | | -26 530 |
| **Book value** | **2 600** | | **15 399** | | **2 018** | | **4 950** | | **2 020** | | | **26 987** |
|  |  | |  | |  | |  | |  | | |  |
| **30 September 2017** | |  | |  | |  | |  | |  |  | |
| **Book value at the beginning of the period** | | **2,600** | | **15,399** | | **2,018** | | **4,950** | | **2,020** | **26,987** | |
| Acquired | | 229 | | 4,076 | | 343 | | 824 | | 103 | 5,575 | |
| Written-off | |  | | -1,307 | |  | | -346 | |  | -1,653 | |
| Depreciation | | -303 | | -3,913 | | -534 | | -385 | | -417 | -5,552 | |
| Written-off depreciation | |  | | 1,194 | |  | |  | | -181 | 1013 | |
| **Book value at the end of the period** | | **2,526** | | **15,449** | | **1,827** | | **5,043** | | **1,525** | **26,370** | |
|  | |  | |  | |  | |  | |  |  | |
| **30 September 2017** | |  | |  | |  | |  | |  |  | |
| **Initial value** | | 4,571 | | 34,576 | | 7,343 | | 6,599 | | 4,351 | 57,439 | |
| **Accumulated depreciation** | | -2,045 | | -21,514 | | -5,516 | | -1,556 | | -2,826 | -31,069 | |
| **Book value** | | **2,526** | | **13,062** | | **1,827** | | **5,043** | | **1,525** | **26,370** | |
|  |  | |  | |  | |  | |  | | |  |

**4. INTANGIBLE ASSETS**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Software** | **Cost of acquired assets** | **Total** |
|  | **BGN’000** | **BGN’000** | **BGN’000** |
| **31 December 2016** |  |  |  |
| Book value at the beginning of the year | 2,277 | 59 | 2,336 |
| Acquired | 275 | 433 | 708 |
| Written-off | -109 | -143 | -252 |
| Depreciation | -386 | - | -386 |
| Written-off depreciation | - | - | - |
| **Book value at the end of the year** | **2,057** | **349** | **2,406** |
| **31 December 2016** |  |  |  |
| Initial value | 5,430 | 349 | 5,779 |
| Accumulated depreciation | -3,373 | 0 | -3,373 |
| **Book value** | **2,057** | **349** | **2,406** |
|  |  |  |  |
| **30 September 2017** |  |  |  |
| Book value at the beginning of the year | 2057 | 349 | 2,406 |
| Acquired | 230 | 220 | 450 |
| Written-off |  |  | 0 |
| Depreciation | -422 |  | -422 |
| Written-off depreciation | 28 |  | 28 |
| **Book value at the end of the year** | **1,893** | **569** | **2,462** |
| **30 June 2017** |  |  |  |
| Initial value | 5,660 | 569 | 6,229 |
| Accumulated depreciation | -3,767 | 0 | -3,767 |
| **Book value** | **1,893** | **569** | **2,462** |

**5. INVESTMENTS IN SUBSIDIARIES**

As of 30 September 2017, the investments in subsidiaries are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **30.09.2017** | share | **31.12.2016** | share |
| **BGN’000** | **BGN’000** |
|  |  |  |  |  |
| Speedy EOOD | 982 | 100% | 982 | 100% |
| Geopost Bulgaria EOOD | 8,165 | 100% | 8,165 | 100% |
| DPD S.A., Romania | 17,300 | 100% | 17,300 | 100% |
| **Total** | **26,447** |  | **26,447** |  |

**6. INVENTORIES**

As of 30 September 2017, the company’s inventories consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Materials | 140 | 287 |
| Fuel | 83 | 159 |
| **Total** | **223** | **446** |

**7. TRADE AND OTHER RECEIVABLES**

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Receivables from customers and suppliers – gross amount | 10,247 | 10,683 |
| Less impairment | (922) | (922) |
| Receivables from customers and suppliers – net amount | 9,325 | 9,761 |
| Advance payments to suppliers | 1,869 | 1,049 |
| Receivables from related parties /note 23/ | 989 | 1,000 |
| Tax receivables | - | 69 |
| Other receivables | 1,348 | 1,625 |
| **Total** | **13,531** | **13,504** |

As of 30.09.2017, receivables from customers have been impaired as follows:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| At the beginning of the year | 922 | 820 |
| Impairments booked | - | 105 |
| Impairments recovered | - | - |
| **At the end of the period** | **922** | **922** |

**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
|  | **BGN’000** | **BGN’000** |
|  |  |  |
| Petty cash | 214 | 236 |
| - BGN | 214 | 236 |
|  |  |  |
| Cash in bank accounts | 5,294 | 3,125 |
| - BGN | 1120 | 2,863 |
| - RON | 37 | 262 |
| -cash equivalents | 248 |  |
| Cash in transit | 4,137 | 2,650 |
| **Total** | **5,756** | **6,011** |

**9. EQUITY**

**9.1 SHARE CAPITAL**

As of 30.09.2017 registered capital of the Company consists of 5,377,619 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 Shareholders of the Company.

