SPEEDY AD

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012

Director's responsibilities

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the Group as at the year end and of the profit or loss and cash flows for the year. Financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS).

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2012.

The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Krasimir Tahchiev
Investor Relations Director

Valeri Mektupchiian
Executive Director

MOORE STEPHENS BULGARIA
AUDIT

Moore Stephens Bulgaria – Audit OOD
10 Lege Str., fl.6
1000 Sofia
Bulgaria
Telephone +359 2 987 53 80
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF "SPEEDY" AD

We have audited the accompanying consolidated financial statements of "SPEEDY" AD and its subsidiaries (the 'Group') which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, set out on pages 22 to 39.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual consolidated financial statements of the Group.

In our opinion, the Annual Report set out on pages 1 to 18 is consistent with the accompanying financial statements of the Group as of 31 December 2012.

Sofia, 29 March 2013
MOORE STEPHENS BULGARIA - AUDIT OOD

"МУР СТИВЪНС БЪЛГАРИЯ - ОДИТ" ООД
СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. № 131

Stefan Nenov
/ Managing Partner, Registered auditor /

ID: BG175383136; address: 10 Lege Str., 1000 Sofia; tel.: (+359 2) 987-53-80; fax: (+359 2) 987-53-81; e-mail: info@msaudit.com; nenov@msaudit.com

SPEEDY AD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2012

(All amounts in Bulgarian leva thousands unless otherwise stated)

	Note	As at 31 December 2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,251	5,527
Intangible assets	6	378	339
Financial assets		-	-
Deffered tax assets	14	206	173
Total non-current assets		**8,835**	**6,039**
Current assets			
Inventories	8	556	438
Trade and other receivables	7	12,016	11,672
Cash and cash equivalents	9	3,956	2,169
Deferred expenses		329	582
Total current assets		**16,857**	**14,861**
Total assets		**25,692**	**20,900**
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	1,482	1,482
Legal reserves	11	348	348
Undistributed profit/loss	10	8,693	6,604
Total equity		**10,523**	**8,434**
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	3,439	2,094
Total non-current liabilities		**3,439**	**2,094**
Current liabilities			
Trade and other payables	13	8,675	7,105
Current income tax liabilities		646	838
Loans		494	769
Lease liabilities	15	1,915	1,660
Total current liabilities		**11,730**	**10,372**
Total liabilities		**15,169**	**12,466**
Total equity and liabilities		**25,692**	**20,900**

These financial statements were approved on 08.03.2013.

Executive Director
Valeri Mektupchiian

Chief accountant:
Stefka Levidzhova

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered Auditor
Date: 29.03.13

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №131
"ПРАЙСУОТЪРХАУСКУПЪРС БЪЛГАРИЯ - ОДИТ" ООД

SPEEDY AD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2012

(All amounts in Bulgarian leva thousands unless otherwise stated)

	Note	2012	2011
Revenue from sales	16	54,524	47,792
Expenses for materials	17	(7,959)	(5,872)
Expenses for hired services	18	(13,686)	(12,957)
Wages and salaries expenses	19	(18,857)	(15,384)
Depreciation and impairment charges	5,6	(2,733)	(3,247)
Other expenses	20	(2,972)	(4,077)
Operating profit		8,317	6,255
Financial income	21	579	903
Finance costs		(418)	(354)
Financial income and costs - net	21	161	549
Profit before income tax		8,478	6,804
Income tax expense	22	(864)	(694)
Current year profit		**7,614**	**6,110**
Other comprehensive income			
Total comprehensive income for the year		**7,614**	**6,110**

These financial statements were approved on 08.03.2013.

Executive Director

Valeri Mektupchiian

Chief accountant:

Stefka Levidzhova

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered Auditor
Date:. 29.03.13

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №131
"МУР СТИВЪНС БЪЛГАРИЯ - ОДИТ" ООД

SPEEDY AD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2012

(All amounts in Bulgarian leva thousands unless otherwise stated)

	Conserning equity owners			
	Share capital	Other reserves	Retained earnings	Total equity
Balance at 01 January 2011	**500**	**348**	**5,539**	**6,387**
Profit for the year	-	-	6,110	6,110
Capital increase	982	-	-	982
Paid dividends	-	-	(5,045)	(5,045)
Balance at 31 December 2011	**1,482**	**348**	**6,604**	**8,434**
Balance at 01 January 2012	**1,482**	**348**	**6,604**	**8,434**
Profit for the year	-	-	7,614	7,614
Paid dividends	-	-	(5,525)	(5,525)
Balance at 31 December 2012	**1,482**	**348**	**8,693**	**10,523**

These financial statements were approved on 08.03.2013.

