

2015




speedy
пошта и куриери

Speedy JSC

**Annual Financial Statement
(consolidated)**

Speedy in Numbers


20 mln.
Shipments


1 189 personel

100%
coverage in
BG, RO, GR 

23,2 mln BGN
paid dividends
in 5 years

Market share
of 30%


1240
vehicles

208 mln BGN
market
capitalisation

211%
sales growth
in 5 years

Financial Data

(Amounts are in thousands BGN)

	2011	2012	2013	2014	2015
Revenue	47 792	54 524	66 297	81 359	122 660
Operating expenses	38 290	43 474	52 739	65 322	101 844
EBITDA	9 502	11 050	13 558	16 037	20 816
Net profit	6 110	7 614	8 827	9 591	9 275
Assets	20 900	25 692	37 215	79 275	83 832
Interest bearing debt	4 523	5 848	10 140	17 860	21 286
Equity	8 434	10 523	14 933	40 531	44 100
Capital expenditure	3 191	5 530	9 795	34 023	13 268
Dividend per share	3,69	2,98	1,00	1,00	1,05

Key Figures

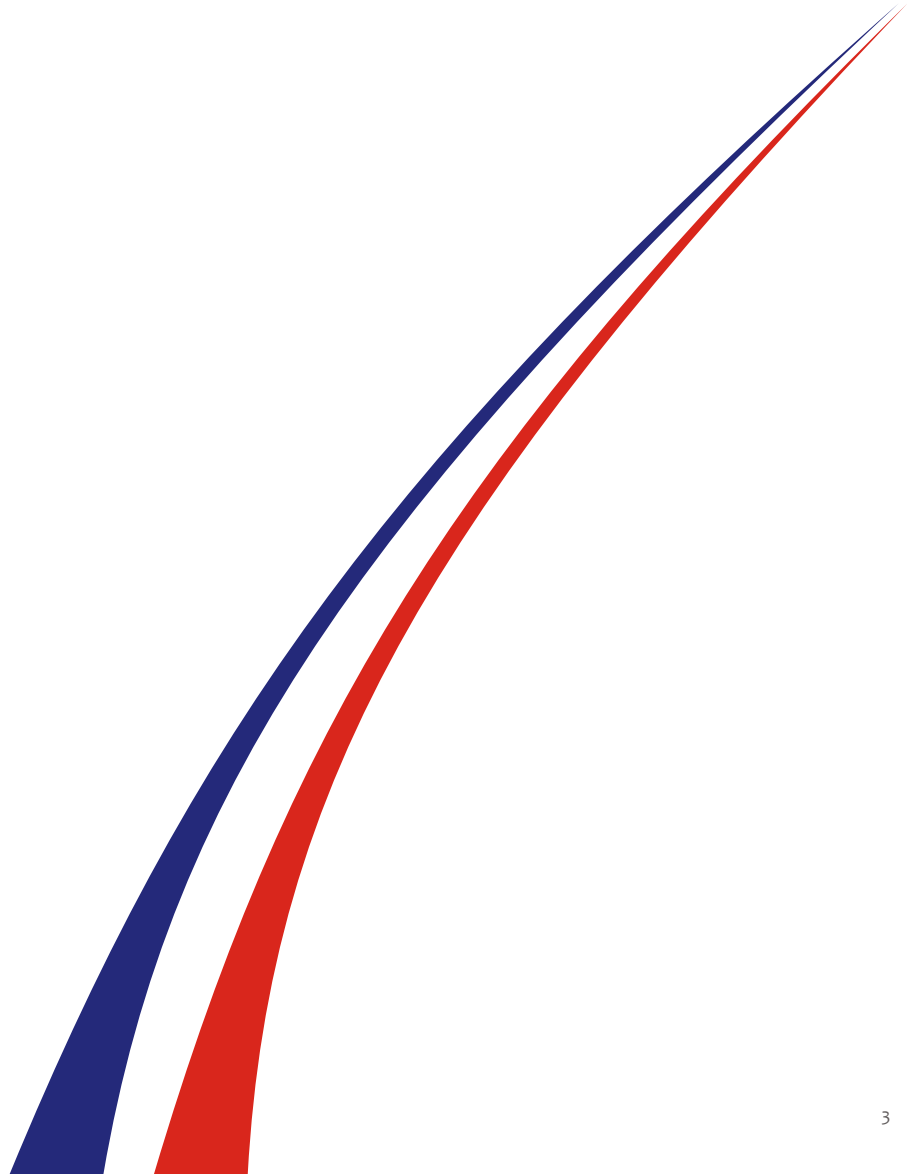
	2011	2012	2013	2014	2015
ROE	75%	80%	69%	35%	22%
ROIC	43%	50%	43%	23%	16%
EBITDA Margin	20%	20%	20%	20%	17%
Liabilities / Assets	0.60	0.59	0.60	0.46	0.46

Statements about Future Developments

This report includes statements and forecasts for the future such as: „I believe“, „I foresee“, „I expect“, „I assess“, „I suppose“, „I am after“, „I am planning“, etc. Such statements are contingent upon a number of risks and uncertainties that in addition to influence have also the potential to cause changes and differences between the actual achievements of the company and our present expectations and forecasts.

Please, take into consideration all risks and restrictions that could impact the results of Speedy AD, and please, do not count too much on the precision of forecasts presented herein.

We cannot commit ourselves to update this statement due to events, circumstances, changes in expectations or unforeseen phenomena occurring after the date of the above statement.



Statement of the CEO

Dear Shareholders,

It is my pleasure to write this letter after the completion of a year when we made a big step forward.

2015 was our first year as a direct member of the large international group GeoPost (DPD Group). In that sense, we have the opportunity to work and apply directly management, knowledge, strategy and resources from a top professional level.

The logistic industry, where we have the chance to work in, continue to develop with impressive pace. On the local market we achieved 13.7% growth while on Romanian market the growth is 22%. We maintain our focus on the concept of a unified Balkan market and the last year we added Greece to our service “Express Balkans” three countries on the local prices.

We have adequate responses to the clients' requirements for flexible solutions and we handle in a due manner peaks in the volumes during campaigns and holidays.

The investment program during the last year were for around BGN 12m and actively expanded the quality and capacity of the logistic network in Bulgaria and Romania.

We sustain good profitability and stable earnings per share, which allows to increase gradually our dividend per share in line with the expectations and the vows we announced to the investment community.

In the area of sustainable development, we support continuously our long-term initiatives in the sport, education and protection of environment.

We enter 2016, confident in the growth in all the markets we operate. We are going to continue investing in our infrastructure in order to increase the capacity and productivity in processing the packages.



Valery Mektupchiyan
Chief Executive Officer

We are going to improve our offers to the clients by providing more choices, more convenience more control over the services, which they use.

We are going to open new opportunities for our partners and employees to be more attached, responsible and entrepreneurial in their work and development.

A handwritten signature in blue ink, appearing to read 'Valery Mektupchiyan', written on a light-colored, slightly textured background.

Valery Mektupchiyan
Chief Executive Officer

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Annual Management Report 2015

I. CORE ACTIVITY AND COMPANY DEVELOPMENT OVER THE YEAR

A. Business model and strategy

Setting up long term company objectives and continuous development of services and activities

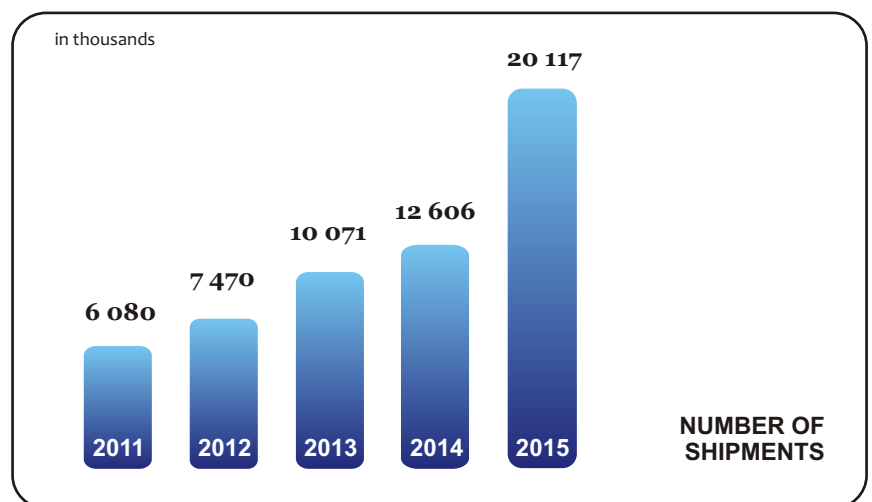
The main company strategy is focused on providing flexible courier and logistic services to corporate customers. This determines our prevailing types of shipments which are medium to large size. Small courier shipments such as letters and documents are also offered in addition to the basic range of activities to meet customers' demands. The intensive growth potential is predetermined by both general economic activity and the capacity to offer customers the most effective logistic solution from an economic point of view as compared to available transport alternatives.

The long-term company objectives include providing quality services, flexible solutions and competitive trade-off between quality and price. For that purpose, personnel qualification and motivation programs are implemented and work processes are being optimized. Information infrastructure is being consistently expanded and new software solutions are being developed and introduced continuously with the intention of improving the comfort of using our services.

Over the year the range of our services has expanded, which enabled the enlargement of the circle of potential customers. There was an intensive promotion of services targeted at individual customers and customers working with a larger volume of shipments.

In the fall of 2013 we launched our new service „Pallet One“, which has been welcomed by our customers and has a significant contribution for the company growth in the next two years. Aiming to offer a better service to individual customers and with the impetuous growth of electronic commerce we launched the program called “Speedy Parcel Shop”, which allowed us in a short time and with minimum investments to triple our office network. In this regard we have started the integration of e-merchant delivery platforms, which also facilitates our customers and makes Speedy JSC a preferable partner.

Aside from the active work done to augment the logistic network and our capacities in Bulgaria, by the end of 2014 Speedy AD was able to implement its plans for expansion in Romania by acquiring the Romanian company DPD S.A. With this acquisition Speedy AD gained access to a significantly larger and more dynamic market of our neighbouring country. The fact that both countries are EU members and sharing a border makes possible the joining together of their logistic networks. The Romanian company DPD S.A. and GeoPost Bulgaria EOOD are members of DPD's international network and therefore can offer better conditions for international deliveries.



In 2015 a significant progress has been achieved in terms of integration of courier market in a regional aspect. The offered service “Express Balkans” offering express deliveries from and to Bulgaria, Romania and Greece, but charged at the rates applicable for express delivery of shipments within Bulgaria. This service targets business customers who wish to expand their business or who are already operating on neighbouring markets. The earlier launched service to Romania has

brought a significant traffic increase between the two countries, as the expectation is for achievement of similar results for Greece as well. The deliveries to Greece are carried out by a local operator, with stable partnership with Speedy JSC.

B. Market and regulatory environment

Dynamic and competitive market with potential and challenges toward participants

Postal services have always been directly connected to the overall state of economy. After 2009, the slowed economy had an effect on the general dynamics on the local market, therefore for the period 2009-2013 the revenue growth totalled 14%. The more dynamic market segment appears to be the non-universal postal services (NPS), which includes courier services, where the cumulative sales growth reached 25% for the same period. Operating in an environment of low economic growth and strong competition all business entities are trying to find ways to optimize their expenditures. More and more companies are finding reserves in outsourcing their logistics to courier companies and this is one of the major factors that fuelled the market growth. After 2013 a new market impulse has been brought by the rapid e-commerce entrance into the market. In 2014 the postal services revenues totalled 300 m BGN, and marked an increase of 17% which outnumbers the cumulative growth for the previous 5 years. This also breaks the past years' trend of decline in number of deliveries, which owes to the increase in individual customers growth and electronic commerce. The latter has also marked a significant restructuring in customers base, as the individual customers' share in NPS has climbed up from 5% in 2012 to 16% in 2014.

Market of postal services in the country

	2012	2013	2014
The market of postal services, million BGN	245	258	301
UPS, million BGN	49	49	245
NPS, million BGN	196	209	56
Overall market share held by SPEEDY AD	21,2%	24,3%	24,0%
Market share in NPS held by SPEEDY AD	27%	30,0%	29,5%

Information source: Communication Regulatory Committee (CRC)

The total number of registered operators is relatively high but in fact in 2014 only about 56 companies were offering NPS. The five largest operators represent 67% of the revenues. A leader among them is Speedy JSC with a market share of 29,5% in terms of NPS, and 24% of the overall postal market. The company's advantage is to operate in the largest and most rapidly growing segment, as the revenues growth is ahead of the overall market growth, which leads to constant market share growth. Ekont Express OOD appears to be our major competitor, although the two companies are pursuing different development strategies: whereas Speedy AD has the stronghold in corporative customers and mixed type and large shipments, Ekont Express OOD is focused on small sized shipments and individual customers respectively as well as small to medium scale companies, it has a wider branch network, furthermore in the past few years it invested in the development of universal postal services. The expansion of Speedy AD branch network and the growing electronic commerce intensified the immediate competition between these two companies operating in this market niche. Significantly smaller, there are other companies operating on the same market, which specialize in large shipments but nevertheless are major competitors to Speedy AD, such as Interlogistica, Leo Express, Transpress, etc.

Despite the requirements of registration and the operation of a special regulatory body, the NPS segment is comparatively open and with low entry barriers. The role of the regulatory body is to establish applicable standards and to guarantee a minimum service quality, which favours both the market itself and the companies which have adopted a long-term and strategic vision for their business. There were no significant changes in the regulatory framework in the past year that could impact the market environment.

There is no official statistics about the Romanian market. According to our estimates, the total market size of postal services is significantly bigger than the Bulgarian one and exceeds 1 billion BGN. The largest participant on this market is Romanian Posts holding about 37% of the market. The leader in the segment of courier services is Fan Courier holding more than 20% of the market. A large part of courier services is comprised by international shipments, with three out of the five biggest courier companies - DHL, TNT and UPS, that operate exclusively on the international market. Over the last two years Romanian economy has been growing at one of the fastest paces in Europe, therefore we expect the market of courier services also to grow at a pace above average for the EU countries.

C. Range of services

Speedy AD continues to be focused on its core activity – the delivering courier services, which accounts for about 93% of the 2015 revenue.

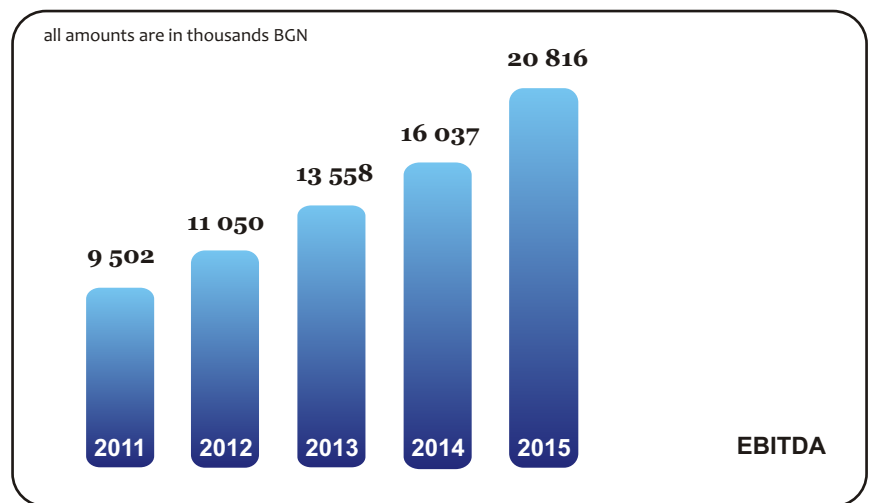
The competitive advantages are in the mixture of services, which includes a wide range of urban deliveries, national express and economic shipments, transportation of large packages and pallets with guaranteed quality at competitive rates.

A significant role and impact has been played by the additional value added services, the portfolio of which Speedy is constantly expanding. Additional services such as “Open before pay” and “Test before pay”, heavy parcels delivery to a certain floor with additional resource etc. have been especially important and significant for our customers from online trading sphere, as well as for their recipients – the economically active end users, whose inclusion in our portfolio of services of Speedy AD has brought to a significant positive effect.