|  |  |  |
| --- | --- | --- |
|  | **2017** | **2016** |
| **Number of shares** | **Number of shares** | |
|  |  |  |
| Number of issued and fully paid-in shares: |  |  |
| At the beginning of the year | 5,377,619 | 5,335,919 |
| Number of issued and fully paid-in shares | - | - |
| **Number of shares, outstanding on 30 September 2017** | 5,377,619 | 5,335,919 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **30.09.2017 г.** | | **31.12.2016 г.** | |
|  | **Number of shares** | **%** | **Number of shares** | **%** |
|  |  |  |  |  |
| Speedy Group AD | 3,502,367 | 65.60% | 3,544,367 | 66.42% |
| Geopost SA, France | 1,333,979 | 25.00% | 1,333,979 | 25.00% |
| Other natural and legal entities | 543,273 | 9.40% | 457,573 | 8.58% |
| **Total** | **5,377,619** | **100.00%** | **5,335,919** | **100.00%** |

**9.2 STATUTORY RESERVES**

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **31.12.2016**  **BGN’000** |
|  |  |  |
| Statutory reserves | 538 | 534 |
| **Total** | **538** | **534** |

The statutory reserves are formed from setting aside 10% of the net profit in accordance with the requirements of the Commercial Code and decision of the General Meeting of the shareholders. According to the requirements, the statutory reserves should be minimum 10% of the registered capital. These reserves are non-distributable.

**9.3 PREMIUM RESERVES**

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **31.12.2016**  **BGN’000** |
|  |  |  |
| Premium reserves | 19,565 | 19,565 |
| **Total** | **19,565** | **19,565** |

The share premium of the Company amounting to BGN 19,565 thousand is formed by the proceeds, received above the par value of the shares issued in 2014 with issue price per share BGN 23.

**10. PAYABLES UNDER FINANCIAL LEASE AGREEMENTS**

Under a financial lease agreement, the Company has acquired machinery, computers, vehicles and equipment.

As of 30.09.2017, the payables of the Company under financial lease agreements are the following:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Payables under financial lease agreements | 13,593 | 14,392 |
| - Long-term part | 7,903 | 8,759 |
| - Short-term part | 5,690 | 5,633 |
| Total | **13,593** | **14,392** |

The lease agreements consist of fixed lease payments and purchase option at the end of the term of the lease.

**11. BANK LOANS**

As of 30.09.2017, amount due under bank loans are the following:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Payables under received loans from banks, incl.: | 9,985 | 8,883 |
|  |  |  |
| *- short-term part* | *2,804* | *1,898* |
| *- long-term part* | *7,181* | *6,985* |
| **Total** | **9,985** | **8,883** |

**12. TRADE AND OTHER PAYABLES**

As of 30.09.2017, the trade and other payables include:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Trade payables | 2,349 | 3,385 |
| Payables to related parties (note 23) | 2,892 | 1,833 |
| Payables for remunerations | 2,208 | 2,222 |
| Payables for social security | 626 | 668 |
| Taxes payable | 1,191 | 1,094 |
| Other payables /incl. dividends/ | 3,221 | 2,918 |
| **Total** | **12,487** | **12,120** |

**13. REVENUES**

The revenues of the Company consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Revenues from courier services | 73,957 | 67,710 |
| **Total** | **73,957** | **67,710** |

**14. OTHER REVENUES**

Other revenues of the Company consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Revenues from renting out of motor vehicles | 2,012 | 1,934 |
| Other revenues | 800 | 629 |
| Financing | 227 | 657 |
| **Total** | **3,039** | **3,220** |

1. **COSTS OF MATERIALS**

Costs of materials include:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Fuels | 2,491 | 2,283 |
| Delivery-related materials | 1,184 | 1,114 |
| Spare parts | 17 | 173 |
| Office materials and consumables | 191 | 165 |
| Uniforms | 120 | 120 |
| IT consumables | 140 | 239 |
| Other costs | 91 | 189 |
| **Total** | **4,234** | **4,283** |

**16. COSTS OF HIRED SERVICES**

|  |  |  |
| --- | --- | --- |
| Costs of hired services consist of: | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Subcontractors | 31,247 | 29,167 |
| Rents | 2,613 | 2,488 |
| Communications and utility services | 1,593 | 1,264 |
| Vehicle maintenance | 2,191 | 1,504 |
| Insurance | 828 | 731 |
| Office/warehouse maintenance | 284 | 191 |
| Staff training | 155 | 174 |
| Marketing | 311 | 258 |
| Audit, consultant and other services | 458 | 230 |
| Other costs | 405 | 900 |
| Fees | 244 | 132 |
| **Total** | **40,329** | **37,039** |

**17. COMPENSATION COSTS**

Compensation costs consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Salaries and wages | 15,440 | 13,615 |
| Social security contributions | 2,591 | 2,201 |
| **Total** | **18,031** | **15,816** |

**18. OTHER OPERATING COSTS.**

Other operating expenses of the Company consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
|  |  |  |
| Indemnities for parcels | 671 | 506 |
| Insurance of parcels | 210 | 193 |
| Representation costs | 308 | 107 |
| Other costs | 346 | 468 |
| **Total** | **1,535** | **1,274** |

**19. FINANCIAL INCOME**

Financial income of the Company consists of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Interests income | 377 | 262 |
| Dividends | - | 254 |
|  |  |  |
| **Total** | **377** | **516** |

**20. FINANCIAL EXPENSES**

Financial expenses of the Company consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Interest expenses | 400 | 585 |
| Bank charges такси | 12 | 21 |
| FX exchange loss, net | 87 | 65 |
| **Total** | **499** | **671** |

**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:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| **Accounting profit before taxes** | **6,771** | **5,360** |
| Increase | - | 1,118 |
| Decrease | - | (254) |
| **Taxable net income** | **6,771** | **6,224** |
|  |  |  |
| **Income tax** | **(677)** | **(622)** |
| Tax rate | 10% | 10% |
|  |  |  |
| **Deferred taxes** | - | - |
| Tax rate | 10% | 10% |
|  |  |  |
| **Total income tax and deferred taxes** | (677) | (622) |
|  |  |  |
| **Net income** | **6,094** | **4,738** |

**22. EARNINGS PER SHARE AND DIVIDENDS**

**22.1 Earnings per share**

The earnings per share use distributable net income as a numerator.