Executive Director
Valeri Mektupchiian

Chief accountant:
Stefka Levidzhova

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered Auditor
Date: 29.03.13

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ "МУР СТИВЪНС БЪЛГАРИЯ - ОДИТ" ООД София Рег. №131

SPEEDY AD
CONSOLIDATED STATEMENT OF CASH FLOWS
31 DECEMBER 2012

(All amounts in Bulgarian leva thousands unless otherwise stated)

	Note	As at 31 December 2012	2011
Cash flows from operating activities			
Proceeds from sales		66,404	63,460
Payments to suppliers		(33,702)	(35,604)
Cash flows related to employees		(16,652)	(14,501)
Dividend payments		(7,677)	(5,628)
Payments to other creditors			
Net cash flows from operating activities		**8,373**	**7,727**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		494	
Acquisition of property, plant and equipment		(952)	(588)
Net cash flows from investing activities		**(458)**	**(588)**
Cash flows from financing activities			
Finance lease payments		(2,521)	(2,848)
Received or provided loans		1,406	(209)
Payments for profit distributions		(5,013)	(3,671)
Net cash flows from financing activities		**(6,128)**	**(6,728)**
Net (decrease)/increase in cash		1,787	411
Cash at beginning of the year		2,169	1,758
Cash at end of the year		**3,956**	**2,169**

These financial statements were approved on 08.03.2013.

Executive Director
Valeri Mektupchiian

Chief accountant:
Stefka Levidzhova

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered Auditor
Date: 29.03.13

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ "МУР СТИВЪНС БЪЛГАРИЯ - ОДИТ" ООД София Рег. №131

Notes to the financial statements.

1. Summary of Company's activity

"SPEEDY" AD (the Company) is a stock company, registered under №1455/2005 in Sofia City Court in accordance with the Commercial Law of Republic of Bulgaria.
Permanent address of the Group is: 2, Samokovsko Shose Str., Sofia, Bulgaria. It owns 100% of the capital of Speedy EOOD sole limited liability company registered under case № 3330/1998 in Plovdiv District Court in accordance with the Commercial Law of the Republic of Bulgaria.
Permanent address of the Company is: 17, Lule Burgas Str., Plovdiv, Bulgaria.

The main activity of the Group is providing courier services. The group has a license for freight with № 04080, issued by the Ministry of Transport and Communications.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1 Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2. Accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.2. Changes in accounting policy and disclosures.

/a/ (a) new and amended standards adopted by the Group.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

/b/ New standards and interpretations not yet adopted;

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012.

IAS 19, 'Employee benefits' was amended in June 2011. The impact on the Group will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IFRS 10, Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation

Subsidiaries

Speedy AD owns 100% of the capital of its subsidiary Speedy EOOD, registered in 1998.
Subsidiaries are fully consolidated from the day on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
The Group uses the purchase method of accounting for the purposes of acquisition of daughter companies. The value of the acquisition is measured at the fair value of the assets acquired, liabilities assumed at the date of acquisition, plus costs directly attributable to the acquisition.
The acquired distinguishable and assumed liabilities and contingent liabilities are measured initially at their fair value at the acquisition date. There is a goodwill in the cases when the cost of acquisition is higher than the fair value of the net assets of the acquired subsidiary. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated for the purposes of consolidated financial statements. Unrealised losses are also eliminated, unless the business transaction does not give grounds for impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Bulgarian Leva (BGN), which is the Group's functional and presentation currency.

The Bulgarian Lev has been fixed to the EUR by the means of the enforced currency board in the Republic of Bulgaria since 1 January 1999.

(б) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currency are recorded at the closing exchange rate at the balance sheet date.

The closing exchange rates of the BGN against the major foreign currencies relevant to the Group's operations for the reporting periods of the financial statements are as follows:

	As at 31 December 2012 BGN	**As at 31 December 2011 BGN**
1 EUR	1.95583	1.95583

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment

PPE are initially recognized at cost, which includes purchase price, including import duties and non-refundable taxes and any directly attributable costs for bringing the asset to its present form and location.
After initial recognition, PPE are recorded at acquisition cost less accumulated depreciation and any impairment losses.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Assets are depreciated from the date of acquisition or commissioning.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Machinery and equipment 3.3 years
- Computers 2 years
- Vehicals 5 years
- Furniture, fittings and equipment 6.7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.
Borrowing costs are recognized as current expense.