In the end of 2014 Speedy enhanced its portfolio by launching a new service – deliveries of packages to/from Bulgaria to/from Romania and Greece at the same rate as the applicable rates for deliveries within Bulgaria. This service has gained popularity, and led to significant increase in deliveries between the three countries. These efforts were important steps for unifying the Balkan market, which offered its existing and prospective customers opportunities for enhancement of the economic relations between the three countries. This policy has continued through introduction of delivery of pallets from Bulgaria to the entire territory of Romania and vice versa, which started in 2015. This was the next one that aimed at stimulating Bulgarian and Romanian businesses to expand their presence in the neighbouring country and their business relations.

In 2015 we continued to put a strong emphasis on international services, comprising primarily of road transportation of deliveries to and from European countries. Our partnership with one of the most developed road delivery networks in Europe – the DPD, allows us to advance in the development of these services at a steady pace.

In 2015 Speedy AD reported an 11.7% share of the international services in the nonconsolidated revenue and 36% in consolidated revenues from the courier services.



Speedy AD's stronghold are the corporate customers, nevertheless the company is following its 3-year plans to intensively address its individual customers, economically active end users, by offering a convenient package of basic and supplementary services to meet their growing demands for secure and quality courier services. The first steps in this direction were taken in 2013 by launching one of the most important Speedy projects aimed at expanding the network of company offices and the providing a new services featuring some characteristics to satisfy end users' expectations. By the end of 2015, the office network reached 310 points, where constantly grows the demand for the service 3-5-8 which satisfies the requirements of end users and small businesses in terms of convenience, speed, quality and optimal cost effective prices.

The express courier service within the country continues to play a significant role in the revenue structure but pallet deliveries, international shipments and economic courier services keep on growing at a steady pace therefore making a significant contribution to the sales growth in 2015. In addition to the core activity, the company also offers a number of additional services such as cash on delivery, acknowledgement receipt and return documents, fixed delivery time, packing, storage, etc.

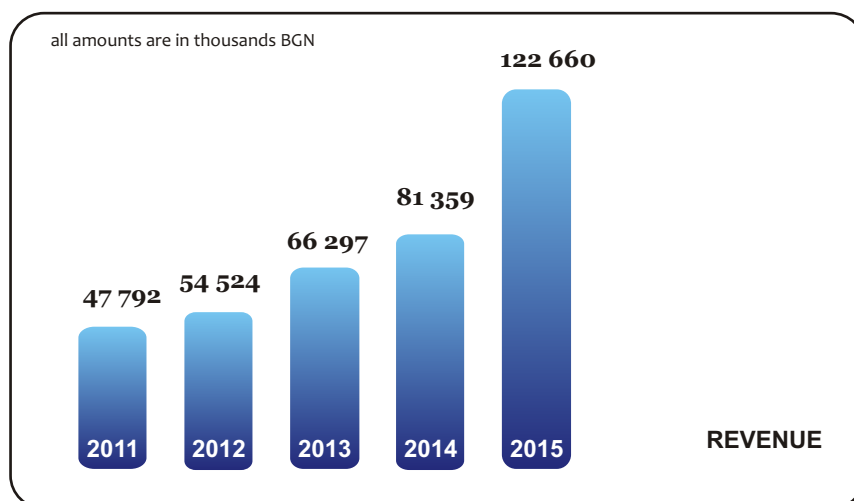
Seeking new opportunities for adding value through offering additional services

Lately customers tend to use more and more frequently the range of extra services in addition to our main package and during 2015 we recorded again an increase of the share of supplementary services - cash on delivery, packing, insurance.

The use of Speedy online services package by customers marks a steady upward trend. Now, more than 80% of shipments are processed via Speedy's online platform on the corporate website following a completely automated process and minimum error probability. In our mutual business with online traders of growing importance are internally developed modules for online platforms as well as external modules for personalized integration. In 2015 we developed and presented to our customers an integration with more platform of online shops, along with the improvement and assembly of the existing modules.

New products implementation for the Greek and Romanian market, plus end-users and small businesses focused products, have started to impact greatly the revenue, justifying our expectations for the next few years.

The portfolio of services offered by the recently acquired Romanian company Dynamic Parcel Distribution S.A. is diversified and presently the focus is on meeting the demands of the Business-to-Business segment, which is the main source of revenue from courier services in our company. Following the general market trends, we also initiate projects aimed at creation and introduction of new additional services to complete the main service package targeting economically active end-users with the purpose of taking advantage of the potential of this market segment.



D. Client base

Speedy AD keeps its focus on providing services to the largest market segment, corporate customers, which account for 88% of the company revenue. The sectors where the major part of company customers operate can generally be divided in two groups:

- B2C (business-to-customers) the agent service a large number or geographically scattered end customers. Such customers are the consumer goods traders, online shops, catalogue sales traders, and mobile operators.
- B2B (business-to-business) deliveries between legal entities. In addition, we carry out the internal logistics among different company units and warehouses, plus exchange of internal correspondence.

Within Bulgaria Speedy is now servicing nearly 1.1 million customers from all sectors of the economy, as well as individuals. Out of them, 20 000 customers are regular users of the services provided by Speedy AD and DPD Romania on a contractual basis, which is an indication of stable and long-term trade relationships and diversified range of customers. Our major customers are companies in the area of trading and services such as telecommunications, online shops, insurers. The share of industrial companies is less significant. Having such a wide range of customers, Speedy AD's revenues are well diversified and is not dependent on one customer or on a group of customers. The largest customers generate about 2.5 and 3% of the company revenue.

In 2015 the business-to-business services dominated the mixture of provided services but the boost of electronic commerce over the past years started to change the customers' profile. Business-to-customer services take more weight in the mix and in 2015 represent 60% of the mix of B2B and B2C. The weight of end customers, the economically active individuals, was much stronger in 2014 and 2015 and this trend is expected to continue.

Speedy AD built a large customer base and established steady partnership with over 20 000 companies

E. International operations

With the growing significance of the company's international activities, at the beginning of 2015 a department was founded to deal with major tasks concerning:

- Keeping an ongoing bilateral communication with all partners in international deliveries;
- Availability of information for services, characteristics and conditions in terms of international deliveries toward interested parties;
- Customer service operations on regarding international shipments;
- Registration, processing and resolve of accepted complaints and suggestions by customers with regard to international courier or pallet services.

Currently our International Operations team consists of 10 employees. The specific objectives of International Operations department have been:

1. Market share increase in international deliveries to/from European countries via DPD services
2. New product development: EXPRESS BALKANS express deliveries within the Balkan countries at flat rates
3. Implementation of a solution for pallet deliveries to/from European countries and becoming a member of Palletways network.

In 2015 Speedy share of international courier deliveries stood at 2.54% of the overall number of courier deliveries. Same is the share of international pallet deliveries in the overall number pallet deliveries carried out by Speedy in 2015 (2.55%).

The income share in international courier deliveries towards total 2015 revenues of Speedy stands at 12.27%, and the income share in international pallet deliveries towards the total 2015 revenue share of the company comes to about 2.00%.

Development of integrated regional market with Romania and Greece

F. Logistic network

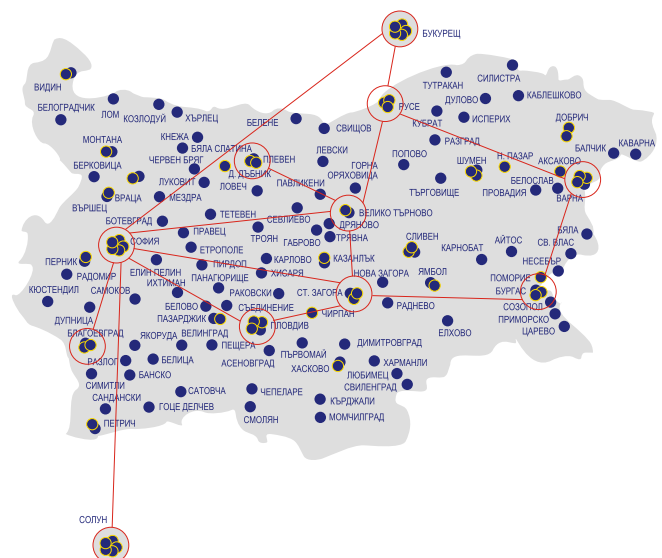
Speedy AD has a fully built logistic network, with 6 regional distribution centres located in Sofia, Plovdiv, Stara Zagora, Burgas, Varna and Veliko Tarnovo, which ensures 100% coverage of Bulgarian territory, as well as deliveries throughout Europe. With its daily international routes, the company offers a 24-hour delivery to Romania and Greece.

In 2015 our operating unit processed 13.6 million shipments on nonconsolidated base and 20.1% on consolidated one, realizing 14.5% and 60% growth, respectively, as compared to the previous year.

Expansion of warehouse facilities

In 2015 Speedy AD kept on expanding and modernizing its storage area, in order to handle the growing number of parcels, at the same time maintaining the quality of the services rendered. A new logistic centre with an area of 4300 m2 was recently constructed in a key location in Stara Zagora which was officially opened for business in the beginning of 2016. This storage area was built under a special project, to meet the specific needs of the company.

Our distribution centre in Plovdiv has been expanded, and the assembly line for delivery processing has been replaced with a new generation "smart" line. The expansion of the storage area in the North central region has continued. At the end of 2015 the new storage area in Pleven was launched, with an available space of 560 sq.m.



Throughout the year the logistic centre and office network was significantly expanded

Office network

Speedy AD keeps on expanding its office network to meet customer needs. The company has a network of 310 locations, located at convenient and communicative places throughout the country. The partnerships under the program Speedy Parcel Shop continue to attract interest and 50 new SPS locations were open in 2015, as the total number of partnership offices has reached 200.

Fleet of vehicles

As a leading company, Speedy guarantees fast, reliable and high quality deliveries of parcels and pallets throughout the country. In order to carry out its operations, Speedy AD utilize its own fleet of vehicles. Speedy fleet comprises of various lightweight and heavyweight vehicles and amortized vehicles are regularly replaced by a new ones. As of December 2015 the company had more than 820 lightweight and heavyweight vehicles and 18 electric vans used for deliveries in the central city locations. In 2015 Speedy bought 147 new vehicles, 65 of which have been used as replacement of old and amortized vehicles.

Partner-couriers

In 2013 Speedy launched its program "Couriers-partners", which was aimed at promoting the couriers' responsibility, to set up their own companies and conclude a partnership with Speedy AD. This program was met with great interest and enthusiasm by Speedy AD employees and by 2015 end the number of partners-couriers reached 460. DPD Romania has initially used subcontractors for these activities and no changes has been made in this area.

Control systems

Speedy AD uses an ERP system which enables each employee to monitor in real time the target completion on weekly, monthly, quarterly and annual basis. In 2015 we kept on monitoring the quality of processes and the achieved financial results based on key performing indicators at all company levels. The quality we were able to achieve in the entire operational process is 98.6%, which is above the approved service quality standard.

In the last year the transportation was carried out mainly by outsourced companies



G. Information systems

In the past year, the main efforts related to the development and improvement of Speedy information systems were focused on the successful completion of the project "Introducing an innovative process for organizing and managing logistics services, as well as, delivery of technological infrastructure and terminal for providing access to the platform from employees, partners and clients of Speedy" granted under Operative Program "Competitiveness" in the procedure of "Introduction of Innovation in Enterprises", with a grant of BGN 2m. This project, very strategic for our company, has helped the innovation and improvement the existing information systems and network infrastructure. This implemented innovation is expected to bring more effective use of production capacities, to lead to faster return on investments and increase in competitiveness, via the offering of new type of services adjustable for various target groups.

Other more significant IT projects and objectives in 2015 can be generalized as follows:

- > Implementation of a new corporate website of Speedy JSC;
- > Integration with our Greek partners' information system SpeedEx Greece;
- > Integration with more online store platforms. Further to the wider online stores expansion, a courier module was introduced to serve as integrated courier delivery module for some of the most common platforms used by e-merchants. Each platform comprises of a special delivery module,

2015 has marked a record for investments in software

which enables process optimization in terms of processing and preparation of shipments for transportation. This integration module has covered all functionalities necessary for shipment processing;

- > Card payment transaction implementation in Speedy offices;
- > Implementation of system for planning and more effective use of transport capacities;
- > Introduction of various types of limits to enable load management in pick in and drop off of parcels;
- > Implementation of devices for distribution management and network traffic (Load Balancing);
- > Launching a project for implementation of a BI (Business Intelligent) solution, to enable the more informative and secure management decisions;

The development and improvement of the information system is related to a number of ongoing projects, which will continue their expansion in 2016. Our objective is to constantly innovate our information service, to respond to the growing expectation of our present and prospective customers and users.

Implementation of latest technology solutions is a key factor for improvement of effectiveness in the operative and management activity



H. Human resources management

Human resources management is a top priority for the company. Our aim is to improve personnel qualification and motivation and respectively the personnel performance by training, stimulating good practices, results-based compensation and perspectives for long-term carrier within the company.

All new employee on operative positions goes through mandatory training. Furthermore, in the past year 2015, 68 employees attended training for mastering different skills and competences, with most of the participants were from Operation Dept. In addition, the company was able to train 19 forklift operators, 4 employees attended English courses and a number of employees from our IT Dept. attended various workshops dealing with issues that directly relate to their field of work. The company is financing on a yearly basis the attendance of master degree programs and other specialized courses to improve employees' qualification.

Speedy developed an "Excellent Employees" program to strengthen the staff motivation and have every employee feeling satisfied at the work place. The motivational program in our Operations Dept. runs on a monthly basis (Courier of the month) and on yearly basis (Courier of the Year). All Speedy employees on the position of Driver-courier, who were ranked in the top ten of the Courier of the month competition took part in the competition for Courier of the Year in the relevant calendar year.

As far as the Sales and Marketing Dept. (S&M) is concerned, the motivational program includes the sales attendants and all employees holding the position of Regional Sales and Marketing Manager. Assessment is made on the basis of the employee's objective and specific performance. The assessments take place on a quarterly basis and specific targets are set out based on the company priorities and focus.

There is a preliminary approved and prepared budget, as well as a reward fund consisting of 10 prizes, 3 of which large ones. Employees are rewarded not only with material incentives but also by the management bestowing them diplomas and personal congratulations letters. In addition, winners are included in the publication of company bulletin with photographs and interviews. This practice sends a clear message to all employees enabling them to get a closer look at the motivational programs offered by the company. Such publicity serves as an example and spreads the principal conviction of Speedy that all good results and achievements will be met with matching recognition and reward.

Yet another important focus of Speedy's motivational programs is on getting employees personally involved and internalize the company objectives so that each one of them could identify him/herself with Speedy's policy, philosophy and ideas.

The programs have already become quite popular and the company is proud to say that they are producing a good stimulating effect on the individual approach of every employee to the performance of his/her daily duties. It could be noted that they are trying more and more to achieve better results and improve their performance due to the fact that they know that their results are being monitored and appreciated.

Speedy's objective in 2016 is to attract the participation of its partners from SPS in the motivational programs as part of the general Company plan to improve communications and interaction with them.

It has been several years since company commence a project for discovery, attraction and retention of talented young people who are motivated to pursue their careers in Bulgaria. The campaign entitled "Speedy's got talent" runs for a second year in a row and aims at giving young people opportunities for career development either recent graduates or last year students who have potentials and motivation to become part of the company management team and contribute to its development. In 2015 we employed 3 people under this project.

All company employees have been divided in categories according to the functions they perform. Speedy AD employs all personnel, after the transferring of the operating staff from Speedy Ltd.

The company activity is not influenced by seasonal factors, and respectively, no employees are contracted on a temporary basis.