Weighted average number of shares used for calculating EPS as well as distributable net income are presented below:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Distributable net income /BGN’000. / | 6,094 | 4,738 |
| Weighted average number of shares | 5,377,619 | 5,335,919 |
| **Earnings per share /BGN per share/** | **1,13** | **0,73** |

**22.2 Dividends**

On 23.06.2017 г. the General Meeting of Shareholders took a decision for the distribution of the profit for 2016 г. in the amount of 6,030 thousand levs as follows:

* The amount of 6,030 thousand for payment of dividend to shareholders one lev and thirteen stotinki per share before tax;
* The remaining profit to be allocated to retained earnings.

**23. RELATED PARTIES TRANSACTIONS**

If not stated 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 |
| Speedy EOOD | Subsidiary |
| Geopost Bulgaria EOOD | Subsidiary |
| DPD S.А., Romania | Subsidiary |
| 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 |
| Omnicar C EOOD | Company under common control |
| Omnicar oil EOOD | Company under common control |
| Omnicar rent EOOD | Company under common control |
| Bulrom gas 2006 OOD | Company under common control |
| Geopost S.A., France | Company under common control |

**Extended loans**

On 01.12.2014 the Company signed a contract with the subsidiary Dynamic Parcel Distribution S.A., Romania for extending a loan in amount of EUR 3,000 thousand with maturity 15.12.2020.

With regard to the obtained loan from UniCredit Bulbank AD from 21.11.2014 the company has pledged first lien of receivables related to the contract for extending a loan to Dynamic Parcel Distribution S.A., Romania, as a collateral.

As of 30 September 2017, Company’s receivables from extended loans are as follows:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **31.12.2016**  **BGN’000** |
|  |  |  |
|  |  |  |
| Dynamic Parcel Distribution S.A., Romania | 8,736 | 7,341 |
| incl. |  |  |
| - principal | 8,736 | 6,955 |
| - interest | 166 | 386 |
| **Total** | **8,902** | **7,341** |

**Commercial transactions**

The Company has receivables from related parties as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **31.12.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Dynamic Parcel Distribution S.A., Romania | Services | 427 | 472 |
| Transbalkan group OOD | Services | 236 | 43 |
| Omnicar Auto OOD | Services | 43 | 83 |
| Omnicar Auto OOD | Advances paid | - | 53 |
| Geopost Bulgaria EOOD | Services | 231 | 216 |
| Geopost Bulgaria EOOD | Dividends | - | - |
| Dragomir Winery Estate OOD | Services | 4 | - |
| Transabalkan group Romania | Services | 38 | 38 |
| Omnicar BG EOOD | Services | 10 | 18 |
| Geopost S.A., France | Services | - | 105 |
| Omnicar rent EOOD | Services | - | 16 |
| Write-downs |  | - | (44) |
| **Total** |  | **989** | **1,000** |
|  |  |  |  |

The Group has the following payables to related parties:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **31.12.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Speedy EOOD | Services | 493 | 440 |
| Speedy EOOD | Loan | 400 | - |
| Geopost Bulgaria EOOD | Services | 439 | 417 |
| Transbalkan group OOD | Services | 1,249 | 773 |
| Dynamic Parcel Distribution S.A., Romania | Services | 156 | - |
| Omnicar Auto OOD | Services | 34 | 30 |
| Omnicar rent OOD | Goods | - | 27 |
| Omnicar oil EOOD | Materials | 9 | 27 |
| Omnicar BG EOOD | Services | 1 | 9 |
| Sofia City Logistic Park |  | - | - |
| Dragomir Winery Estate OOD |  | 1 | - |
| **Total** |  | **2,782** | **1,723** |

As of 30.09.2017 the company has payables to the BoD’s members in amount of BGN 110 thousand /31.12.2016 – BGN 110 thousand/ in compliance with art. 240, para 1 of Commercial Code.

The Company realized the following sales to related parties:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **30.09.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services | 2,180 | 2,127 |
| Dynamic Parcel Distribution S.A., Romania | Services | 2,097 | 3,512 |
| Omnicar BG EOOD | Services | 75 | 108 |
| Geopost Bulgaria EOOD | Services | 1,636 | 1,424 |
| Omnicar Auto OOD | Services | 17 | - |
| Dragomir Winery Estate OOD | Services | 13 | 12 |
| Geopost S.A., France | Services | 361 | 307 |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **30.09.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services | 8,048 | 6,828 |
| Speedy EOOD | Services | 450 | 53 |
| Geopost Bulgaria EOOD | Services | 2,409 | 2,278 |
| Omnicar Auto OOD | Services | 263 | - |
| Omnicar BG EOOD | Services | 36 | 55 |
| Dynamic Parcel Distribution S.A., Romania | Services | 2,439 | 2,132 |
| Dragomir Winery Estate OOD | Goods | 3 | 27 |
| Omnicar rent EOOD | Services | 117 | 48 |
| Omnicar oil EOOD | Materials | 276 | - |
| Omnicar С EООD | Services | 6 | - |