2.5 Intangible assets

(a) *Computer software*

Software is recorded at historical cost. It is depreciated on a straight-line basis over a period of two years.

2.6. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To be determined the value in use, assets are grouped together into the smallest possible identifiable units, generating cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.
At each balance sheet date impaired in prior periods non-financial assets, other than goodwill, are reviewed for possible reversal of the impairment loss.
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7. Inventories

Inventories comprise raw materials and goods.
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of finished goods and work in progress include cost of purchase or manufacturing, processing and other direct costs. Finance costs are not included in the value of inventories. The cost of finished goods and work in progress comprises raw and packaging materials, direct labour, other direct variable cost and related production overheads.
Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8. Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' and cash and cash equivalents in the balance sheet.

2.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.
It is disclosed as a deduction of the impairment expenses in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, as well as bank overdrafts.
Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.11 Share capital

Ordinary shares are classified as equity which is stated at its nominal value according to a court decision for the registration of the group.
The capital of the Group is presented in the amount corresponding to the cort-registered.

2.12. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.13 Employee benefits

(a)Pension obligations

Group companies have a defined benefit pension plan. In accordance with the Labour Code the employer is obliged to pay the employees at retirement age an indemnity which amounts to two gross monthly wages at the time of the termination of the labour contract depending on the length of service in the group. In case the employee has worked in the group during the last 10 years, the amount of the indemnity is six gross monthly wages.
The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.14 Provisions

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.15. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.
The Group recognizes revenue when: it can be estimated reliably, there is assurance that there will be future benefits for the Group and the following specific conditions are met for each sale made by the Group. It is considered that the valuation of revenue is non-reliable when there are conventionalities

regarding its occurrence. Once these conventionalities are removed, it is possible a reliable valuation of the revenue to be made. Revenue is recognised as follows:

(a) *Sales of production and goods*
Sales of goods are recognised when the Group has transferred to the client the significant risks and rewards inherent to the ownership of the goods. The timing of the transfer is verified by signing an acceptance protocol by the client.

(b) *Rendering of services*
Revenue from rendered services is recognized in the period in which they were made, based on the degree of completion. It is certified by protocols for acceptance of the stage of completion of the service, signed by both parties . The amount of revenue is based on the ratio (percentage) of the work, performed to the date of the financial statements, to the total volume of the contracted service. To reach the amount of revenue recognized by the service provided, the above defined percentage is multiplied by the total contract price. Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2.17. Related parties

For the purposes of these financial statements, the group presents as related parties its immediate and ultimate parents and their related parties thereof, its shareholders, parent's or entity's key management personnel and their close family members and their related parties thereof.

2.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group has entered into agreements under finance lease as lessee.
The Group has not entered into a lease agreements under finance and operating leases as a lessor.

2.19. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and price risc), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

(a) Foreign exchange risk

The group operates in Bulgaria and since the Bulgarian Leva (BGN) has been pegged to the EUR at the fixed rate by the means of the currency board, the group is exposed to foreign exchange risk to the extend of transactions denominated in currencies other than the EUR. The management of the group monitors regularly the foreign exchange risk in order to minimise any negative effects on the group's financial position.

(b) Interest rate risk

Interest rate risk for the Group does not arise because it does not have loans from banks or other institutions.

(c) Credit risk

There is no significant concentration of credit risk in the group. The group has implemented a strict policy that ensures that products and goods are sold only to companies with adequate credit rating.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The reliability of estimates and judgements are reviewed regularly.

Estimates and judgments made by management affect the reported amounts of assets and liabilities and disclosures of liabilities at the date of the financial statements, and the amounts of revenue and expenses during the period reported in the income statement.

Management has used significant accounting estimates and judgments with respect to impairment of receivables from customers and determination of the amount of provisions for liabilities, as well as determination of the useful life of the fixed assets.

(All amounts in Bulgarian leva thousands unless otherwise stated)

5. Property, plant and equipment

	Machines and equipment	Vehicles	Computer equipment	Other	Total
At 31 December 2011					
Opening net book amount	471	3,695	296	1,158	5,620
Additions	89	2,365	243	299	2,996
Disposals	(103)	(8)	-	-	(111)
Depreciation charge	(251)	(2,261)	(236)	(230)	(2,978)
Closing net book amount	206	3,791	303	1,227	5,527
Year ended 31 December 2011					
Cost	1,604	16,338	2,765	1,922	22,629
Accumulated depreciation	(1,398)	(12,547)	(2,462)	(695)	(17,102)
Net book amount	**206**	**3,791**	**303**	**1,227**	**5,527**
At 31 December 2012					
Opening net book amount	206	3,791	303	1,227	5,527
Additions	293	3,734	631	559	5,217
Disposals	-	(61)	(7)	-	(68)
Depreciation charge	(143)	(1,691)	(313)	(278)	(2,425)
Closing net book amount	**356**	**5,773**	**614**	**1,508**	**8,251**
Year ended 31 December 2012					
Cost	1,897	18,924	3,389	2,480	26,690
Accumulated depreciation	(1,541)	(13,151)	(2,775)	(972)	(18,439)
Net book amount	**356**	**5,773**	**614**	**1,508**	**8,251**