The competent and motivated personnel is a key to succeed in achieving companies' objectives

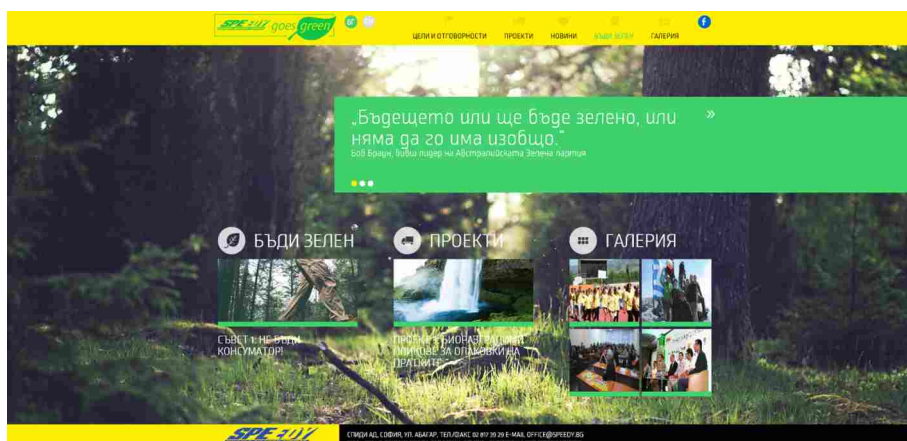
Year average number of employees. classified in categories

	2014	2015
Managing staff	49	57
Expert staff	63	77
Technicians and applied experts	113	165
Supporting administrative staff	131	141
Machine operators and assemblers	184	89
Unskilled workers	609	657
Other	202	3
TOTAL NUMBER OF PERSONNEL	949	1 189

Note: Employees on maternity leaves are not included

I. Report on the social and corporate responsibility

Speedy AD views corporate stability as a contemporary business approach that builds long term strategies in social, ecological and economical dimensions and creates benefits for customers, employees and users by delivering products and services with a responsible care for people, resources and environment.



In 2015 Speedy carried out various projects in the area of sports, education and social-community activities, and has continued its investments in its staff improvement and development. All initiatives and health advices have been presented in Speedy corporate sustainability portal - www.speedygoesgreen.bg.

I. Environment protection

1. Electric cars without harmful emissions

The purchased in 2013 18 electric cars of Speedy, which are used for parcel delivery within cities, save 11.5 tons per year of harmful emissions and gave its small contribution to the improvement of urban environments in the towns of Sofia, Varna, Plovdiv, Burgas and Stara Zagora.

2. Biodegradable envelops for packing the shipments

The envelops for packing the shipments are made of polyethylene with a special additive for faster degradation, no substances or colorants containing toxic heavy metals were used in the manufacturing process.

3. Recycled paper and Paperless solutions

It has already been two years since the monthly bulletin called Speedy Press is being printed on 100% recycled paper. Paperless solutions have been applied and effectively realized in the departments in Speedy JSC, where the work is related to large volumes printed documentation.

1. Cleaning the capital city

For a consecutive year Speedy provided financial support for the spring cleaning campaign in the capital city of Sofia.

II. Social responsibility and support

1. Speedy invests in young talents

1.1. A sponsorship of 10 000 BGN. Provision of financial support (to the amount of BGN 10 000) to the Bulgarian national girls team of mathematics; the team supported traditionally by Speedy AD, has used the provided funds to get prepared and to participate in the European Olympiad, where it brought 4 medals, as well as to prepare for all the planned competitions throughout the year.



1.2. For a third year in a row in 2015 Speedy held the general sponsorship of the school students' games finals in light athletics for girls and youths, organized under the auspice of the Bulgarian Ministry of Youth and Sport and the Bulgarian Association for School Sports, as this year's games have been held under the auspice and the presence of the world champion Tereza Marinova. The game winners were ensured by Speedy a prize fund of BGN10 000 intended to be used for reconstruction and improvement of the school sports base, sport facilities and equipment.

Following these two investments Speedy won a third place in the category “Investor in knowledge” in the Annual responsible business awards, organized by the Bulgarian forum of Business leaders

- 1.3. Sponsorship in the Christmas volleyball tournament for girls in the game for Speedy cup.
- 1.4. For a second year in a row Speedy supported the organization of the extreme stunt show in Veliko Turnovo, by securing a tribune of the seated guests of the show.
- 1.5. Speedy awarded the boys of Football club Sofia (born in 2002) full winter equipment.

2. Charity

- 2.1. This year we were again involved in the free delivery of New Year Calendars of the Association of Parents of Dawn Syndrome children.
- 2.2. Speedy's “Central” region has supported Plovdiv Municipality in a number of social, cultural and sports activities, generally directed to people in social needs, people of unequal footing and children from social establishments.
- 2.3. Speedy has carried out the delivery of presents to Center №1 for accommodating of family grounds for disabled children and youths in the town of Pavlikeni. The initiative organizer was Interact club of the Americal College, who also prepared Christmas cards and greetings to accompany the presents.
- 2.4. Donations to St. Nicholas National Fund
- 2.5. Donation to foundation „For our children”

Health and safety at the work place

- 2.6. Together in business, together for society
During the celebration of May 24th Valery Mektupchiyan Speedy's Executive Director and Paul-Marie Chavanne President of our partners GeoPost SA (DPD Group), have donated sets of Bulgarian and French contemporary literature to Bulgarian schools in France and schools with intensive French tuition in Bulgaria. This donation - part of our traditional initiative “Speedy brings knowledge” was organized under the auspice and the attendance of His Excellency Xavier Lapeyre de Cabanes - Ambassador of the Republic of France and was accepted by Boil Banov Deputy Minister of Culture and Milka Kodzhabasheva director of Direction “Qualification and career development” at the Ministry of Education.



- 3.2. Speedy took part in the KWIAT campaign Bulgarian glasses brand, with an objective to perform prophylactic eyesight check-ups for children and youths by distribution in its offices information posters regarding this initiative.

3. Other

With the cooperation of the popular mobile application “Citizens” (www.grajdanite.bg), which enables people to take and publish pictures of drivers in violation of the Road Traffic Act, all Speedy courier cars which get published in violation, are reviewed live by Speedy's Management, with the purpose to take all necessary measures, including additional instructions for driver employees, regular refreshment driving lessons, constant control and focusing on the importance and crucially of each citizen's obligation to abide legislation and public order.

Joining the “Citizens” project comes as a natural continuation of the social responsibility policy of Speedy, of being socially responsive to business but also to citizens and society. Speedy JSC is the first Bulgarian company to support officially and rely on society support, in order to carry out effective control on its employee drivers following the Road Traffic Act.

J. Revenues

Speedy JSC has managed to maintain a high sales growth pace in an extremely dynamic and competitive environment. This growth has been realized in traditional courier services as well as by expanding customer base by offering new products and services. Along with the core services, a supplementary services have been included in the pursuit for higher added value. These services have a small but increasing significance to our sales and they improve customer's satisfaction.

A major contribution to the growth of the consolidated sales is due to the consolidation of DPD Romania. After the acquisition, Speedy has launched a program for activities restructuring with a focus on logistic network expansion and range of services enhancement, aiming to increase its market presence in midterm.

In the last years Speedy JSC has significantly expanded, but the company invests significant funds and efforts to maintain its growth pace, which also allowed 2015 courier service income to rise by BGN 9,7m (13,4%) at the local market, comparable to its 2014 increase, and 24% at the Romanian market.

The risk of investment in new services has proved successful as it opens growth opportunities in the next years

Revenues structure

In thousand BGN	2014	2015	Change
Domestic market	65 322	71 542	9.5%
% of total income	80.29%	58.33%	
International market	11 143	44 272	297.3%
% of total income	13.70%	36.09%	
Other	4 894	6 846	39.9%
% of total income	6.02%	5.58%	
Number of parcels	12 606	20 117	59.6%
Total revenues	81 359	122 660	50.8%

Major contribution thereto have been the efforts to develop new services and segments. Just like in previous years, in 2015 investments in pallet services, international shipments and office network development, targeting individual customers, have contributed to 2/3 of the domestic sales growth. A 40% increase is realized in other revenue, the bulk of which can be linked to the main company activity. By the end of year 2013 Speedy AD undertook restructuring of its activities with the purpose to optimize expenditure by transferring a portion of its transportation activity to subcontractors. The vacant vehicles were rented out to subcontractors. The proceeds from rental fees and from sale of amortized vehicles account for the increase on the share of other revenue of BGN 2.63m in 2015, to a BGN 1,85m in 2014. An especially high increase of international deliveries was accomplished by the other sales of DPD Romania.

On consolidated basis the foreign market has marked a significant growth which is due to the acquisition of DPD Romania, where a rise in sales growth of 297% is achieved, compared to 2014, when the consolidation only included sales after November 19th. The Romanian subsidiary has a different profile with a focus over B2C services and international deliveries. Following the acquisition Speedy has started to actively expand its presence in the Romanian market, undertaking active measures in development of product range and logistic network expansion. Investments and the higher market dynamics in Romanian courier market has brought a growth which exceeds the Bulgarian one, especially at the local market.

Beside the expansion of its network and services, the company has constantly strive to increase its competitiveness, which also enables it to defend and expand its leading position on the courier services market. This has led Speedy to keep on growing with a pace higher than the market average. Apart from new segments, Speedy has marked an over 10% rise in its traditional segment of pallets due to its strong competitive advantages at large packages, and the focus on corporate customers.

The intensive expansion of its office network adds up another fast-growing segment to the above two the segment of individual customers and electronic commerce. The smaller size of shipments customary for individual customers results in a lower average revenue per shipment, which explains the outpacing growth of transported shipments relative to the revenues. The expansion of office network had a positive impact on the cost of delivery and the convenience for individual customers. At the same time the SPS program forms an additional marketing channel in the regions of operation because local partners are interested in the active promotion and advertising of company services.

Following market trends and a timely response thereto is a key factor for keeping a competitive position

K. Expenditure

In 2014 the company structure underwent some considerable changes, which have significantly influenced cost structure. On the one hand, Speedy Ltd. personnel as of end 2014 was entirely reemployed by Speedy JSC. Furthermore, thanks to developing the programs called „Loyalty“ and “Couriers-subcontractors”, couriers are given the opportunity to either purchase the vehicles and use them to work with or rent a vehicle from Speedy AD and continue to operate as an independent business unit. Currently about 80% of the couriers were working under subcontracts with the company, which explains the 80.6% rise in the cost of hired services, along with the addition expenses of DPD Romania. The subsidiary company also widely employs subcontractors for its logistic activities.

The above restructuring has brought significant cost optimization and a positive effect over the profitability on nonconsolidated basis. EBITDA decline in the last quarter is due to the end of year provisions for overdue receivables, and the expenses made for the capacity increase to meet the boost of deliveries around Christmas and New Year's.

The investments realized in the last 18 months, the large part of which in assets with short depreciation period, has led to an depreciation leap of 55% on a nonconsolidated basis and 88,5% in consolidated. In the last 15 months interest-bearing debt almost doubled (adding BGN 10.7m), with a respective increase in financial expenses to BGN 487k. The above mentioned, along with the accrued end-year provisions for overdue receivables and delivery compensations has caused a net profit decrease by 3,3%. By achieving the growth objectives and effectiveness boost, the Speedy and DPD Romania profitability has forecast to improve in the near future.

Internal restructuring and the consolidation of the acquired in 2014 companies has led to a significant expenditure structure alteration. Besides hired services increase, the use of external subcontractors leads to decrease in the fuel expenses and vehicles maintenance (even after the consolidation of DPD Romania the vehicle maintenance has marked a 1,2% decrease), and the higher compensation costs is due to consolidation of Romanian company. The lower profitability rate compared to 2014 is due to the DPD Romania consolidation, where the margin stays lower and in the last year has additionally shrunk due to the undertaken expansion.

With the letting out its transportation activities to subcontractors and the personnel consolidation Speedy JSC has completed its business restructuring

Expenditure structure

In thousand BGN	2014	2015	Change
Supplies and materials	6 958	7 181	3.2%
Compensation costs	37 634	67 949	80.6%
External services	18 176	22 979	26.4%
Book value of assets sold	1 496	1 561	4.3%
Other operating expenses	1 058	2 174	105.5%
Depreciation	5 022	9 468	88.5%
EBITDA	16 037	20 816	29.8%
Net profit for the period	9 591	9 275	-3.3%

L. Balance sheet

At end-2014 Speedy AD implemented an intensive investment program, which also continued in 2015. The acquired assets exceed BGN 13,5m. The greatest share still represents the expansion and replacement of the fleet of vehicles (BGN 7m), but unlike previous years, significant amounts (BGN 4m) were invested in the expansion of the logistic network, repair and purchase of equipment. Over BGN 2,5m has been invested in the development of new operation software which replaced the current operating management system. Apart from the significant improvement of current capabilities, the new system serves as a flexible platform which allows additional modules and functionalities. By completing the software improvement, Speedy JSC fulfilled the project financed under the Operative Program Competitiveness which totalled BGN 4m, 50% of which have been government aid. Beside the mentioned software the funding was utilized for the acquisition of hardware and technical equipment.

The company has a policy not to invest in real estate, therefore all its offices, logistic centres and sorting centres are rented. This allows better flexibility when organizing and restructuring the activities in consideration of the dynamic company development. The low capital intensity and the good profitability enabled us to achieve a remarkably high return on equity capital without raising the financial risk.

The generated cash flow from operation activity of BGN 18m allows the company to finance its investment program in a steady way and also to sustain its dividend policy to distribute more than 50% of the profit. The increase of BGN 3.4m of the interest debt during the year is due to a granted financing to its subsidiary DPD Romania which amounts to BGN 3.255m. There was proceeds from early redemption of loan by Bulrom Gas 2006 Ltd. and a financing of BGN 4.7m which are non-recurring cash flow.

In the case of services “Cash on delivery” and “Postal money order” upon delivery of the shipment the courier will receive the respective sum and within one business day that sum will be paid back to the sender. All the sums collected from the services “Cash on delivery” and “Postal money order” appear as other liabilities in the balance sheet. As of 31.12.2015 the amount of these liabilities totalled 4,4 m BGN.

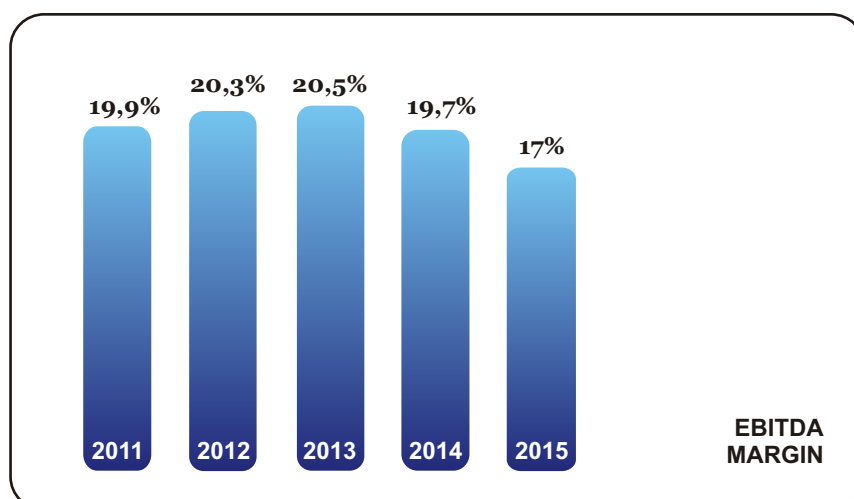
In relation to the loan granted by UniCreditBulbank AD on 21.11.2014 and as a loan security, the company registered a special pledge on its subsidiaries GeoPost Bulgaria EOOD and Dynamic Parcel Distribution, Romania, as well as on all current and future receivables of Speedy AD, GeoPost Bulgaria EOOD and Dynamic Parcel Distribution, Romania under all their accounts in national and foreign currency held in UniCreditBulbank AD.

The leasing obligations are secured by the leased assets.

In thousand BGN	2014	2015
EBITDA Margin	19.7%	17.0%
Net profit margin	11.8%	7.6%
ROE	34.6%	21.9%
ROA	16.5%	11.4%
ROIC	23.4%	15.7%
Days receivables collection	63.7	66.6
Inventory processing period	3.2	2.0
Payment period of account payables	60.3	50.5
Cash conversion cycle	6.6	18.1
Interest coverage	60.19	25.79
Interest-bearing debt/Equity	0.44	0.48
Interest-bearing debt/Assets	0.23	0.25
Current ratio	1.46	1.40

M. Resources management and capacities for investment plans realization

Speedy JSC manages its activity based on annual budgeting, as the objectives have been planned in details up to the employee level, whose performance is constantly monitored. The company has negotiated external financing which will be necessary for the investment program fulfilment. The high levels of financial autonomy and the strong cash flow give the company the opportunity to finance its investment program with own and borrowed funds, and to continue following its dividend policy of distributing at least 50% of the annual profit as a dividend to its shareholders.