**CONSOLIDATED FINANCIAL STATEMENT**

**SPEEDY AD**

**AS OF 30.09.2017**

|  |  |  |  |
| --- | --- | --- | --- |
|  | ***Notes*** | **30.09.2017** | **31.12.2016** |
|  |  | **BGN’000** | **BGN’000** |
| **ASSETS** |  |  |  |
| Non-current assets |  |  |  |
| Property, machinery and equipment | ***3*** | **33,822** | **33,629** |
| Goodwill and other intangible assets | ***4*** | **21,923** | **22,437** |
| Deferred tax assets | ***12*** | **201** | **201** |
| Other long-term receivables |  | **215** | **208** |
|  |  | **56,161** | **56,475** |
| Current assets |  |  |  |
| Inventories | ***5*** | **376** | **613** |
| Trade and other receivables | ***6*** | **16,623** | **20,519** |
| Receivables from related parties | ***28*** | **399** | **398** |
| Other receivables and prepaid costs | ***7*** | **4,004** | **2,484** |
| Cash and cash equivalents | ***8*** | **11,797** | **11,067** |
|  |  | **33,199** | **35,081** |
|  |  |  |  |
| **TOTAL ASSETS** |  | **89,360** | **91,556** |
|  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **EQUITY AND LIABILITIES** |  |  |  |
| **EQUITY** |  |  |  |
| **Capital attributable to owners** |  |  |  |
| Share capital | 9.1 | 5,378 | 5,336 |
| Reserves | 9.2 | 19,672 | 19,738 |
| Retained earnings | 9.3 | 19,213 | 19,655 |
|  |  | **44,263** | **44,729** |
| **Minority interest** |  | - | - |
| **TOTAL EQUITY** |  | **44,263** | **44,729** |
| **LIABILITIES** |  |  |  |
| **Non-current liabilities** |  |  |  |
| Obligations under financial lease agreements | 10 | 8,037 | 8,838 |
| Long-term loans obtained from banks | 11 | 7,181 | 6,985 |
| Deferred tax liabilities | 12 | 1,060 | 1,060 |
| Subsidies | 13 | 444 | 671 |
| Provisions for pension benefits | 14 | 56 | 56 |
|  |  | **16,778** | **17,610** |
| **Current liabilities** |  |  |  |
| Obligations under financial lease agreements | 10 | 5,761 | 5,665 |
| Short-term part of long-term bank loans | 11 | 2,804 | 1,898 |
| Accounts payable | 15 | 6,269 | 9,899 |
| Payables related to remunerations and for social securities | 15 | 3,401 | 3,504 |
| Payables to related parties | 28 | 1,404 | 994 |
| Tax payables | 16 | 1,337 | 1,365 |
| Subsidies | 13 | 302 | 305 |
| Other current liabilities | 17 | 7,041 | 5,587 |
|  |  | **28,319** | **29,217** |
|  |  |  |  |
| **TOTAL EQUITY AND LIABILITIES** |  | **89,360** | **91,556** |

The enclosed explanatory notes on pages 1 to 24 are an integral part of the consolidated financial statement.

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | ***Notes*** | **30.09.2017** | **30.09.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Revenues | 13 | 110,367 | 97,777 |
| Other revenues, net | 14 | 5,338 | 5,609 |
| Costs of materials | 15 | (5,072) | (5,038) |
| Costs of external services | 16 | (69,724) | (62,384) |
| Compensation costs | 17 | (22,925) | (20,165) |
| Depreciation and amortization | 3, 4 | (7,910) | (8,561) |
| Other operating expenses | 18 | (2,953) | (1,846) |
| **Operating profit** |  | **7,121** | **5,392** |
|  |  |  |  |
| Financial revenues | 19 | 213 | 78 |
| Financial expenses | 20 | (1,035) | (956) |
| Financial revenues/expenses, net |  | **(822)** | **(878)** |
|  |  |  |  |
| **Profit before taxes** |  | 6,299 | 4,514 |
|  |  |  |  |
| Income taxes | 21 | (708) | (641) |
|  |  |  |  |
| **Profit after taxes** |  | **5,591** | **3,873** |
|  |  |  |  |
| **Other comprehensive income:** |  |  |  |
| ***Items that will not be reclassified to profit or loss:*** |  |  |  |
| Premeasurements of defined benefit pension plans |  | - | (13) |
| Income tax relating to items of other comprehensive income that will not be reclassified |  | - | - |
| Exchange differences on translating foreign operations |  | (70) | (246) |
|  |  | (70) | (259) |
| ***Items that may be reclassified to profit or loss:*** |  | **-** | **-** |
|  |  |  |  |
| **Other comprehensive income for the year, net of tax** |  | **(70)** | **(259)** |
|  |  |  |  |
| **Total comprehensive income for the year** |  | **5,521** | **3,614** |
|  |  |  |  |
| **Net income for the period attributable to:** |  |  |  |
| Owners |  | 5,591 | 3,873 |
| Minority interest |  | - | - |
|  |  |  |  |
| **Total comprehensive income, attributable to:** |  |  |  |
| Owners |  | 5,521 | 3,614 |
| Minority interest |  | - | - |

The enclosed explanatory notes on pages 1 to 24 are an integral part of the consolidated financial statement.