(All amounts in Bulgarian leva thousands unless otherwise stated)

6. Intangible assets

	Computer software
At 1 January 2011	
Opening net book amount	288
Additions	320
Amortisation charge	(269)
Closing net book amount	**339**
Year ended 31 December 2011	
Cost	1,650
Accumulated amortisation	(1,311)
Net book amount	**339**
At 1 January 2012	
Opening net book amount	339
Additions	347
Amortisation charge	(308)
Closing net book amount	**378**
Year ended 31 December 2012	
Cost	1,997
Accumulated amortisation	(1,619)
Net book amount	**378**

(All amounts in Bulgarian leva thousands unless otherwise stated)

7. Trade and other receivable

	2012	2011
Trade receivables	7,490	6,638
Less: provision for impairment of receivables	(1,025)	(980)
Trade receivables - net	**6,465**	**5,658**
Advances from clients	356	-
Related party receivables (Note 22)	5,157	5,806
Other receivables	38	408
Total trade and other receivables	**12,016**	**11,672**

The fair value of the trade and other receivables is, as follows:

	2012	2011
Trade receivables	6,465	6,846
Advances from clients	356	-
Related party receivables (Note 22)	5,157	4,418
Other receivables	38	408
	12,016	11,672

8. Inventory

	2012	2011
Materials	295	226
Fuel	261	212
	556	**438**

9. Cash and cash equivalents

	2012	2011
Cash in hand and at banks	3,956	2,169
	3,956	**2,169**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2012	2011
Cash in hand	35	433
Cash at banks	775	336
Cash on transit	3,146	1,400
	3,956	**2,169**

10. Undistributed profit

	2012	2011
Balance as at 01 of January	6,604	5,930
Profit for the year	7,614	6,213
Dividends paid	(5,525)	(5,539)
Balance as at 31 December 2012	**8,693**	**6,604**

11. Other reserves

	2012	2011
Legal reserves	348	348
	348	**348**

Legal reserves are generated as a result of the transfer of 10% of the net profit in accordance with the requirements of the Commercial law and the decision of the management .The minimum amount to be transferred is 10% of the share capital. These reserves are non-distributable.

12. Share capital

	Ordinary shares (number)	Nominal value (BGN)	Total (BGN thousand)
As at 31 December 2011	1 482 200	**1**	**1,482**
As at 31 December 2012	1 482 200	**1**	**1,482**

Share capital of the Group amounts to 1 482 200 BGN. It consists of 1 482 200 ordinary shares with a nominal value of 1 BGN per share. Each share is entitled to receive dividends and a liquidation share and represents one vote at the General Meeting of Shareholders of the Group. The capital of the Group is distributed as follows:
Speedy Group AD - 99,9 %
Others - 0,01 %

13. Trade and other payables

	2012	2011
Trade payables	2,258	2,373
Related party payables (Note 23)	91	246
Payables to employees	1,602	1,198
Payables for social security	442	303
Other payables	4,282	2,985
Total trade and other payables	**8,675**	**7,105**

14. Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2012	2011
Deferred tax assets:		
- Deferred tax assets to be recovered in 12 months:	206	173

The gross movement in the deferred tax is, as follows:

	2012	2011
Beginning of the year:	173	187
(Expense)/Income in the income statement	33	(14)
End of the year	**206**	**173**

The movement in the deferred tax (before the compensation of the amounts in the corresponding tax jurisdictions) during the period is, as follows:

Deferred tax assets	Unused paid leave	Provisions for cort cases	Impairment of receivables	Management contracts	Total
As at 1 January 2011	**73**	**-**	**69**	**45**	**187**
(Charged)/credited to the income statement	(1)		28	(41)	(14)
As at 31 December 2011	**72**	**-**	**97**	**4**	**173**
(Charged)/credited to the income statement	24	2	6	1	33
As at 31 December 2012	**96**	**2**	**103**	**5**	**206**

15. Payables under financial lease

	2012	2011
Long-term liabilities		
- Vehicles	3,272	1,945
- Computer equipment	110	95
- other	57	54
	3,439	2,094
Short-term liabilities		
- Vehicles	1,497	1,376
- Computer equipment	281	187
- other	137	97
	1,915	1,660

Interests

Interests on lease agreements amounting to 529 thousand BGN, of which 246 thousand BGN are short-term and 283 tousand BGN are long-term.