Type of financing	Investment	Investment
Creditor	Bulbank	Bulbank
Amount of financing	BGN 705 000	BGN 10 867 490
Purpose	Purchase of equipment	Acquisition and investing in companies
Maturity	27.02.2018	21.11.2020
Interest rate	3-month SOFIBOR+2,9%	3-month SOFIBOR+2,6%
Amount as of 31.12.15	509 170	5 564 435.5

DPD Romania

Type of financing	Credit line	Commercial loan
Creditor	UniCredit Tiriac Bank S.A.	Speedy JSC
Amount of financing	RON 3 521 467	RON 9 787 851
Purpose	Working capital	Investment
Maturity	02.07.2016	15.12.2020
Interest rate	ROBOR O/N+1.35%	4.5%
Amount as of 31.12.15	2 585 365	9 787 851

(in thousands BGN/RON)

Creditor	Maturity up to 1 year	Maturity over 1 year	Interest rate
BM Leasing	71	12	6,25%
Raiffeisen leasing	2494	5263	2,8%
Unicredit leasing JSC	2053	4133	2,8%
Motoractive IFN SA	RON 15 380	-	EURIBOR 3M + 6.9%
Motoractive IFN SA	RON 15 120	RON 11 262	EURIBOR 3M + 6%
UniCredit Leasing Corporation IFN SA	RON 13 878	RON 22 893	EURIBOR 3M + 4%

N. Expected future developments

In 2016 the projects for human capital development will continue to expand in the sphere of raising the motivation, activity and entrepreneurship.

The expansion of „Speedy Parcel Shop” office network has been largely completed. The focus in future will be on optimizing and developing the network of partners. It is planned to modernize the office network in order to improve the operations and the quality of the customer service.

Another focus will be on the development of our new product called „Pallet One“ and investing in the creation and expansion of relevant servicing infrastructure.

Ongoing is the intensified development of our logistic network via the building and expansion of the logistic centres and their modern equipment, to improve their productivity.

O. Research and development activity

The company does not perform activities in the sphere of research or development.

P. Remuneration paid to the members of the Board of Directors

2015	Base remuneration (BGN)	Non cash remunerations (BGN)	Additional remuneration (BGN)
Valeri Mektupchiyan	240 000		74 074
Danail Danailov	66 000		37 037
Georgi Glogov	66 000		37 037
Avac Terziyan	38 945		

2015	Paid remuneration in Speedy EOOD
Valeri Mektupchiyan	31 260

Q. Corporate events

On 10.02.2015: The General Shareholders Meeting of Speedy AD was held, a resolution was voted to pass changes in the company's Statute, in the number of members and participation of the Board of Directors and an appointment of a new audit company BDO Bulgaria. In the Board of Directors was appointed Cedric Favre Laurent (CFO of GeoPost France), as a representative in the French investor. On 02.06.2015 On the General Meeting of Shareholders of Speedy AD a resolution was voted to distribute dividends of BGN 1.05 per share, or in amount of BGN 5602715, and changes in the Board of Directors were made.

II. MAJOR RISKS FACED BY THE COMPANY.

SPEEDY AD endeavour to keep a low risk profile by maintaining low levels of financial and operating leverage and high level of operating efficiency, by applying strict rules and procedures for management of activities and by strictly controlling their compliance, by diversifying its customers and suppliers.

Macroeconomic risk

SPEEDY AD operates nationwide and services companies in various sectors of the economy. Accordingly, our business activity depends heavily on the overall economic growth and the general condition of business environment. A possible shrinking of economy and consumption would put pressure on profit margins, and a possible strong and continuous setback of business activity could result in negative trends in sales. The company is trying to minimize that risk by maintaining high levels of financial autonomy and by investing continuously in efficiency improvement, which enable it to operate at a much higher profitability compared to its competitors.

Regulatory risk

The regulatory risk is related to the adoption of regulatory changes that could involve additional expenses or restrictions of company activities. Currently, no implementation of any requirements that could either burden or involve additional expenses related to company activities is expected.

Interest rate risk

All interest debts of Speedy AD are with floating interest rates, EURIBOR and SOFIBOR. Accordingly, any general increase of interest rates would produce a negative effect on the company. The strongly expansive money policy of leading central banks lowered the base interest rates and probably they will remain at such levels, therefore medium-term negative changes are not likely to occur.

Credit risk

Nearly 80% of the income is generated by customers served on contractual basis, and the service is accordingly paid not at the time it is delivered but rather on a monthly basis. If economic situation

worsens, the amount of overdue receivables may rise significantly. The company has implemented a detailed and strict system of monitoring all due sums and the deadlines of payments, including an action plan in case of past dues. By stabilizing the economic situation, in recent years the provisions for past due receivables were considerably lowered and the company was able to collect a large part of its receivables, which have already been provisioned. As a result, the total amount of accrued provisions lowered in recent years.

Cash is stored in a way to minimize the risk. The servicing bank of our company have top rating in the country.

Price risk

The price risk is linked to the general inflation rate on national level and the level of competition. After 2009 the inflation is low, reaching in 2014 even negative levels. This fact in combination with the high level of competition puts service prices under pressure. Speedy AD is maintaining its competitiveness by investing in efficiency and process improvement, which enables it to maintain high profitability despite the pressure on prices.

Currency risk

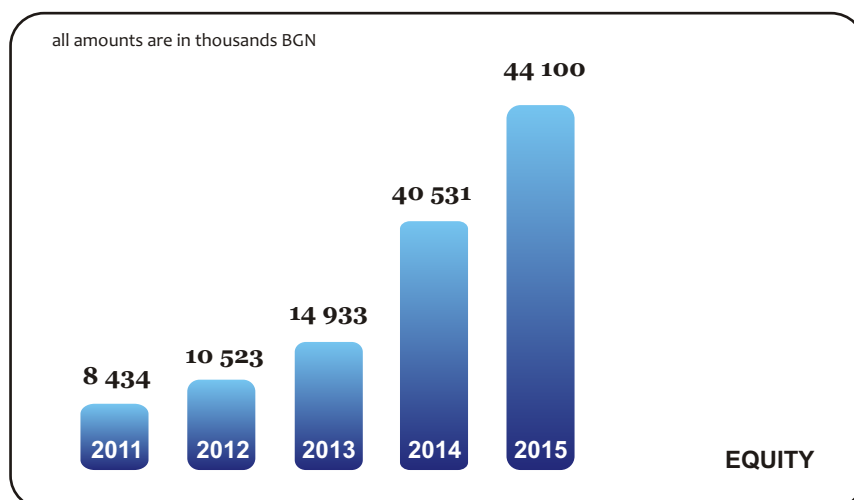
The exposure to currency risk could result from the international deliveries, whose share in the income structure is currently small. The best part of currency exchange operations are in EURO, therefore the overall effect from fluctuations in currency exchange rates is negligible. The rising number of international deliveries is intended to become a main source of growth for the future development of the company, therefore the long-term exposure to currency risk is expected to rise, bearing in mind that this year we realized transactions in EUR, BGN and RON.

If BGN/EUR exchange rate remains fixed as it is now, we do not expect that fluctuations in the exchange rates could have any significant impact on the financial result of the company in medium-term. With the acquisition of DPD Romania S.A. the number of transactions in RON increased and accordingly the exposure to currency risk will rise. The operations in RON occupy just a small segment of the total income structure and cannot cause any significant influence on the final result. The BGN/RON exchange rates make a significant influence on the consolidation of DPD Romania S.A., because its revenue comprise about 30% of the consolidated revenue.

Liquidity risk

Liquidity risk is when the company is unable to pay its maturing liabilities. The amount of Speedy AD current liabilities is considerable and is related to payments of leasing contracts and suppliers.

To manage its liquidity the company negotiates the payments schedule to match the expected dates of future cash flows. In addition, money reserves are maintained to serve as buffering in case of adverse turn in the market situation and temporary shrinkage of cash proceeds. Until now, the company has been generating a stable positive cash flow which allows us to make without any trouble all due payments on time and to maintain a stable liquidity ratio.



III. INSIDER INFORMATION about events which occurred in the last quarter.

As of 31.12.2015 there is no other insider information, besides the one already presented, that could influence in any way the shareholders in making investment decisions regarding the shares of the public company.

Information regarding share buy-back transactions.

The company and its subsidiaries have no transactions involving own shares.

Participation by the Board of Directors Members in commercial companies as unlimited liability partners; ownership of at least 25% in the equity of another enterprise, as well as participation in managing and controlling bodies in other enterprises or corporations as procurators, control bodies or board members:

There have been no changes during the reporting period, which have not been previously announced.

IV. ADDITIONAL INFORMATION

1. Information about changes in the accounting policy over the reporting period.

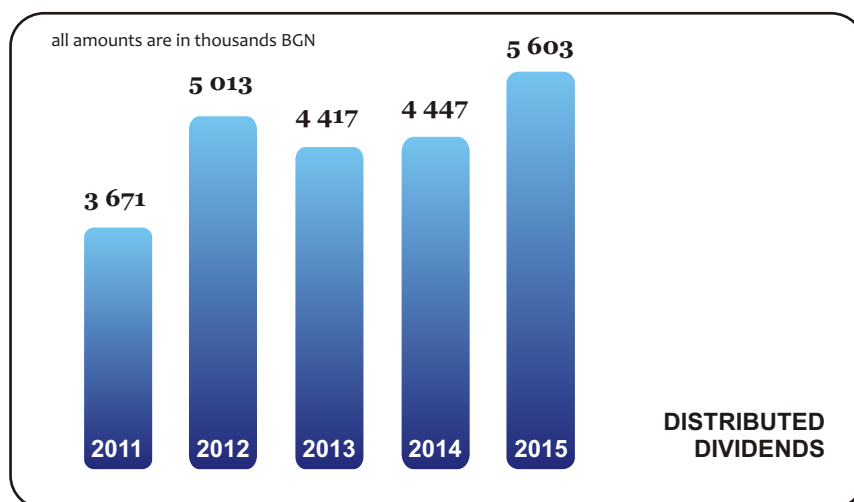
Information about the accounting policy and the changes made therein is included in the notes accompanying the financial statement.

2. Information about changes occurring in the group of Speedy AD.

There have been no changes which have occurred in the reporting period.

3. Information about the results from organizational changes /such as conversion, divestiture of subsidiaries, contributions in kind, renting out company assets, long-term investments, seize of activity /.

There are no organizational changes that were not already mentioned herein.



4. Opinion of the managing body on the possibilities to implement the published forecasts about the results from current financial year.

The Board of Directors of Speedy AD did not publish any forecasts.

5. Information about the persons/entities holding either directly or indirectly at least 5 percent of the votes in the General Meeting of Shareholders and changes in the voting shares held.

5.1. Speedy Group AD

As of 31 December 2015 Speedy Group AD owns 3 544 367 shares, representing 66,42% of the total voting rights.

Valeri Mektupchiyan controls Speedy Group AD and through the shares he holds in Speedy Group AD, he also controls Speedy AD.

5.1. GeoPost SA

As of 31 December 2015 GeoPost SA holds 1 333 979 shares, representing 25% of the total voting shares

6. Information about the shares held by members of the Board of Directors at the end of the reporting period and changes occurring during the period as of the end of preceding quarter

As of 31 December 2015:

	Acquired during the period	Sold during the period	No of directly held shares	No of indirectly held shares	Total No of shares held (directly and indirectly)	Direct share percentage in the capital
Valeri Mektupchiyan	0	0	0	3 544 367	3 544 367	66,42%
Danail Danailov	60	0	360	0	0	0,01%

The members of the Board of Directors have no special rights to acquire shares in the company.

7. Information about any pending court, administrative or arbitration proceedings concerning jointly or separately the payables or receivables amounting to at least 10 percent of the issuer's equity.

There are no court or other type of proceedings of any significance.

8. Information about the loans, guarantee or obligations assumed or granted by the issuer or by any of its subsidiaries.

As of 31 December 2015 granted a loan to DPD SA Romania, a subsidiary of Speedy JSC.

Name, in thousand BGN	Amount	Interest rate %	Maturity	Purpose
DPD SA, Romania	4 232	4,5	15.12.2020	Investment
TOTAL AMOUNT OF THE LOAN	4 232			

The loan is unsecured.

9. Information about major related party transactions

There are no related party transactions in 2015 of any significance and/or transactions that could significantly impact the company financial situation or results of the activities over the reporting period.

There are no related party transactions that could go beyond the scope of usual business activity of the company or deviate to a significant extent from the market conditions.

All related party transactions are announced in the Appendix to the Financial Statement.

10. Information about major transactions and transactions of major significance for the issuer's business. Information about off-balance transactions.

There are so such transactions.

11. Utilization of funds derived from new issue of securities.

There are no new issues for the reported period.

12. Information about agreements that the company knows of (including after the end of financial year) that could cause stakeholders changes in any future period in the held shares or bonds from current shareholders or bondholders.

There is an agreement between Speedy Group AD and GeoPost SA France providing the option for GeoPost SA France to increase its share from the currently 25% of the capital to a considerable majority stake in the company in 2020.

13. Information about Speedy Jsc's participation in the equity, its main domestic or foreign investments (in securities, financial instruments, intangible assets and real estate), and investments in capital outside its economic group and the sources/ways of financing.

Speedy AD holds 100% of the capital of Speedy OOD, Dynamic Parcel Distribution S.A. (Romania) and GeoPost Bulgaria OOD.

No other investments were made in financial instruments.

14. Information about changes made during the reporting period in the main management principles of the issuer and its economic group.

No such changes were made in the reporting period.

15. Changes in the price of shares.

In 2015 the price of the shares of Speedy AD grew by 31%, from BGN 29.79 per share to BGN 39.00. A dividend of BGN 1.05 per share was distributed that year.

Information about the Director of Investors Relations:

Krasimir Tahchiev
Director of Investors Relations
Tel. 02 8173 999
E-mail: k.tahchiev@speedy.bg
Sofia City, Abagar St., SOMAT Administrative Building

Krasimir Tahchiev
Director of Investors Relations

Valeri Mektupchiyan
Executive Director

Key Managers

Bulgaria



Cedric Favre-Lorraine
Member of the Board
of Directors

Experience and qualification

- > -Executive Vice-President in Geopost SA, responsible for Finance and Acquisition
- > Joined the Geopost SA team in 2002 as a financial controller
- > In 2006 promoted in the subsidiary company Expack as a CFO



Valeri Mektupchiyan
Executive Director

Experience and qualification

- > Founder of Speedy;
- > Executive Director from the very beginning;
- > Operative director of Speedy from 2008 to 2011;
- > Serial entrepreneur, founder and owner of companies dealing with oil trading, motor vehicle trading, repair and maintenance, trading with fuels, transportation services.

Specific responsibilities

Overall management of Speedy's business



Georgi Glogov
Member of the Board
of Directors

Experience and qualification

- > Founder of Speedy
- > Director Speedy international activities from 2003 to 2009;
- > Entrepreneur with more than 20 years of experience;
- > Owner of a financial and accounting house.

Specific responsibilities

President of the Board of Directors



Danail Danailov
Member of the Board
of Directors
Independent member

Experience and qualification

- > Investment and business consultant with more than 18 years of experience;
- > Experience in the field of macroeconomics, privatization and investment intermediation, management and investments;
- > Managing Director of a risk investments fund from 2009 to 2011;
- > Chief investment expert from 2003 to 2009.

Specific responsibilities

Strategy and business development, acquisitions and partnerships



Avak Terziyan
Member of the Board
of Directors

Experience and qualification

- > -Regional manager for Southern Bulgaria in DHL and FedEx
- > From 2000 responsible for human resources in Unilever and implementation of unified strategy of the company in Bulgaria, Macedonia, Albania and Kosovo
- > From 2005 to 2008 Operating Manager in Speedy Jsc
- > From 2008 HR Manager. Successfully implementing two EU funded projects under OP "Development"

Romania



Lucian Aldescu
Executive Director

Experience and qualification

- > Executive Director of DPD Romania since 2008;
- > Many years of experience in transport and logistics in Ecoline& DPD Romania;
- > Former president of AOCCR (the Association of Courier Operators of Romania) from 2009 to 2011;
- > Founder of Pegasus Courier in 1997;
- > Graduate of EMBA Program in Tiffin University.

Specific responsibilities

Member of the Board of Directors and Executive Director



Alin German
Sales Manager

Experience and qualification

- > Sales Manager of DPD Romania since 2009;
- > Many years of experience in sales, marketing and management, held former key positions in Procter&Gamble, Holdmann Romania and DPD International Romania;
- > Graduate with honours diploma of EMBA Program in Asebus and Kennesaw State University.