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | ***Notes*** | **30.09.2017** | **30.09.2016** |
|  |  | **BGN’000** | **BGN’000** |
| **Cash flows from operating activity** |  |  |  |
| Proceeds from customers |  | 134,063 | 123,191 |
| Payments to suppliers |  | (92,055) | (81,324) |
| Payments related to remunerations and social securities |  | (21,502) | (19,491) |
| Tax payment |  | (8,100) | (6,118) |
| Income tax paid |  | (598) | (694) |
| Other proceeds/payments, net |  | 2,313 | (558) |
| ***Net cash flow from operating activity*** |  | **14,121** | **15,006** |
|  |  |  |  |
| **Cash flows from investing activity** |  |  |  |
| Purchase of plant and equipment |  | (3,965) | (7,550) |
| Proceeds from sale of plant and equipment |  | 166 | 1,043 |
| Extended loans, net |  | - | - |
| Dividends received |  | - | - |
| Other proceeds from investing activities |  | - | - |
| ***Net cash flow from investing activity*** |  | **(3,799)** | **(6,507)** |
|  |  |  |  |
| **Cash flows from financing activity** |  |  |  |
| Proceeds from issuance of shares |  | 42 | - |
| Payments under financial lease agreements |  | (4,388) | (3,876) |
| Loans received |  | 1,105 | 6,161 |
| Repayment of long-term loans |  | - | - |
| Paid interests and bank charges |  | (147) | (1,285) |
| Dividends paid |  | (6,018) | (6,019) |
| ***Net cash flow from financing activity*** |  | **(9,406)** | **(5,019)** |
|  |  |  |  |
| **Change in cash and cash equivalents** |  | **916** | **3,480** |
|  |  |  |  |
| Net effect of changes in exchange rates |  | (174) | (22) |
| Cash and cash equivalents as of 1 January |  | 11,055 | 9,147 |
| Cash and cash equivalents as of 30 September 2017 | 9 | **11,797** | **12,605** |

The enclosed explanatory notes on pages 1 to 24 are an integral part of the consolidated financial statement.

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Attributable to owners** | | | | | | | | | | | |
|  | |  | |  | |  | |  | |  | |  | |
|  | | **Share capital** | | **Statutory reserves** | | **Premium reserves** | | **Foreign translation** | | **Retained earning** | | **Total** | |
|  | | **BGN’000** | | **BGN’000** | | **BGN’000** | | **BGN’000** | | **BGN’000** | | **BGN’000** | |
|  | |  | |  | |  | |  | |  | |  | |
| **Balance as of 1 January 2016** | | **5,336** | | **545** | | **19,565** | | **(115)** | | **18,769** | | **44,100** | |
|  | |  | |  | |  | |  | |  | |  | |
| ***Change in equity for 2016*** | |  | |  | |  | |  | |  | |  | |
| Distribution of profits, incl. | | **-** | | - | | **-** | | **-** | | (6,029) | | **(6,029)** | |
| *Dividends* | | *-* | | *-* | | *-* | | *-* | | *(6,029)* | | *(6,029)* | |
| Total comprehensive income for the year, incl. | | *-* | | *-* | | *-* | | *(246)* | | *6,938* | | ***6,692*** | |
| *Net income for the year* | | **-** | | - | | **-** | | ***-*** | | *6,951* | | ***6,951*** | |
| *Other comprehensive income, net of taxes* | | - | | - | | - | | *(246)* | | *(13)* | | ***(259)*** | |
| Други изменения | | - | | (11) | | - | | - | | (23) | | **(34)** | |
|  | |  | |  | |  | |  | |  | |  | |
| **Balance as of 31 December 2016** | | **5,336** | | **534** | | **19,565** | | **(361)** | | **19,655** | | **44,729** | |
| ***Change in equity for 2017*** | |  | |  | |  | |  | |  | |  | |
| Distribution of profits, incl. | | **-** | | - | | **-** | | **-** | | (6,029) | | **(6,029)** | |
| *Dividends* | | *-* | | *-* | | *-* | | *-* | | *(6,029)* | | *(6,029)* | |
|  | |  | |  | |  | |  | |  | |  | |
| Total comprehensive income for the year, incl. | | *-* | | *-* | | *-* | | *(70)* | | *5,591* | | ***5,521*** | |
| *Net income for the year* | | **-** | | - | | **-** | | ***-*** | | *5,591* | | ***5,591*** | |
| *Other comprehensive income, net of taxes* | | - | | - | | - | | *(70)* | | *-* | | ***(70)*** | |
| Other changes | | 42 | | 4 | | - | | - | | (4) | | **42** | |
|  | |  | |  | |  | |  | |  | |  | |
| **Balance as of 30 September 2017** | | **5,378** | | **538** | | **19,565** | | **(431)** | | **19,213** | | **44,263** | |
|  | |  | |  | |  | |  | |  | |  | |

The enclosed explanatory notes on pages 1 to 24 are an integral part of the consolidated financial statement.