16. Revenue from sales

	2012	2011
Revenues from courier services	52,027	43,423
Revenue from sale of fixed assets and materials	1,832	2,766
Other revenue	665	1,603
	54,524	47,792

17. Expenses for materials and consumables

	2012	2011
Fuel	5,464	4,006
Auto parts	1,063	658
Materials for supplies	728	494
Stationery	130	103
Uniform clothing	116	86
Other materials	458	525
	7,959	5,872

18. Expenses for hired services

	2012	2011
Subcontractors	7,781	6,981
Vehicle Maintenance	1,148	1,877
Maintenance of offices and warehouses	289	277
Rents	1,566	1,383
Communications and utilities	1,119	1,105
Insurance costs	465	456
Training of personel	301	118
Marketing	128	203
Other services	889	557
	13,686	12,957

19. Payables to employees

	2012	2011
Current salaries payables	16,056	13,158
Social security payables	2,801	2,226
	18,857	15,384

20. Other expenses

	2012	2011
Impairment of receivables	324	401
Entertainment expenses	141	87
Compensation for consignments	136	151
Insurance of consignments	493	520
Net book value of assets sold	1,654	2,692
Other	224	226
	2,972	**4,077**

21. Financial income/(expense)

	2012	2011
Interest income	579	903
Interest expense	(307)	(304)
Other expenses – bank charges and commissions	(110)	(47)
Foreign exchange gains / (losses), net	(1)	(3)
	161	**549**

22. Tax expenses

	2012	2011
Current taxes	(897)	(680)
Deferred tax	33	(14)
	864	**694**

The tax on the Group's financial result before tax differs from the theoretical amount that would arise using the applicable tax rate in the country of incorporation of the Company as follows:

	2012	2011
Profit before tax	8,478	6,804
Tax calculated at tax rate 10% (2011: 10%)	848	680
Effect of the expenses, not recognised for tax purposes	16	14
Income not subject of tax	-	-
Current taxes	**864**	**694**

23. Related party transactions

The Company policy for related – party transactions is that those should be made on terms equivalent to those that prevail in an arm's length transaction.
Related party transactions:

i) Sale of goods and services	**2012**	**2011**
- Bulrom Gas 2006 OOD – delivery services, interests	274	217
-Transbalkan Group OOD – delivery services, interests	663	1,956
-Omnikar BG EOOD – delivery services, fuel, interests	284	332
- Omnikar Auto OOD – delivery services, interests	27	37
	1,248	2,542

ii) Purchases of goods and services	**2012**	**2011**
- Transbalkan Group OOD – delivery services	859	2,208
- Bulrom Gas 2006 OOD – fuel, vignettes, rent	402	542
- Omnikar Auto OOD – car maintenance	442	384
- Dragomir Winery estate OOD - goods	10	-
- Speedy Group AD - services	12	-
- Omnikar BG EOOD – car maintenance	25	56
	1,750	3,190

iii) Receivables from related parties	**2012**	**2011**
- Bulrom Gas 2006 OOD – delivery services	4	-
- Bulrom Gas 2006 OOD - loan	3,521	3,057
- Transbalkan Group OOD – delivery services, interests	582	1,130
- Omnikar BG EOOD – delivery services, fuel, interests	14	240
- Omnikar Auto OOD – delivery services, interests	40	30
- Dragomir Winery estate OOD – loan	-	246
- Omnikar C EOOD – loan	-	305
-Concept Invest 2011 EAD - loan	-	50
-Valeri Mektupchiian - loan	-	548
- Speedy Group AD – delivery services, interests	996	-
	5,157	5,606

iv) Payables to related parties	**2012**	**2011**
- Transbalkan Group OOD – transport services	48	141
- Bulrom Gas 2006 OOD – fuel, vignettes, rent	-	77
- Omnikar Auto OOD – car maintenance	21	21
- Dragomir Winery estate OOD - goods	10	-
-Speedy Group AD - services	12	-
- Omnikar BG EOOD – car maintenance	-	7
	91	246

24. Contingent liabilities

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

Post balance sheet events

25. There are no significant adjusting and non-adjusting events after the balance sheet date.