Specific responsibilities

Sales, marketing, customer service



Carla Codrea
Financial Director

Experience and qualification

- > Financial Director of DPD Romania since 2008;
- > Rich experience in the FMCG Unit of Carlsberg Group; held key positions in the sphere of finances, financial control and accounting;
- > Graduate of EMBA Program in Asebus and Kennesaw State University in Industrial and Engineering Management in Technion Israel.

Specific responsibilities

Finances, financial control, accounting

Independent auditor's report



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TO
THE SHAREHOLDERS
OF SPEEDY AD
SOFIA

INDEPENDENT AUDITOR'S REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Speedy AD, which comprise of consolidated statement of financial position as of December 31, 2015, consolidated statement of comprehensive income, consolidated changes in equity and the consolidated cash flow statement as of the same date, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated financial statements

The Management is responsible for the preparation and fair presentation of consolidated financial statement in compliance with the International Financial Reporting Standards. This responsibility includes development, implementation and maintenance of a range of internal rules regarding preparation and fair presentation of financial statements, that prevent from material inaccuracies, errors and discrepancies, disregarding if it is due to fraud or errors, selection and adoption of appropriate accounting policies and making accounting estimations, deemed reasonable under current circumstances.

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 level of confidence whether the financial statements are free from material inaccuracies, errors and discrepancies.

An audit involves performing procedures to obtain auditor's evidence regarding the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material inaccuracies, errors and discrepancies in the financial statements, disregarding if it is due to fraud or error. In making those risk assessments, the auditor considers internal control system for preparation and fair presentation of the financial statements in order to develop audit procedures relevant to the respective circumstances, but not for the purpose of expressing an opinion regarding the effectiveness of the entity's internal control. The audit also includes evaluating the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 consolidated financial statements give a true and fair representation of the financial position of Speedy AD as of December 31, 2014, and of its financial performance and its cash flows for the year in compliance with the International Financial Reporting Standards, adopted

BDO Bulgaria OOD is a specialized auditing company, included in the list of the Institute of CPA in Bulgaria under number 16, member of BDO International. BDO Bulgaria OOD is registered in the Trade Register with Identification Code 831255576 and VAT Number Bg831255576.

BDO Bulgaria OOD, a Bulgarian Limited Liability Company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Independent auditor's report



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1404 Sofia
Bulgaria

by the EU.

Report on other Legal and Regulatory Requirements

We conducted verification of the consolidated annual management report of Speedy AD as of December 31, 2015 with regard to the correspondence between the consolidated annual management report and the consolidated annual financial statement for the same reporting period in compliance with the Accountancy Act.

In our opinion, as a result of this verification the consolidated annual management report corresponds to the consolidated annual financial statements as of December 31, 2015 with regard to the financial information.

Sofia, 19 April 2016

BDO Bulgaria OOD

Bogdanka Sokolova, Manager
CPA, registered auditor

Tsvetana Stefanina, Manager

Management responsibilities

The financial statements for 2014 prepared by the Management of SPEEDY AD, give a true and fair view of the Group's situation at the end of the year and its accounting results. The Financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The management confirms that suitable accounting policies has been applied and that during the preparation of the Financial statements at 31 December 2014 was respected the precautionary principle in the assessment of assets, liabilities, revenues and expenses.

The management also confirms that it has complied with the accounting standards and that the Financial statements have been prepared on a going concern basis.

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



Krasimir Tahchiev
Director of Investors Relations



Valeri Mektupchiyan
Executive Director

Consolidated annual financial statement



Consolidated statement of financial position

	<i>Notes</i>	<u>31.12.2015</u>	<u>31.12.2014</u>
		BGN'000	BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	26,627	23,650
Intangible assets	4	11,076	10,220
Goodwill	4	10,360	10,360
Deferred tax assets	21	192	225
Total non-current assets		<u>48,255</u>	<u>44,455</u>
Current assets			
Inventories	6	568	530
Trade and other receivables	7	25,170	22,758
Cash and cash equivalents	8	9,092	11,046
Other current assets		747	486
Total current assets		<u>35,577</u>	<u>34,820</u>
TOTAL ASSETS		<u><u>83,832</u></u>	<u><u>79,275</u></u>

Consolidated statement of financial position

Continued

	<i>Notes</i>	31.12.2015	31.12. 2014
		BGN'000	BGN'000
EQUITY AND LIABILITIES			
Equity			
Registered capital	9.1	5,336	5,336
Statutory reserves	9.2	545	448
Premium reserve	9.3	19,565	19,565
Other reserves	9.4	(115)	-
Retained earnings/loss		9,494	5,591
Current profit		9,275	9,591
Total equity		44,100	40,531
Non- current liabilities			
Financial lease liabilities	10	9,424	8,505
Banks loans	11	3,663	4,411
Total non- current liabilities		13,087	12,916
Current liabilities			
Short-term financial lease liabilities	10	4,667	3,645
Short-term bank loans	11	3,532	1,299
Account payables	12	16,568	17,819
Short-term tax payables	21	585	985
Other current liabilities		-	78
Total current liabilities		25,352	23,826
Subsidies		1,293	2,002
TOTAL EQUITY AND LIABILITIES		83,832	79,275

Notes from 1 to 28 are an integral part of this financial statement.

The financial statements are approved by the Board of Directors and signed on 24.03.2016:

Executive Director:
Valeri Mektouptchiyan

Chief Accountant:
Stefka Levidzova

Auditor:
BDO Bulgaria Ltd.

Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

Consolidated comprehensive income statement

	<i>Notes</i>	<u>2015</u>	<u>2014</u>
		BGN'000	BGN'000
Revenues			
Sales	13	115,814	76,465
Other revenues	14	6,846	4,894
Total revenues		122,660	81,359
Operating expenses			
Costs of materials	15	(7,181)	(6,958)
Costs of external services	16	(67,949)	(37,634)
Compensation cost	17	(22,979)	(18,176)
Depreciation and amortization	3, 4	(9,468)	(5,022)
Other operating expenses	18	(3,735)	(2,554)
Total expenses		(111,312)	(70,344)
Operating profit		11,348	11,015
Financial revenues	19	341	343
Financial expenses	20	(1,282)	(732)
Profit before taxes		10,407	10,626
Income taxes	21	(1,132)	(1,035)
Net Profit		9,275	9,591
Other comprehensive income		(115)	-
Total comprehensive income for the year		9,160	9,591

Notes from 1 to 28 are an integral part of this financial statement.

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Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

Consolidated cash flow statement

	2015	2014
	BGN'000	BGN'000
CASH FLOWS FROM OPERATING ACTIVITY		
Proceeds from clients	155,038	98,750
Payments to suppliers	(105,413)	(62,146)
Payments related to compensations	(22,932)	(17,629)
Payment of taxes	(9,404)	(6,922)
Other cash flow from operating activity	922	426
<i>Net cash flow from operating activity</i>	18,211	12,479
CASH FLOWS FROM INVESTING ACTIVITY		
Proceeds from sale of fixed assets	375	407
Purchase of fixed assets	(9,455)	(5,740)
Acquisition of subsidiaries	-	(19,693)
Other cash flow from investing activities	1,640	-
<i>Net cash flow from investing activity</i>	(7,440)	(25,026)
CASH FLOWS FROM FINANCING ACTIVITY		
Payments of financial leases	(5,391)	(4,139)
Proceeds from issuance of securities	-	20,454
Loans obtained	535	7,299
Repayments of loans	(3,558)	(1,004)
Dividends paid	(5,594)	(4,452)
Other cash flow from financing activity	249	(3,263)
<i>Net cash flow from financing activity</i>	(13,759)	14,895
DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS		
	(2,988)	2,348
Net effect of exchange rate differences	(82)	(16)
Cash and cash equivalents in the beginning of the year	11,046	8,714
Cash and cash equivalents in the end of the year	7,976	11,046

Notes from 1 to 28 are an integral part of this financial statement.

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Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

Consolidated statement of equity changes

	Registered capital	Statutory reserves	Premium reserves	Other reserves	Financial result	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 1 January 2014	4,447	448	-	-	10,038	14,933
<i>Share capital increase</i>	889	-	-	-	-	889
<i>Reserves</i>	-	-	19,565	-	-	19,565
Distribution of profits:	-	-	-	-	(4,447)	(4,447)
- <i>Dividends</i>	-	-	-	-	4,447	-
Profit for the year	-	-	-	-	9,591	9,591
Balance as of 31 December 2014	5,336	448	19,565	-	15,182	40,531
Balance as of 1 January 2015	5,336	448	19,565	-	15,182	40,531
Distribution of profits:	-	-	-	-	(5,688)	(5,688)
- <i>Dividends</i>	-	-	-	-	(5,602)	-
- <i>Reserves</i>	-	86	-	-	(86)	86
Other changes	-	11	-	-	-	11
Other comprehensive income	-	-	-	(115)	-	(115)
Profit for the year	-	-	-	-	9,275	9,275
Balance as of 31 December 2015	5,336	545	19,565	(115)	18,769	44,100

Notes from 1 to 28 are an integral part of this financial statement.

The financial statements are approved by the Board of Directors and signed on 24.03.2016:

Executive Director:
Valeri Mektouptchiyan

Chief Accountant:
Stefka Levidzova

Auditor:
BDO Bulgaria Ltd.

Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

Notes to the consolidated annual financial statement

1. 1. CORPORATE INFORMATION

1.1 The Parent Company

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

The seat and registered office of the Parent Company is in Sofia, 2L Samokovsko Shosse Str., Trade Center Boila.

The core activity of the Parent Company consists mainly in providing courier services, for which the Communications Regulation Commission has issued Certificate № 0062/03.11.2009, as well as shipping, handling, storage and distribution of documents and goods, domestic and international transportation and any other activities not prohibited by law.

The Parent Company was listed on the Bulgarian Stock Exchange on 11.12.2012.

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

As of 31.12. 2014, members of the Board of Directors are:

1. Valery Harutyun Mektouptchiyan
2. Georgi Ivanov Glogov
3. Danail Vasilev Danailov

As of 23.02.2015, members of the Board of Directors are:

1. Valery Harutyun Mektouptchiyan
2. Georgi Ivanov Glogov
3. Danail Vasilev Danailov
4. Nedelcho Asparuhov Bonev
5. Cedric Favre-Lorraine

As of 31.12.2015, members of the Board of Directors are:

1. Valery Harutyun Mektouptchiyan
2. Georgi Ivanov Glogov
3. Danail Vasilev Danailov
4. Avac Stepan Terziyan
5. Cedric Favre-Lorraine

The Parent Company is represented by the CEO Valery Harutyun Mektouptchiyan.

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

1.2 Subsidiaries

As at 31.12. 2015 the Group subsidiaries are:

SPEEDY EOOD – a company registered in Bulgaria, with UIC 115260535, and with seat and registered office in Bulgaria, Plovdiv Region, Maritsa Municipality, village of Trud, 42, Karlovo Shosse Str.

The company's scope of activity is import-export, forwarding services, production and marketing of all kinds of goods in Bulgaria and abroad, mediation, distribution of all kinds of goods and any other activity not prohibited by law. The amount of the share capital of the company is BGN 982.200.

Geopost Bulgaria EOOD – a company registered in Bulgaria, with UIC 131330260, and with seat and registered office in Bulgaria, Sofia Region, Metropolitan Municipality, 2L Samokovsko Shosse Str., Trade Center Boila.

The scope of activity of the company is providing courier services, forwarding services, handling, storage and distribution of documents and goods, domestic and international transport, import and export of goods, commercial representation and agency of Bulgarian and foreign natural and legal persons, acting as insurance agent and any other activity not prohibited by law. The amount of the share capital of the company is 80 thousand Levs.

Dynamic Parcel Distribution S.A. , Romania – a company registered in Romania with unified registration code (URC) 9566918 and with seat and registered office in Romania, Ilfov County, Buftea, 20, Tamas Str., halls 4A and 4B. The scope of activity of the company includes forwarding and courier services. The amount of the share capital of the company is 90 thousand Romanian Lei.

2. Accounting policy

2.1 Basis for preparation of the financial statements

General provisions

The annual consolidated financial statements have been prepared for the period from 1 January **2015** to 31 December **2015**, in accordance with the International Financial Reporting Standards (International Financial Reporting Standards (IFRS), currently in force in the Republic of Bulgaria. The International Financial Reporting Standards include the International Financial Reporting Standards and Interpretations of the Interpretations Committee (IFRIC), approved by the International Accounting Standards Council and the International Accounting Standards (International Accounting Standards (IAS)) and the Standing Interpretations Committee (SIC), approved by the International Accounting Standards Board (IASB) as adopted by the European Commission.

The annual consolidated financial statements are presented in Bulgarian Levs, which is the Group's functional currency. All amounts are in thousand Levs ('000 Levs) (including the 2014 comparative information), unless otherwise stated. The statements of the foreign company are translated from local currency into Bulgarian Levs for the purposes of the consolidated financial statements in accordance with the Group's policy.

The consolidated financial statement have been prepared on a going-concern basis.

As at the date of preparation of the current financial statements, the management has assessed the Group's ability to continue its operations as a going concern. In this assessment all the available information for the foreseeable future was considered, which is at least, but not limited to, twelve months from the end of the reporting period.

Basis of the consolidation

Subsidiary: company in which SPEEDY AD owns, directly or indirectly, more than 50% of the votes or has the right to appoint more than half of the members of the management and thus has the power to govern the financial and operating policies of the company.

The subsidiaries are subject to consolidation from the date on which effective control is transferred to the Group and are excluded from consolidation from the date on which this control is discontinued. The financial statements of the Group companies are subject to full consolidation, by line by line consolidation.

The consolidated financial statements incorporate the financial statements of SPEEDY AD and the following subsidiaries:

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

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

In preparing the consolidated financial statements, the financial statements of the Parent Company and the subsidiaries are combined on a "line by line" basis through the collection of similar items of assets, liabilities, equity, income and expenses. Intra-group transactions and accounts are eliminated in full, incl. unrealized intra-group profit or loss.

In the annual consolidated financial statements, the financial statements of the subsidiaries are consolidated on the basis of the "full consolidation" method. This method is applied from the moment control is considered to have been transferred to the Parent Company.

Implementing new and revised IFRS

New standards, amendments and interpretations effective as of 1 January 2015

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

Annual improvements 2011 – 2013 (issued on 12 December 2013), effective since July 1st 2014, endorsed by the EU on 18th December 2014, published in Official Journal on 19 December 2014; effective in EU since 1st January 2015;

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

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

The amendment of IFRS 13 Fair Value Measurement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

The amendment of IAS 40 Investment Property clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

- IFRIC 21 Levies (issued on 20 May 2013) effective 1 January 2014, endorsed by the EU on 13 June 2014, published in the Official Journal on 14 June 2014, effective since 17 June 2014.

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

The adoption of these amendments to the existing standards has not led to any changes in the Company’s accounting policies.

Standards, interpretations and amendments in standards that are issued by IASB and endorsed by EU but not yet effective

- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (issued on 21 November 2013), effective 1 July 2014, endorsed by the EU on 17 December 2014, published in the Official Journal on 9 January 2015, effective in EU since 1 February 2015.

The amendment clarifies paragraph 93 of IAS 19 Employee Benefits which refers to the accounting for employee contributions set out in the formal terms of a defined benefit plan by providing guidance on the accounting of employee contributions in respect of service.

- Annual Improvements 2010 - 2012 of (issued on 12 December 2013), effective 1 July 2014, adopted by the EU on December 17th 2014, published in the Official Journal on 9 January 2015, effective in the EU since February 1st 2015.

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

The amendments to IFRS 3 Business combinations are with regard to: Accounting for contingent consideration in a business combination - clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date; Aggregation of operating segments - requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments.

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

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

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

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

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

- Amendments of IAS 16 and IAS 41: Agricultural bearer plants (issued on 30th June 2014), effective since 1st January 2016, endorsed by the EU on 23th November 2015, published in Official Journal on 24th November 2015.

The amendments suggested that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*

Amendments of IFRS 11 for Acquisitions of Interests in Joint Operations (issued on May 6th 2014), effective since 1st January 2016, endorsed by the EU on 24th November 2015, published in the Official Journal on 25th November 2015..

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

- Amendments of IAS 16 and IAS 38: clarifications on acceptable amortization methods (issued on May 12th 2014), effective since January 1st 2016, endorsed by the EU on December 2nd 2015, published in the Official Journal on December 3rd 2015.

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

- Annual improvements to IFRS 2012 – 2014 (issued on 25 September 2014), effective from January 1st 2016, endorsed by the EU on December 15th 2015, published in Official Journal on December 16th 2015.