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

**3. PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment of the Group consist of machinery, equipment, vehicles, and other assets whose book value for the presented periods could be analyzed as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  | **Plant and equipment** | **Vehicles** | **Computers** | **Facilities and other assets** | **Investments in rented assets** | **Total** | |  | **BGN’000** | **BGN’000** | **BGN’000** | **BGN’000** | **BGN’000** | **BGN’000** | |  |  |  |  |  |  |  | | **31 December 2016** |  |  |  |  |  |  | | **Book value at the beginning of the period** | **1,249** | **18,692** | **2,079** | **1,776** | **2,228** | 26,024 | | FX revaluation | -3 | -9 | -3 | - | - | -15 | | Acquired | 7,013 | 5,958 | 955 | 3,569 | 1240 | 18,735 | | Written-off | -2,660 | -2,845 | -414 | -31 | - | -5,950 | | Depreciation | -685 | -5,610 | -755 | -387 | -698 | -8,135 | | FX revaluation of depreciation | 6 | 10 | 4 | - | - | 20 | | Written-off depreciation | 206 | 2,294 | 415 | 31 | 4 | 2,950 | | **Book value at the end of the period** | **5,126** | **18,490** | **2,281** | **4,958** | **2,774** | **33,629** | |  |  |  |  |  |  |  | | **31 December 2016** |  |  |  |  |  |  | | **Initial value** | **8,533** | **37,194** | **8,657** | **6,217** | **5,257** | **65,858** | | **Accumulated depreciation** | -3,407 | -18,704 | -6,376 | -1,259 | -2,483 | -32,229 | | **Book value** | **5,126** | **18,490** | **2,281** | **4,958** | **2,774** | **33,629** | |  |  |  |  |  |  |  | | **30 September 2017** |  |  |  |  |  |  | | **Book value at the beginning of the period** | **5,093** | **18,450** | **2,277** | **4,953** | **2,765** | **33,538** | | FX revaluation | 33 | 40 | 4 | 5 | 9 | 91 | | Acquired | **2411** | **4257** | **1144** | **825** | **337** | **8974** | | Written-off | **-1196** | **-1385** | **-17** | **-346** | **0** | **-2944** | | Depreciation | **-778** | **-4552** | **-622** | **-386** | **-480** | **-6818** | | FX revaluation of depreciation | -33 | -40 | -4 | -5 | -9 | -91 | | Written-off depreciation | **30** | **1206** | **17** | **0** | **-181** | **1072** | | **Book value at the end of the period** | **5,560** | **17,976** | **2,799** | **5,046** | **2,441** | **33,822** | |  |  |  |  |  |  |  | | **30 September 2017** |  |  |  |  |  |  | | **Initial value** | **9,748** | **40,066** | **9,784** | **6,696** | **5,594** | **71,888** | | **Accumulated depreciation** | -4,188 | -22,090 | -6,985 | -1,650 | -3,153 | -38,066 | | **Book value** | **5,560** | **17,976** | **2,799** | **5,046** | **2,441** | **33,822** | |  |  |  |  |  |  |

**4. INTANGIBLE ASSETS**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | **Goodwill and rights from business combinations** | | **Software** | | **Cost of acquired assets** | | **Total** | | |  | **BGN’000** | | **BGN’000** | | **BGN’000** | | **BGN’000** | | | **31 December 2016** |  | |  | |  | |  | | | Book value at the beginning of the year | 19,734 | | 3,455 | | 94 | | 23,283 | | | FX revaluation of depreciation | -306 | | -4 | | - | | -310 | | | Acquired | - | | 570 | | 446 | | 1,016 | | | Written-off | - | | -109 | | -251 | | -360 | | | Depreciation | -539 | | -670 | | - | | -1,209 | | | FX revaluation | 13 | | -56 | | 60 | | 17 | | | **Book value at the end of the year** | **18,902** | | **3,186** | | **349** | | **22,437** | | | **31 December 2016** |  | |  | |  | |  | | | Initial value | 20,020 | | 7,843 | | 349 | | 28,212 | | | Accumulated depreciation | -1,118 | | -4,657 | | 0 | | -5,775 | | | **Book value** | **18,902** | | **3,186** | | **349** | | **22,437** | | | **30 September 2017** | |  | |  | |  | |  | | | Book value at the beginning of the year | | 18,902 | | 3,186 | | 349 | | 22,437 | | | FX revaluation of depreciation | | 0 | | 0 | | 0 | | 0 | | | Acquired | | 0 | | 360 | | 220 | | 580 | | | Written-off | | 0 | | 0 | |  | | 0 | | | Depreciation | | -411 | | -662 | | 0 | | -1,073 | | | FX revaluation | | 0 | | -19 | | 0 | | -19 | | | **Book value at the end of the period** | | **18,491** | | **2,865** | | **569** | | **21,925** | | | **30 September 2017** | |  | |  | |  | |  | | | Initial value | | 20,020 | | 8,184 | | 569 | | 28,773 | | | Accumulated depreciation | | -1,529 | | -5,319 | | 0 | | -6,848 | | | **Book value** | | **18,491** | | **2,865** | | **569** | | **21,925** | | |

**6. INVENTORIES**

As of 30 September 2017 the Group’s inventories consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Materials | 236 | 422 |
| Fuel | 140 | 159 |
| Goods | - | 32 |
| **Total** | **376** | **613** |

**7. TRADE AND OTHER RECEIVABLES**

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Receivables from customers and suppliers – gross amount | 18,022 | 21,918 |
| Less impairment | (1,399) | (1,399) |
| Receivables from customers and suppliers – net amount | 16,623 | 20,519 |
| Advance payments to suppliers | 1,873 | 950 |
| Receivables from related parties /note 23/ | 399 | 398 |
| Tax receivables | 261 | 537 |
| Other receivables | 1,870 | 997 |
| **Total** | **21,026** | **23,401** |

**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
|  | **BGN’000** | **BGN’000** |
|  |  |  |
| Petty cash | 219 | 238 |
| Cash in bank accounts | 7,879 | 8,178 |
| Cash in transit | 4,137 | 2,651 |
| **Total** | **11,797** | **11,067** |

Cash in transit for BGN 4,137 thousand /2016 – BGN 2,651 thousand/ is amount collected from customers for the service cash on delivery.

**9. EQUITY**

**9.1 SHARE CAPITAL**

As of 30.09.2017 registered capital of the Parent Company consists of 5,377,619 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 Shareholders of the Company.

|  |  |  |
| --- | --- | --- |
|  | **2017** | **2016** |
| **Number of shares** | **Number of shares** |
|  |  |  |
| Number of issued and fully paid-in shares: |  |  |
| At the beginning of the year | 5,377,619 | 5,335,919 |
| Number of issued and fully paid-in shares | - | - |
| **Number of shares, outstanding on 30 September 2017** | 5,377,619 | 5,335,919 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **30.09.2017 г.** | | **31.12.2016 г.** | |
|  | **Number of shares** | **%** | **Number of shares** | **%** |
|  |  |  |  |  |
| Speedy Group AD | 3,500,367 | 65.60% | 3,544,367 | 66.42% |
| GeoPost SA, France | 1,333,979 | 25.00% | 1,333,979 | 25.00% |
| Other natural and legal entities | 543,273 | 9.40% | 457,573 | 8.58% |
| **Total** | **5,377,619** | **100.00%** | **5,335,919** | **100.00%** |

**9.2 STATUTORY RESERVES**

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **31.12.2016**  **BGN’000** |
|  |  |  |
| Statutory reserves | 538 | 534 |
| Total | **538** | **534** |

The statutory reserves are formed from setting aside 10% of the net profit in accordance with the requirements of the Commercial Act and decision of the General Meeting of the shareholders. According to the requirements, the statutory reserves should be minimum 10% of the registered capital. These reserves are non-distributable.

**9.3 PREMIUM RESERVES**

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **31.12.2016**  **BGN’000** |
|  |  |  |
| Premium reserves | 19,565 | 19,565 |
| **Total** | **19,565** | **19,565** |

The share premium of the Company amounting to BGN 19,565 thousand is formed by the proceeds, received above the par value of the shares issued in 2014 with issue price per share BGN 23.

**9.4 OTHER RESERVES**

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **31.12.2016**  **BGN’000** |
|  |  |  |
| Other reserves | (431) | (361) |
| **Total** | **(431)** | **(361)** |

Other reserves are formed as a result from the foreign translation gain/loss associated with the consolidation of the subsidiaries, which reporting is in foreign currency.

**10. PAYABLES UNDER FINANCIAL LEASE AGREEMENTS**

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

As of 30.09.2017 the payables under financial lease agreements are the following:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Payables under financial lease agreements | 13,798 | 14,480 |
| * Long-term part | 8,037 | 8,838 |
| * Short-term part | 5,761 | 5,642 |
| **Total** | **13,798** | **14,480** |

The lease agreements consist of fixed lease payments and purchase option at the end of the term of the lease.

**11. BANKS LOANS**

As of 30.09.2017 amount due under bank loans are the following:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Payables under received loans from banks, incl.: | 9,985 | 8,883 |
|  |  |  |
| *- short-term part* | *2,804* | *1,898* |
| *- long-term part* | *7,181* | *6,985* |
| **Total** | **9,985** | **8,883** |

**12. TRADE AND OTHER PAYABLES**

As of 30.09.2017, the trade and other payables include:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017** | **31.12.2016** |
| **BGN’000** | **BGN’000** |
|  |  |  |
| Trade payables | 6,269 | 9,899 |
| Payables to related parties (note 23) | 1,404 | 994 |
| Payables to the staff | 2,504 | 2,536 |
| Payables for social security | 897 | 968 |
| Taxes payable | 1,337 | 1,365 |
| Other payables /incl. dividends/ | 7,041 | 5,587 |
| **Total** | **19,452** | **21,349** |

**13. REVENUES**

The revenues of the Group consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Revenues from courier services | 110,367 | 97,777 |
| **Total** | **110,367** | **97,777** |

**14. OTHER REVENUES**

Other revenues of the Group consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Revenues from renting out of motor vehicles | 2,555 | 1,934 |
| Other revenues | 2,554 | 3,015 |
| Financing | 229 | 660 |
| **Total** | **5,338** | **5,609** |

1. **COSTS OF MATERIALS**

Costs of materials include:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Fuels | 2,609 | 2,396 |
| Delivery-related materials | 1,547 | 1,114 |
| Spare parts | 17 | 173 |
| Office materials and consumables | 548 | 606 |
| Uniforms | 120 | 120 |
| IT consumables | 140 | 421 |
| Other costs | 91 | 208 |
| **Total** | **5,072** | **5,038** |

**16. COSTS OF HIRED SERVICES**

|  |  |  |
| --- | --- | --- |
| Costs of hired services consist of: | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Subcontractors | 55,681 | 50,652 |
| Rents | 4,014 | 3,476 |
| Communications and utility services | 2,127 | 1,636 |
| Vehicle maintenance | 2,236 | 1,546 |
| Insurance | 963 | 841 |
| Office/warehouse maintenance | 526 | 491 |
| Staff training | 584 | 327 |
| Marketing | 576 | 624 |
| Audit, consultant and other services | 458 | 230 |
| Other costs | 2,315 | 2,384 |
| Fees | 244 | 333 |
| **Total** | **69,724** | **62,540** |

**17. COMPENSATION COSTS**

Compensation costs consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Salaries and wages | 18,370 | 16,266 |
| Social security contributions | 4,555 | 3,899 |
| **Total** | **22,925** | **20,165** |

**18. OTHER OPERATING COSTS**

Other operating expenses of the Group consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
|  |  |  |
| Indemnities for parcels | 1,617 | 662 |
| Insurance of parcels | 210 | 506 |
| Representation costs | 308 | 107 |
| Other costs | 818 | 571 |
| **Total** | **2,953** | **1,846** |