IFRS 5 amendments: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations outlines specific cases of guidance upon their application, in which the company reclassifies an asset held for sale in an asset held for distribution or viceversa and in cases when discontinues the reporting of assets held for distribution.

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

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

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

- Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014), effective 1 January 2016, endorsed by the EU on December 18th 2015, published in Official Journal on 19th December 2015.

The amendments aim to clarify IAS 1 and are guided to impediments faced by the preparators upon the judgement in the presentation of the financial statements.

- Amendments of IAS 27: the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (issued on 12th August 2014), effective since 1st January 2016, endorsed by the EU on December 18th 2015, published in Official Journal on 23 December, 2015.

The amendments recover the equity method as an option for accounting of an investment in subsidiaries, mutual undertakings or associated companies in the individual financial statements of the company.

Documents issued by the IASB / IFRIC not yet endorsed by the EU

These new or revised standards, new interpretations and amendments to existing standards that at the reporting date are already issued by the International Accounting Standards Board have not yet been endorsed by the EU and therefore are not taken into account by the Company in preparing these financial statements.

- IFRS 9 Financial Instruments (issued on 24 July 2014), effective from 1 January 2018
The final version of IFRS 9 Financial instruments combines all phases of the IASB project to replace IAS 39 – Financial instruments: Recognition and measurement, depreciation and hedging acknowledgement. This final version of IFRS 9 has added a new model of expected loss in depreciation, has changed the financial assets classification model, via an addition of a new category: – fair value measured other comprehensive income applicable for some debt instruments, and gives guidance for the regarding the application of the business model testing and the characteristics of the contract cashflows. This final version also adds limited changes to the classification and valuation of financial assets. This standard shall replace all previous versions of IFRS 9.

IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014), effective 1 January 2016

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

- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), effective 1 January 2018, including IFRS 15 amendments: Effective date of IFRS 15 (issued on 11 September 2015), effective since January 1st 2018.

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

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014), the effective date has been currently canceled.

The amendments address a conflict between the requirements of IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

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

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

Some of the Standards and the interpretations mentioned above are not applicable to the Group and therefore will not affect the financial statements. For the rest of them, at the date of compliance of the present financial statement, the Group has not yet assessed the potential impact of these changes on the financial statements.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those applied in the previous reporting period.

In the preparation of the financial statements certain accounting estimates and assumptions have been used. Although they are based on information provided by the management at the date of preparation of the financial statements, the actual results may differ from those estimates and assumptions.

Assessments

In applying the accounting policies, the management of the Group made the following estimates, beyond those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date and for which there is a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below.

Lease agreements

Under IAS 17 Leases the management classifies lease agreements for machinery, equipment and vehicles as financial lease. In some cases, the lease transaction is not conclusive, and the management assesses whether the contract is a financial lease under which all the substantial risks and rewards of ownership are transferred to the lessee.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that there is taxable profit against which they can be deducted. Determining the amount of deferred tax assets to be recognized requires the management's substantial assessment, which is based on the expected time of occurrence and the level of future taxable profits, as well as on the Group's future tax planning strategies.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there are any indicators of impairment for all non-financial assets. Intangible assets with unspecified useful life are tested for impairment annually and at any other time, if there are any indicators. Other non-financial assets are tested for impairment when there are indications that the book value may not be recoverable.

Useful life of depreciable assets

Management reviews the useful life of depreciable assets at the end of each reporting period. The actual useful life may differ from the assessment due to technical obsolescence, particularly of machinery and equipment, vehicles, computers and software.

Provisions

Provisions are recognized when a present legal, constructive or regulatory obligation occurs for the Group as a result of past events, when there are expected outgoing cash flows for covering the liabilities, and when the sum of the liability can be determined with sufficient accuracy. Provisions are reviewed by the management at the end of each reporting period and their value is adjusted to reflect the best estimate.

Impairment of receivables

In preparing these financial statements the management has estimated the impairment of trade receivables, based on past experience.

Impairment of inventories

At the end of each financial year, the Group companies review the situation, the shelf life and the usability of existing inventories. Where inventories are potentially not likely to be realized at their carrying amount in subsequent periods, the Group companies depreciate inventories to net realizable value.

Actuarial calculations

In determining the present value of long term liabilities to employees upon retirement, calculations by certified actuaries are used each year based on assumptions about mortality rate, staff turnover rate, future levels of salaries and a discount factor.

Business combinations

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

2.3 Accounting policies

Transactions in foreign currency

Functional currency and currency of presentation

The individual elements of the financial statements of the Company are valued in the currency of the underlying economic environment, wherein the entity is carrying out its activity (“functional currency”). The annual financial statement is presented in thousand Bulgarian levs, which is the functional currency and the currency of presentation.

The Bulgarian lev is fixed to the euro (EUR) through the mechanism of the currency board that was introduced in the Republic of Bulgaria on 1 January 1999.

For the purposes of the consolidated financial statements currency translation of the financial statements of the subsidiaries abroad is done: from the functional currency of the respective foreign subsidiary into the presentation currency (BGN), adopted in the consolidated financial statements, by:

a) all assets and liabilities are translated into group currency at the closing rate of the local currency thereto as at 31 December;

b) all income and expense items are translated into group currency at an average exchange rate of the local currency thereto for the reporting period;

Goodwill and adjustments to fair value arising on the acquisition of an across border (foreign) company are treated similarly to the assets and liabilities of that company and are translated into the presentation currency at the closing rate.

Transactions and balances

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

The monetary assets and liabilities in foreign currency are accounted for at the closing rate of BNB as at the date of the balance sheet.

Important exchange rates:

	31 December 2015 BGN
EUR 1 is equivalent to	1.95583
USD 1 is equivalent to	1.79007
RON /closing rate/	0.431789
RON /average rate/	0.4400192

Fixed tangible assets

The fixed tangible assets are initially accounted for at their acquisition cost, which includes the purchase price, including customs duties and irrecoverable taxes, as well as all direct costs that are necessary for the rendering of the asset to its current state and location.

After their initial recognition, the FTA are accounted for at the acquisition cost, reduced by the accrued amortization and the potential impairment losses.

The amortization accrues by the straight-line method during the estimated useful life of the assets. The assets are amortized as of the date of acquisition or commissioning.

The amortization of the assets accrues by the straight-line method with a view to distribute the difference between the book value and the residual value over the useful life of the assets, as follows:

- Equipment and facilities 3.3 years
- Computers 2 years
- Vehicles 5 years
- Fixtures and fittings 6.7 years

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

When the book value is higher than the recoverable value, the fixed tangible asset is accounted for at its recoverable value.

The profits and losses from the write-offs of fixed tangible assets are determined by comparing the proceeds with the book value and are accounted for in the statement of comprehensive income.

Intangible assets

Software

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

Impairment of non-financial assets

The assets, which have an unspecified useful life, are not amortized, but are reviewed for impairment on an annual basis. The assets that are subject to amortization are reviewed for impairment, where there occur certain events or there is a change in the circumstances, suggesting that the book value of the assets is not recoverable. Impairment loss is recognized to the amount of the sum, by which the book value exceeds the recoverable one.

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

As at each balance sheet date, as regards the non-financial assets, other than the positive goodwill, which have been impaired during past periods, there is carried out a review for potential reintegration of the impairment losses.

For the purposes of the impairment test, the assets are grouped into the lowest levels, for which a cash-generating item may be identified.

Inventories

The inventories comprise of materials and goods.

The cost of the inventories include their purchase or production costs, processing and other direct costs, associated with their delivery. At the end of every reporting period the inventories are accounted for at the lower of the acquisition cost and their net realizable value. The amount of every impairment is recognized as expense for the impairment's period.

The net realizable value is the evaluation of the sales price upon normal carrying out of the activity, reduced by the costs for finishing and sale.

The consumption cost is determined by the "average weighted" method.

Upon the sale of inventories, their carrying value is recognized in cost of sales for the same period in which the related revenue is recognized.

Goodwill

Goodwill represents the future rewards arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Goodwill is recognized after determining all identifiable intangible assets. It represents the excess of the cost of acquisition (the reward) over the fair value of the Group's share of net identifiable assets of the acquired company at the date of acquisition (business combination). In the consolidated financial statements it is initially measured at acquisition cost (cost) and subsequently - at acquisition cost less the accumulated impairment losses. Goodwill is not amortized.

Goodwill arising on the acquisition of a subsidiary is presented in the consolidated statement of financial position in the group of "intangible assets".

For the purposes of impairment testing, goodwill is allocated to each unit generating Group cash flows (or group of units generating cash flows), which is expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are allocated to those units.

Goodwill impairment losses are presented in the consolidated statement of comprehensive income (in the profit or loss for the year) under the position "depreciation costs".

Business combinations

Upon the acquisition of a subsidiary (enterprise) by the Group in business combinations, the method of acquisition (purchase) is used. The consideration transferred includes the fair value at the date of exchange of the assets provided, the liabilities incurred or assumed, and the issued equity instruments of the acquiring company in exchange for control over the acquiree. It also includes the fair value of each asset or liability, which is the result of an agreement for contingent consideration. Direct costs associated with the acquisition are recognized as current for the period in which they are incurred, except for the costs of issuing debt or equity instruments that are recognized as a component of equity.

All identifiable assets acquired, liabilities assumed and contingent (crystallized) liabilities in a business combination are measured initially at their fair value at the date of exchange. Any excess of the sum of the consideration transferred (measured at fair value), the amount of non-controlling interest in the acquiree, and in case of acquisition in stages, the fair value at the acquisition date of the previously held equity interest in the acquiree, which exceeds the acquired identifiable assets and assumed liabilities of the acquiring company, is treated and recognized as goodwill. If the acquirer's share in the fair value of the net identifiable assets acquired exceeds the acquisition cost of the business combination, the excess is recognized immediately in the consolidated income statement of the Group in the position "profit/(loss) from the acquisition of/(disposal of) subsidiaries".

Financial assets

The loans and receivables are non-derivative financial assets with fixed or determined payments, which are not traded on an active market. They are recognized in the consolidated financial statements at their amortized cost using the effective interest rate method, reduced by the impairments. These assets are included into the short-term ones if their due date is either not more than 12 months or into the usual operating cycle of the Company part of the Group, all the others are classified as long-term.

Trade receivables

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

Provision for impairment is done in case there is an objective prove that the Company will not be able to collect all due sums in accordance with the initial conditions of the relevant estimate.

The indicators of the presence of grounds for impairment are the following: substantial financial difficulties of a client, declaring of insolvency, delay in the payment or non-payment. The amount of impairment is the difference between the book and the recoverable value. The latter is the present value of the cash flows, discounted by the effective interest rate. The amount of the provision for impairment is recognized in the income statement. The receivables that are past due more than 360 days ago are impaired to their whole value.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event that occurred after the impairment was recognized, the previously recognized impairment loss is recovered to the extent that the book value of the asset does not exceed its amortized cost at the date of recovery. The recovery of impairment loss is recognized in the profit or loss.

Interest-bearing loans and other financial resources

All loans and other financial resources are initially presented at cost (nominal amount), which is considered the fair value of the transaction, net of the direct costs associated with these loans and the resources made available. After initial recognition, interest-bearing loans and other available resources are subsequently measured and presented in the consolidated financial statements at amortized cost by applying the effective interest method. Amortized cost is calculated taking into account all fees, commissions and other amounts associated with these loans. Gains and losses are recognized in the consolidated statement of comprehensive income (profit or loss) as financial income (interest) or costs throughout the amortization period or when claims are settled, reduced or written off.

Cash and cash equivalents

The cash and cash equivalents consist of money on bank accounts and other highly liquid short-term investments with an initial due date of 3 months or less, as well as bank overdrafts.

Financial liabilities and equity instruments

The Group classifies debt and equity instruments either as financial liabilities, or as equity in accordance with the substance of the contractual arrangements with the respective counterparty regarding these instruments.

Equity

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

SPEEDY AD is a joint stock company and is obliged to register with the Commercial Register a certain amount of the fixed capital, to serve as security for the creditors of the Parent Company for the execution of their receivables.

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

According to the requirements of the Commercial Act and the approved Statute, the Parent Company forms a Reserve Fund, which raises funds from the following sources:

- Part of the profit determined by the sole shareholder, but not less than 1/10, until the resources available in the fund reach 1/10 of the share capital;
- The funds obtained above the nominal value of the shares and bonds at their issuance;
- Other sources by decision of the sole shareholder.

The resources of the Reserve Fund can be used only to:

- Cover annual loss;
- Cover losses from previous years;

- When the resources of the Reserve Fund exceed 1/10 of the share capital, the exceeding amount can be used to increase the share capital.

Premium reserves include premiums received on the issuance of equity. Any transaction costs associated with the issuing of shares are deducted from the capital, net of tax relief.

Retained earnings include the current financial result and the accumulated profit from previous years and the uncovered loss from previous years.

Distribution of dividends is recognized as liability in the financial statements, for the period in which it was approved by the owners.

Financial liabilities

The financial liabilities of the Group include bank loans, trade and other payables and leases.

The financial liabilities are recognized when there is a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial instruments with another company under potentially unfavorable conditions.

The financial liabilities are subsequently measured at amortized cost using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less (or the normal business cycle is longer), if not the case, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method.

Interest-bearing loans and other financial resources received

In the consolidated financial statements all loans and other financial resources received are initially recognized at cost (nominal amount), which is considered as the fair value of the consideration received, net of the direct costs associated with these loans and borrowings. After initial recognition, interest-bearing loans and other resources received are subsequently estimated and presented in the consolidated financial statements at amortized cost by applying the effective interest method. Amortized cost is calculated taking into account all fees, commissions and other costs, including discount or premium associated with these loans. Gains and losses are recognized in the consolidated statement of comprehensive income (under profit or loss for the year) as financial income or expense (interest) during the period of amortization or when the liabilities are derecognised or reduced.

Lease

Financial Lease

The Group as Lessee

The financial lease, under which a substantial part of all risks and rewards arising from the ownership of the leased asset is transferred to the Group, is capitalized in the statement of financial position of the lessee by presenting it as properties, machines and equipment under lease at immediate sale price or, if lower - at the present value of minimum lease payments. Lease payments are apportioned between the finance cost (interest) and the attributable portion of the lease liability (principal) so as to achieve a

constant interest rate on the outstanding principal balance of the lease liability. Interest expenses are included in the consolidated statement of comprehensive income (profit or loss for the year) as "financial expenses" - interest based on the effective interest rate.

Assets acquired under finance lease are depreciated based on the useful life of the asset and within the lease term.

Operating Lease

The Group as Lessee

Leases where the lessor keeps a substantial part of all risks and rewards of ownership of the asset are classified as operating leases. Therefore, the asset is not included in the statement of financial position of the lessee.

Payments made under operating leases are recognized as expenses in the consolidated statement of comprehensive income (profit or loss for the year) on straight-line basis over the lease term.

The Group as Lessor

The Lessor still owns a substantial part of all risks and rewards of ownership of the asset. Therefore, the asset continues to be included in its properties and machinery and equipment and depreciation for the period includes the running costs of the Lessor.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and are recognized on a straight-line basis over the lease term.

Taxes

The due taxes are calculated in accordance with the applicable effective tax legislation in the country taking into consideration the current and the deferred taxes. The nominal tax rate for **2015** is 10%.

The current income taxes are calculated based on the taxable profit for fiscal purposes and to do so, the financial result gets converted in accordance with the Bulgarian tax legislation.

The tax effect related to transactions and events which are accounted as income or expense is also recognized in the statement of comprehensive income. The tax effect related to transactions and events which are accounted directly in the equity is also recognized in the equity.

The deferred tax accrues by the balance sheet method for all temporary differences that occur between the tax base of the assets and liabilities and their book value in the financial statements. To determine the deferred taxes are used the tax rates that are expected to be effective in their future realization.

The deferred tax liabilities are recognized for all temporary differences subject to taxation, unless it arises from initial recognition of an asset or liability in a transaction that at the time of execution does not affect neither accounting nor taxable profit or loss.

The deferred tax assets are recognized for all temporary differences that are deductible to the extent that there are probable future taxable profits against which the assets will be realized.