**19. FINANCIAL INCOME**

Financial income of the Group consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
| Interests income | 213 | 78 |
| **Total** | **213** | **78** |

**20. FINANCIAL EXPENSES**

Financial expenses of the Group consist of:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| Interest expenses | 512 | 591 |
| FX exchange loss, net | 523 | 365 |
| **Total** | **1,035** | **956** |

**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:

|  |  |  |
| --- | --- | --- |
|  | **30.09.2017**  **BGN’000** | **30.09.2016**  **BGN’000** |
|  |  |  |
| **Accounting profit before taxes** | **6,299** | **4,514** |
| Increase | - | - |
| Decrease | - | - |
| **Taxable net income** | **6,299** | **4,514** |
|  |  |  |
| **Income tax** | **(708)** | **(641)** |
| Tax rate | 10% | 10% |
|  |  |  |
| **Deferred taxes** | - | - |
| Tax rate | 10% | 10% |
|  |  |  |
| **Total income tax and deferred taxes** | (708) | (641) |
|  |  |  |
| **Net profit** | **5,591** | **3,873** |

**22. DIVIDENDS**

On 23.06.2017, the General Meeting of Shareholders took a decision for the distribution of the profit for 2016 in the amount of BGN 6,030 thousand as follows:

* The amount of 6,030 thousand for payment of dividend to shareholders one lev and thirteen stotinka per share before tax;
* The remaining profit to be allocated to retained earnings.

**23. RELATED PARTIES TRANSACTIONS**

If not stated 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** | **Вид на свързаност** |
|  |  |
| Speedy Group AD | Parent Company |
| Speedy EOOD | Subsidiary |
| Geopost Bulgaria EOOD | Subsidiary |
| DPD S.А., Romania | Subsidiary |
| 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 |
| Omnicar C EOOD | Company under common control |
| Omnicar oil EOOD | Company under common control |
| Omnicar rent EOOD | Company under common control |
| Bulrom gas 2006 OOD | Company under common control |
| Geopost S.A., France | Company under common control |

**Commercial transactions**

The Group has receivables from related parties as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **31.12.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services | 236 | 43 |
| Omnicar Auto OOD | Services | 63 | 83 |
| Omnicar Auto OOD | Advances paid | - | 53 |
| Dragomir Winery Estate OOD | Services | 4 | - |
| Transabalkan group Romania | Services | 38 | 38 |
| Omnicar BG EOOD | Services | 10 | 18 |
| Geopost S.A., France | Services | - | 105 |
| Omnicar rent EOOD | Services | 48 | 58 |
| **Total** |  | **399** | **398** |
|  |  |  |  |

The Group has the following payables to related parties:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **31.12.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services | 1,249 | 775 |
| Omnicar Auto OOD | Services | 34 | 30 |
| Omnicar rent OOD | Goods | - | 27 |
| Omnicar oil EOOD | Materials | 9 | 27 |
| Omnicar BG EOOD | Services | 2 | 9 |
| Speedy Group AD | Loan |  | 16 |
| **Total** |  | **1,294** | **884** |

As of 30.09.2017 the company has payables to the BoD’s members in amount of BGN 110 thousand /31.12.2016 – BGN 110 thousand/ in compliance with art. 240, para 1 of Commercial Code..

The Group realized the following sales to related parties:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **30.09.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services | 2,180 | 2,127 |
| Omnicar BG EOOD | Services | 75 | 108 |
| Omnicar Auto OOD | Services | 17 | - |
| Dragomir Winery Estate OOD | Services | 13 | 12 |
| Geopost S.A., France | Services | 361 | 307 |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **30.09.2017** | **30.09.2016** |
|  |  | **BGN’000** | **BGN’000** |
|  |  |  |  |
| Transbalkan group OOD | Services | 8,048 | 6,828 |
| Omnicar Auto OOD | Services | 263 | - |
| Omnicar BG EOOD | Services | 36 | 55 |
| Dragomir Winery Estate OOD | Goods | 3 | 27 |
| Omnicar С EООD | Services | 6 | - |
| Omnicar oil EOOD | Materials | 276 | - |
| Omnicar rent EOOD | Services | 117 | 48 |
|  |  |  |  |

**24. APPROVAL OF FINANCIAL STATEMENTS**

The Financial statements are approved by the Board of Directors and signed on its behalf by:

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

25.10.2017 г.

**INFORMATION under Appendix 9 from regulation 2 of FSC**

1. **Information about change of persons exercising control over the company.**

No change.

1. **Information about opened insolvency proceedings against the company or its subsidiary and all stages regarding to above mentioned proceedings.**

No opened insolvency procedures.

1. **Information about significant deals. The decision for signing, terminating and breaking a contract for joined ventures.**

Not applicable.

1. **Change of the company’s auditor and reasons for it.**

No change of the auditing company.

1. **Information about pending legal, administrative or arbitration proceedings, concerning obligations or receivables of the company or its subsidiary in amount of at least 10 percent of the company’s equity.**

There are no legal or other proceedings with significant value.

1. **Purchase, sale or pledge of shares in other companies by the issuer or by any of its subsidiary.**

Not applicable.

1. **Other events which the company consider to be of importance for the investors in taking decision to acquire, sell or hold publicly offered securities.**

No other events except already announced.



**Executive Director: ………….…….….................. /** **Valery Mektupchiyan /**