Employee benefits

Short-term benefits

Short-term employee benefits in the form of salaries, bonuses and social payments and benefits (payable for settlement within 12 months after the end of the period in which the employee has rendered the service or has met the required conditions) are recognized as an expense in the statement of comprehensive income (profit or loss for the year), unless an IFRS requires that amount to be capitalized in the cost of an asset, for the period in which the work was performed for them and / or the requirements for obtaining have been met, and as a current liability (net of any amounts already paid and applicable deductions) in the amount of their undiscounted amount.

As at the date of the consolidated financial statements the Group companies assess the expected cost of accumulating compensated absences, which is expected to be paid as a result of the unused entitlement to accumulated leave. The assessment includes the estimated amounts of the employee's remuneration and the contributions referred to compulsory social and health insurance which the employer owes on these amounts.

Retirement related benefits (fixed income plans)

In accordance with the Labor Code, upon termination of the employment relationship after the worker or the employee has obtained the right to retirement pension, the Company shall pay to him/her an indemnity to the amount of the double gross monthly remuneration as at the date of termination of the employment relationship. If the worker or employee has been working at the Company for the last 10 years, the amount of the indemnity comes up to the six-month amount of his/her gross remuneration.

The obligation for payment of fixed income is calculated on an annual basis by independent actuaries by the projected unit credit method. The present value of the obligation for payment of fixed income is determined by discounting the expected future outgoing cash flows by the interest rates of high-quality sovereign bonds, whose due date is close to the one of the relevant obligation, and in the currency, in which they are denominated.

The actuary profits and losses, occurring as a result of practical corrections and changes of the actuary assumptions, are recognized in the income statement on the basis of the remaining average period of service of the relevant employees. The costs for the past service are recognized in the income statement at the moment of their occurrence, unless in the cases, when the pension plan includes a condition that the employees shall stay at work for a certain period of time. In such a case the costs for past service are amortized by the straight-line method for the "vesting period".

Provisions

Provisions are accounted for, where there occurs a present judicial, constructive or legal liability for the Group as a result of past events, when there are expected outgoing cash flows for covering of the liabilities and when the sum of the liability can be fixed with sufficient accuracy. No provisions for future operating losses are recognized.

When there are several such liabilities, the likelihood of occurring of outgoing cash flows for their payment is evaluated taking into account the whole class of liabilities.

Provision is recognized even in the cases, where an outgoing cash flow for a given liability in the class is unlikely to occur.

The provisions are valued at the present value of the costs, which are expected to be necessary for the covering of the liabilities, using a discount factor before taxes, which reflects the current market valuation of the liability-related risks.

Government funding

Grants from public institutions (municipal, state and international institutions, incl. according to the terms for use of EU funds and programs) are initially recognized as deferred income (funding), when there is reasonable assurance that it will be received by the Group, and that it has complied with and complies with the conditions and requirements of the donation.

Government funding related to compensation for expenses incurred is recognized in current profit and loss on a systematic basis for the same period in which the expenses are recognized.

Government funding related to the compensation of investment costs for the acquisition of an asset are recognized in current profit or loss on a systematic basis over the useful life of the asset, usually proportionate to the amount of amortization recognized in cost.

Earnings per share

The basic earnings per share are calculated by dividing the net profit or loss for the period subject to distribution between the shareholders of the Parent Company, holders of ordinary shares, by the weighted average number of ordinary shares held for the period.

The weighted average number of shares is the number of ordinary shares held at the beginning of the period, adjusted by the number of ordinary shares bought back and the newly issued during the period, multiplied by the average time factor. This factor represents the number of days that the shares have been held, against the total number of days in the period.

In capitalization, additional issue or split, the number of ordinary shares that are in circulation by the date of such event, are adjusted to reflect the proportional change in the number of ordinary shares in circulation, as if the event had occurred at the beginning of the earliest period presented.

Diluted earnings from shares are not calculated because there are no potential diluted shares issued in the Group.

Revenue recognition

The revenues are recognized to the extent that there is a probability of economic benefits flowing into the Group, and when the amount of the revenue is reliably measured. Before revenue is recognized following specific recognition criteria must also be met:

Sales of goods

The revenues from sales of goods are recognized, when the benefits and the risks that are associated with the good has been transferred to the, which usually takes place at the time of their expedition.

Sale of services

The revenues from rendering of services are recognized based on the stage of completion of the transaction at the balance sheet date. When the outcome of the transaction (contract) can not be estimated reliably, the revenue is recognized only to the extent of the incurred expenses that are recoverable.

Income from interest

Income from interest income is recognized at interest accrual (using the method of effective interest rate, i.e. the rate that discounts exactly the estimated future cash flows over the expected life of the financial instrument to the book value of the financial asset).

Income from dividends

The parent company recognizes a dividend from a subsidiary in the profit or loss in the individual financial statements when the right to receive the dividend has been established.

3. FIXED TANGIBLE ASSETS

The properties, plants and equipment of the Group include buildings, machinery, equipment, vehicles and other assets, the book value of which for given periods can be analysed as follows:

	Buildings	Plant and equipment	Vehicles	Others	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Book value					
As of 01.01.2015	168	3,320	29,966	12,496	45,950
Acquired	4	939	6,997	3,071	11,011
Written off	-	(63)	(2,776)	(134)	(2,973)
As of 31.12.2015	172	4,196	34,187	15,433	53,988
Depreciation					
As of 01.01.2015	142	2,563	13,257	6,338	22,300
Depreciation for the year	25	446	4,781	2,513	7,765
Written off	-	(63)	(2,542)	(99)	(2,704)
As of 31.12.2015	167	2,946	15,496	8,752	27,361
Book value					
As of 01.01.2015	26	757	16,709	6,158	23,650
As of 31.12.2015.	5	1,250	18,691	6,681	26,627

The Group has used machines and equipment, fully depreciated at the balance sheet date, whose carrying amount and accumulated depreciation by groups of assets is as follows

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Vehicles	5,836	6,527
Machinery and equipment	2,076	1,949
Fixtures and fittings	421	315
Computer equipment	4,045	3,131
	12,378	11,922

As of 31.12. 2015 the book value of assets purchased under finance lease is as follows:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Vehicles	13,828	11,942
Machinery and equipment	193	109
Fixtures and fittings	969	718
Computer equipment	572	553
	15,562	13,325

In the item "Other assets" are included improvements in the assets rented, whose book value as of 31.12. 2015 is in amount of BGN 2,326 thousand.

As at 31.12.2015 the Group doesn't have non-operating assets.

On 21.12.2013, the Parent Company signed a grant agreement with the Ministry of Economy and Energy under Operational Programme "Development of the Competitiveness of the Bulgarian Economy" 2007-2013, regarding the introduction of innovative process of the organization and management of logistics services and delivery of technological infrastructure and terminals to provide access to the platform to the employees, partners and customers of the company. The value of the project is 4,084 thousand Levs and duration of 18 months. As at 31.12.2015 the project is completed, as all the assets are acquired and the grant has been received. The accrued depreciation for 2015 are 680 thousand Levs.

In 2013, the Group signed a grant contract for the project "Improving the conditions and ensuring safe working environment in SPEEDY EOOD" with beneficiary SPEEDY EOOD with priority area - improving the working conditions at the workplace, and priority axis - increasing the efficiency and adaptability of the employees. As of 31.12.2015 the Group has acquired assets worth 17 thousand Levs and has accrued depreciation of EUR 4 thousand Levs.

As of 31.12.2015 the Parent Company has concluded a special pledge agreement for assets purchased with financing from the investment loan extended by UniCredit Bulbank AD on 27.11.2014 /Note 11/.

As of 31.12.2015 the Group has reviewed the buildings, machinery and equipment, resulting in an estimate on the basis of which it considered that there are no indications of impairment.

	Buildings	Machinery and equipment	Vehicle	Others	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Book value					
As of 01.01.2014	-	2,055	23,790	7,699	33,544
Acquired separately	-	162	7,784	3,407	11,353
Acquired through business combinations	168	1,112	1,367	1,402	4,049
Written off	-	(9)	(2,975)	(12)	(2,996)
As of 31.12.2014	168	3,320	29,966	12,496	45,950
Depreciation					
As of 01.01.2014	-	1,704	12,765	4,404	18,873
Depreciation for the year	3	199	3,250	1,038	4,490
Acquired through business combinations	139	669	212	896	1,916
Written off	-	(9)	(2,970)	-	(2,979)
As of 31.12.2014	142	2,563	13,257	6,338	22,300
Book value					
As of 01.01.2014	-	351	11,025	3,295	14,671
As of 31.12.2014	26	757	16,709	6,158	23,650

4. INTANGIBLE ASSETS

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

	Goodwill	Software	Other intangible assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Book value				
As of 01.01.2015	10,360	4,515	8,722	23,597
Acquired	-	2,534	-	2,534
Written off				
As of 31.12.2015	10,360	7,049	8,722	26,131
Depreciation				
As of 01.01.2015	-	2,971	46	3,017
Depreciation	-	1,132	546	1,678
Written off	-	-	-	-
As of 31.12.2015	-	4,103	592	4,695
Book value				
As of 01.01.2015	10,360	1,544	8,676	20,580
As of 31.12.2015	10,360	2,946	8,130	21,436

Goodwill recognized in the statement of financial position as of 31.12.2015 in the amount of 10,360 thousand Levs represents the excess of the cost of acquisition (the reward) over the fair value of the Group's share of net identifiable assets of Geopost Bulgaria EOOD /4,214 thousand Levs/ and Dynamic Parcel Distribution S.A., Romania /6,146 thousand Levs/ at the date of their acquisition.

The Group's management has made the necessary procedures to perform an impairment test of the recognized goodwill of the acquisition of the subsidiaries Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A., Romania. For this purpose, it is assumed that each individual company is a "cash-flow generating unit". The basis for estimation of the cash flows (before taxes) are the financial budgets developed by the respective company management and the Group as a whole, covering a period of three to five years, and other medium and long-term plans and intentions for the development and restructuring of the activities within the Group. The recoverable amount of each cash flow generating unit is determined on the basis of "value in use". The key assumptions used in the calculations are set specifically for each company, principal of the goodwill, treated as a separate entity generating cash flows, and according to its specific operations, business environment and risks.

The tests and assumptions of the management of the Group for recognized goodwill impairment are made through the prism of its forecasts and intentions about future economic benefits that the Group expects to receive from the subsidiaries, incl. by using their internally-established brands, commercial and business experience and the generated and expected revenues, securing positions on the Bulgarian and foreign markets (development and retention), expectations for future sales and restructuring activities, etc.

As a result of the calculations, as of 31.12.2015 the need for recognition of impairment of goodwill recognized for Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A., Romania, has not been identified.

Other intangible assets include the acquired in the business combinations exclusive contracts with contractors, licenses and distribution network in amount of 8.722 thousand Levs, distributed as follows:

	BGN'000
Commercial contract	7,486
Existing contracts (ex. clients)	992
Management capacity	244
Total	8,722

As of December 31 the Group has reviewed its software and other intangible assets, where it was found no events or changes in circumstances on the basis of which it is assumed that their carrying amount may exceed their recoverable value.

In 2015, the Group has used fully depreciated software at the balance sheet date with a book value of 2,430 thousands of leva.

	Goodwill	Software	Other intangible assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Book value				
As of 01.01.2014	-	2,621	-	2,621
Acquired	-	285	-	285
Acquired through business combinations	10,360	1,638	8,722	20,720
Written off	-	(29)	-	(29)
As of 31.12.2014	10,360	4,515	8,722	23,597
Depreciation				
As of 01.01.2014	-	2,013	-	2,013
Depreciation	-	486	46	532
Acquired through business combinations	-	472	-	472
Written off	-	-	-	-
As of 31.12.2014	-	2,971	46	3,017
Book value				
As of 01.01.2014	-	608	-	608
As of 31.12.2014	10,360	1,544	8,676	20,580

5. ACQUISITION OF SUBSIDIARIES

In 2014, the Group acquired control over the company Geopost Bulgaria EOOD headquartered in Sofia, Bulgaria, through the purchase of shares of the company as a result of which it holds 100% of its capital. The acquisition price amounted to 8,164 thousand Levs, and the allocation of the purchase price to the acquired assets and liabilities of Geopost Bulgaria EOOD was performed at the end of 2014. The value of each group of acquired assets and liabilities and contingent liabilities recognized at the acquisition date, is as follows:

	Recognized value at the acquisition date
	BGN'000
Total consideration	8,164
Net assets	1,424
Goodwill	4,214
Intangible assets, incl.:	2,526
<i>Commercial contract</i>	2,526

Geopost Bulgaria EOOD was registered in the Commercial Register with the Registry Agency on 01.07.2008, with UIC 131330260, and headquartered in Bulgaria, Sofia Region, Metropolitan Municipality, 2L Samokovsko Shosse Str., Trade Center Boila. The scope of activity of the company is providing courier services, forwarding services, handling, storage and distribution of documents, goods and cargoes, domestic and international transport, import and export of goods, commercial representation and agency of Bulgarian and foreign natural and legal persons, acting as insurance agent and any other activity not prohibited by law. The amount of the share capital of the company is 80 thousand Levs.

In 2015 the Group acquired control over the company Dynamic Parcel Distribution S.A., Romania, Ilfov County, Buftea, through the purchase of company shares, resulting in the ownership of 100% of its capital. The acquisition cost amounted to 17,297 thousand Levs, the allocation of the purchase price to the acquired assets and liabilities of the company Dynamic Parcel Distribution S.A., Romania was made at the end of 2014. The value of each group of assets, liabilities and contingent liabilities acquired, recognized at the acquisition date, is as follows:

	Recognized value at the acquisition date
	BGN'000
Total consideration	17,297
Net assets	4,955
Goodwill	6,146
Intangible assets, incl.:	6,196
<i>Commercial contract</i>	4,960
<i>Existing contracts (apart from clients)</i>	992
<i>Built management capacity</i>	244

Dynamic Parcel Distribution S.A., Romania is registered in Romania with unified registration code (URC) 9566918 and headquartered in Romania, Ilfov County, Buftea, 20, Tamas Str., halls 4A and 4B. The scope of activity of the company includes forwarding and courier services. The amount of the share capital of the company is 90 thousand Romanian Lei.

6. INVENTORIES

As of December 31st the inventories include as follows:

	<u>31.12.2015</u>	<u>31.12.2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Materials	333	337
Fuel	235	183
Goods	-	10
Total	<u>568</u>	<u>530</u>

As of December 31 the Group has reviewed its inventories, as a result according to estimates it considered that there are no indications of impairment.

7. ACCOUNT RECEIVABLES

	<u>31.12.2015</u>	<u>31.12.2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Receivables from customers and suppliers	20,726	13,197
Minus write downs	(1,249)	(956)
Receivables from customers and suppliers- net	19,477	12,241
Advances to suppliers	3,696	2,059
Receivables from related parties /note 23/	791	6,098
Taxes refundable	702	348
Other receivables	504	2,012
Total	<u>25,170</u>	<u>22,758</u>

The advances to suppliers amounting to 3,696 thousand Levs, representing the costs for purchase of vehicles and equipment and intangible fixed assets /31.12.2014 г. – 2,059 thousand levs/.

There is no interest charges on account receivables.

Group companies usually negotiate with clients' receivables payment period up to 60 days, unless there are specific conditions for particular clients or when developing new markets and attracting new counterparts.

The Group has set a credit period for which no interest is charged to customers. The Group considers delay of over one year as an indicator for write down. The managements of the Group companies assess collectability by analysing the exposure of the specific client, its ability to repay (the ability of the client and through the collateral) and make decision about the size, the recognition and accrual of the respective impairment.

As of December 31, 2015 net book value of trade receivables is considered a reasonable estimate of fair value. All trade and other receivables of the Group are reviewed for indications of write down.

As of 31.12.2015 the change of the provisions for impairment is as follows:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
At the beginning of the year	956	854
Impairment	828	168
Acquired through business combination	-	256
Reversed impairment	(535)	(322)
At year end	1,249	956

8. CASH AND CASH EQUIVALENTS

The cash and cash equivalents include the following elements:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Cash in hand	370	283
- Bulgarian lev	365	280
- Romanian new leu	5	3
Cash in bank accounts	3,937	7,523
- Bulgarian leva	2,804	4,598
- Euro	846	1,433
- Romanian new leu	287	1,492
Money en route	4,785	3,240
Total	9,092	11,046

Money en route in the amount of 4,785 thousand levs /2014 – 3,240 thousands levs/ represents amount collected by clients upon delivery.

According to the loan contract with UniCredit Bulbank from 21.11.2014 and 27.11.2014, the Group has established as a collateral pledge on all current and future receivables of SPEEDY AD on all bank accounts in national and foreign currency in UniCredit Bulbank AD. /Note 11/.

As of 31st December 2015, cash and cash equivalents include the following:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Money on bank accounts and in hand	9,092	11,046
Bank overdrafts /note 11/	(1,116)	-
Total:	7,976	11,046

9. EQUITY

9.1 REGISTERED CAPITAL

As at 31.12.2015 the registered capital of the parent Company consists of 5,335,919 ordinary shares with par value of BGN 1 per share. All shares give right of dividend, liquidation share, as well as a voting right at the General meeting of shareholders of the Company.

	<u>2015</u>	<u>2014</u>
	Number of shares	Number of shares
Number of outstanding and fully paid shares:		
At the beginning of the year	5,335,919	4,446,600
Number of issued and paid shares during the year	-	889,319
Total number of shares outstanding on Dec 31st	5,335,919	5,335,919

The list of the largest shareholders of the Parent company is as follows:

	<u>31.12.2015</u>		<u>31.12.2014</u>	
	Number of shares	%	Number of shares	%
SPEEDY Group AD	3,544,367	66.42%	3,544,367	66.42%
GeoPost SA, France	1,333,979	25.00%	1,333,979	25.00%
Other individuals and legal entities	457,573	8.58%	457,573	8.58%
Total	5,335,919	100.00%	5,335,919	100.00%

9.2 STATUTORY RESERVES

	<u>31.12.2015</u>	<u>31.12.2014</u>
	BGN'000	BGN'000
Statutory reserves	545	448
Total	545	448

The statutory reserves are formed as a result of the setting 10 % of the net profit in accordance with the requirements of the Commercial Act and a decision of the General meeting of shareholders as well as statutory reserves formed in subsidiaries.

9.3 PREMIUM RESERVE

	<u>31.12.2015</u>	<u>31.12.2014</u>
	BGN'000	BGN'000
Premium reserve	19,565	19,565
Total	19,565	19,565

The premium reserve of the Group in the amount of 19.565 thousand Levs is formed from the proceeds per share above the nominal value of the shares issued in 2014 with issue price of 23 Levs per share.

9.4 OTHER RESERVES

	<u>31.12.2015</u>	<u>31.12.2014</u>
	BGN'000	BGN'000
Other reserves	(115)	-
Total	(115)	-

Other reserves represent the foreign exchange gain/loss as a result of consolidation of subsidiary company whose accounts are in foreign currency.

10. FINANCIAL LEASE LIABILITIES

The Group has purchased machinery, computers, vehicles and equipment under financial lease contracts. The net book value of assets acquired under financial leases are in the amount of 15,557 thousand Levs.

Liabilities under financial leases are secured by the respective assets.

As of 31.12.2015 the Group's liabilities under finance leases are as follows:

	<u>31.12.2015</u>	<u>31.12.2013</u>
	BGN'000	BGN'000
Financial lease liabilities	14,091	12,150
- Long- term	9,424	8,505
- Short- term	4,667	3,645
Total	14,091	12,150

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	<u>Minimum payments</u>	<u>Present value of payments</u>
	BGN'000	BGN'000
Up to one year	5,279	4,667
Between one and five years	9,866	9,424
Total minimum lease payments	15,145	14,091
Less the amounts representing future financial costs	(1,054)	-
Present value of minimum lease payments	14,091	14,091

Lease agreements include fixed lease payments and a purchase option in the final year of the lease.

11. LIABILITIES TO BANKS

On 21.11.2014 the Parent Company concluded an investment loan agreement with UniCredit Bulbank AD, amounting to 10,867,490 Levs, divided in two tranches with the following limits: tranche 1 - up to 5,000,000 Levs and tranche 2 - up to 5,867,490 Levs with maturity of tranche 1 - by 21.12.2019, and of tranche 2 - by 21.11.2020. The funds from tranche 1 will be used for the financing of 19,60% of the acquisition value of the shares in Dynamic Parcel Distribution, Romania and Geopost Bulgaria, the funds from tranche 2 will be used for financing of investments in support of the growth of Dynamic Parcel Distribution, Romania, including purchase of vehicles and equipment. Co-debtors of the loan are Geopost

Bulgaria EOOD and Dynamic Parcel Distribution S.A. Romania. As collateral for the loan the company has made a special pledge on its subsidiaries Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A., Romania and first rank pledge of the receivables under the loan agreement between SPEEDY AD and Dynamic Parcel Distribution, Romania, special pledge on all current and future claims of SPEEDY on all accounts in national and foreign currency in UniCredit Bulbank AD.

On 27.11.2014, the Company made an agreement for an investment loan with UniCredit Bulbank AD amounting to 705,000 Levs with maturity 27.02.2018. The funds received will be used to finance up to 50% of the purchase cost of equipment under a financial grant agreement. Co-debtor in the loan received is SPEEDY Group AD. As collateral for the loan received the company established a special pledge on fixed assets purchased with proceeds from the loan, pledge on receivables related to the financial grant agreement and special pledge on all current and future claims of SPEEDY AD on all accounts in local and foreign currency with UniCredit Bulbank AD.

Dynamic Parcel Distribution S.A. has a credit line agreement with UniCredit Tiriak, Romania with outstanding amount of BGN 1,116 thousand as of 31.12.2015.

As of 31.12.2015 the liabilities under these loans are as follows:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Loans received from banks, including:	7,195	5,710
- <i>short-term, incl.:</i>	3,532	1,299
- principal	3,527	1,294
- interest	5	5
- <i>long-term, incl.:</i>	3,663	4,411
- principal	3,663	4,411
Total	7,195	5,710

12. TRADE AND OTHER PAYABLES

As of 31.12.2014 the trade and other payables are as follows:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Trade payables	8,489	8,460
Trade payables to related parties (Note 23)	586	2,620
Payables to employees	2,220	2,597
Payables for social security	867	775
Other payables	4,406	3,367
Total	16,568	17,819

Payables to employees are as follows:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Payables to employees regarding current remunerations	1,334	2,037
Payables to employees regarding unused paid leave	886	560
Total	2,220	2,597

The payables for social security are as follows:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Payables for social security on current remunerations	626	677
Payables for social security on unused paid leave	241	98
Total	867	775

The Company has not accrued a provision for retirement benefits in accordance with IAS 19, as on the basis of a report prepared by an independent actuary, the value of this provision is not material.

13. REVENUES

The revenues are as follows:

	2015	2014
	BGN'000	BGN'000
Revenues from courier services	114,900	75,914
Fee on postal money transfers	513	517
Revenues from universal postal services	401	34
Total	115,814	76,465

14. OTHER REVENUES

The other revenues of the Group are as follows:

	<u>2015</u>	<u>2014</u>
	BGN'000	BGN'000
Proceeds from rent of vehicles	2,628	1,850
Other revenue	4,218	3,044
Total	<u>6,846</u>	<u>4,894</u>

15. COSTS OF MATERIALS

The costs of materials are as follows:

	<u>2015</u>	<u>2014</u>
	BGN'000	BGN'000
Fuels	3,384	3,697
Delivery-related materials	1,473	1,275
Spare parts	897	1,061
Office materials and consumables	691	348
Uniforms	83	233
IT consumables	497	118
Other costs	156	226
Total	<u>7,181</u>	<u>6,958</u>

16. COSTS OF EXTERNAL SERVICES

The costs of external services are as follows:

	<u>2015</u>	<u>2014</u>
	BGN'000	BGN'000
Subcontractors	55,541	29,564
Rents	3,378	2,217
Communications and utility services	1,877	1,445
Vehicle maintenance	1,419	1,283
Insurances	1,061	927
Office/warehouse maintenance	275	223
Staff training	338	205
Marketing	666	243
Audit, consultant and other services	777	177
Other costs	2,617	1,350
Total	<u>67,949</u>	<u>37,634</u>

17. COMPENSATION COSTS

The compensation costs are as follows:

	<u>2015</u>	<u>2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Remunerations	18,167	15,142
Social security	4,812	3,034
Total	<u>22,979</u>	<u>18,176</u>

18. OTHER OPERATING EXPENSES

The other operating expenses of the Group are as follows:

	<u>2015</u>	<u>2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Cost of fuel sold	1,561	1,269
Insurance of parcels	194	286
Indemnities for parcels	705	190
Representation costs	91	122
Other costs	1,184	687
Total	<u>3,735</u>	<u>2,554</u>

19. FINANCIAL REVENUES

The financial revenues of the Group are as follows:

	<u>2015</u>	<u>2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interests received	341	343
Total	<u>341</u>	<u>343</u>

20. FINANCIAL COSTS

The financial costs of the Group are as follows:

	<u>2015</u>	<u>2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interests paid	781	526
Fees and commissions	389	159
FX exchange gain – net	112	47
Total	<u>1,282</u>	<u>732</u>

21. TAX

The main components of the accrued income tax, as well as the relationship between tax expense and accounting profit are explained as follows:

	<u>31.12.2015</u>	<u>31.12.2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Earning before taxation	10,407	10,626
Income tax	(1,099)	(1,077)
Tax rate /10%; 14.8%/		
Deferred tax	(33)	42
Tax rate /10%; 14.8%/		
Net profit	<u><u>9,275</u></u>	<u><u>9,591</u></u>

Deferred income tax as of 31.12.2014 is related to the following balance sheet items:

	As of 1 January 2014	<i>(Expense)/income in the statement of comprehensive income</i>	As of 31 December 2014	<i>(Expense)/income in the statement of comprehensive income</i>	As of 31 December 2015
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Provisions for unused paid leave and social security	84	(16)	68	30	98
Provisions for liabilities /litigation/	9	-	9	(3)	6
Write down of receivables	85	(15)	70	12	82
Compensation costs natural persons	5	73	78	(72)	6
	<u>183</u>	<u>42</u>	<u>225</u>	<u>(33)</u>	<u>192</u>

Tax liabilities include:

	<u>31.12.2015</u>	<u>31.12.2014</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Value added tax	373	805
Corporate income tax	-	45
Personal income tax	204	124
Taxes on costs	8	11
Total	<u><u>585</u></u>	<u><u>985</u></u>

22. DIVIDENDS

On 02.06.2015, the General Meeting of Shareholders of the Parent Company took a decision for the distribution of profits for 2014 in the amount of 9.252 thousand Levs as follows:

- The amount of 5.602 thousand allocated for payment of dividends to shareholders one lev and five stotinka per share before tax;
- An amount of 86 thousands levs to be allocated to the “statutory reserves”;
- The remaining profit to be allocated to retained earnings.

By December 31, 2015 the Parent Company has paid dividends payable in the amount of 5,594 thousand Levs.

23. RELATED PARTIES TRANSACTIONS

Unless otherwise stated, transactions with related parties are carried out in regular manner and no guarantees are extended or received. The amounts due are settled through bank transfer.

Related party	Type of relation
SPEEDY GROUP AD	Parent Company
Winery Estate Dragomir OOD	Company under common control
Transbalkan Group OOD	Company under common control
Transbalkan 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 SA, France	Company under common control

Loans granted

According to an annex dated 31.08.2013, the Parent Company has extended a loan of Bulrom Gas 2006 OOD in amount of 3,091 thousand Levs with maturity date 31.08.2017. As of 30th December 2015 the loan has been fully paid.

As of 31.12.2015, the receivables of the Group from loans granted are as follows:

	<u>31.12.2015</u>	<u>31.12.2014</u>
	BGN'000	BGN'000
Bulrom Gas 2006 OOD	-	3,153
Including		
- principal	-	3,091
- interest	-	62
Total	<u>-</u>	<u>3,153</u>
Including		
- short-term part	-	62
Including		
- interest	-	62

In 2015, the Group realized interest income from loans to related parties as follows:

	<u>2015</u>	<u>2014</u>
	BGN'000	BGN'000
Bulrom Gas 2006 OOD	185	185

Loans received

In December 2014 the Group had a loan agreement with SPEEDY GROUP AD in amount of 850 thousand EUR with maturity up to one year.

As of 31.12.2015, the liabilities of the Group for loans received are as follows:

	<u>31.12.2015</u>	<u>31.12.2014</u>
	BGN'000	BGN'000
SPEEDY GROUP AD	-	1,666
Including		
- principal	-	1,663
- interest	-	3
Total	<u>-</u>	<u>1,666</u>
Including		
- short-term part	-	1,666
including		
- principal	-	1,663
- interest	-	3

In 2015, the Group realized interest expense under loans received from related parties as follows:

	<u>2015</u>	<u>2014</u>
	BGN'000	BGN'000
SPEEDY GROUP AD	-	3

Business relations

The Group has receivables from related parties as follows:

		31.12.2015	31.12.2014
		BGN'000	BGN'000
Transbalkan group OOD	Services	230	367
Omnicar Auto OOD	Services	300	423
Dragomir Winery Estate OOD	Services	20	46
Transbalkan group Romania	Services	38	38
Omnicar BG EOOD	Services	8	34
Geopost SA, France	Services	142	-
Omnicar Rent EOOD	Services	53	-
Total		791	908

The group has provided advance payments to related parties as follows:

		31.12.2015	31.12.2014
		BGN'000	BGN'000
Omnicar Auto OOD	Advances	2,653	2,037
Total		2,653	2,037

The advance payments are for purchase of vehicles.

The Group has liabilities to related parties as follows:

		31.12.2015	31.12.2014
		BGN'000	BGN'000
Transbalkan group OOD	Services	463	404
Omnicar Auto OOD	Services	13	536
Dragomir Winery Estate OOD	Goods	-	8
Omnicar BG EOOD	Services	-	6
Total		476	954

As of 31.12.2015 the company owes to the Board of Director members 110 thousand levs /31.12.2014 – 94 thousand levs/ according to the requirements under Art. 240 para (1) of the Commercial Act.

The Group has realized sales to related parties as follows:

		2015	2014
		BGN'000	BGN'000
Transbalkan group OOD	Services	3,172	2,315
Omnicar BG EOOD	Services	280	474
Omnicar Auto OOD	Services	212	141
Dragomir Winery Estate OOD	Services	23	18
Geopost SA, France	Services	369	-

The company has purchased goods, materials and services from related parties, as follows:

		2015	2014
		BGN'000	BGN'000
Transbalkan group OOD	Services	10,831	8,882
Omnicar Auto OOD	Services	3,703	655
Omnicar BG EOOD	Services	104	84
Dragomir Winery Estate OOD	Goods	38	27
Omnicar C EOOD	Services	10	-
Omnicar oil EOOD	Materials	3	-
Omnicar Rent EOOD	Services	123	-

24. CONTINGENT LIABILITIES AND COMMITMENTS

Operating lease

The Group as Lessor

The Group has signed contracts for renting out of vehicles.

As of 31 December 2015, the receivables for future minimum rental payments under rent agreements are as follows:

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Within one year	2,360	2,230
Between one and five years	12,350	11,150

The Group as Lessee

The Group has concluded contracts for renting of offices, commercial and warehouse premises, vehicles and parking places.

As of 31.12.2015 the future minimum lease payments under operating leases are as follows:

31.12.2015	31.12.2014
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	BGN'000	BGN'000
Within one year	2,754	2,331
Between one and five years	12,152	11,397

25. OBJECTIVES AND POLICIES FOR FINANCIAL RISK MANAGEMENT

The Group is exposed to risks that arise from the use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to assess them.

There are no significant changes in the Group's exposure to risks from financial instruments, its objectives, policies and processes for managing those risks or the methods used to assess them, as compared to previous periods, unless otherwise stated in this note.

In performing its activities the Group is exposed mainly to the following financial risks:

- Credit risk
- Currency risk
- Liquidity risk

Key financial instruments

The main financial instruments used by the Group, from which the risk of financial instruments arises, are as follows:

- Trade or other receivables
- Cash and cash equivalents
- Financial lease liabilities
- Liabilities to banks
- Trade and other liabilities

Book values of the financial assets and liabilities of the Group can be presented in the following categories:

Financial assets

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Cash and cash equivalents	9,092	11,046
Trade and other receivables	25,170	20,821
Total	34,262	31,867

Financial liabilities

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Financial lease liabilities	14,091	12,150
Liabilities to banks	7,195	5,710
Trade and other liabilities	17,153	20,616
Total	38,439	38,476

The structure of the financial instruments held as of 31.12.2015 by categories, is as follows:

Financial assets

	Financial assets at fair value through profit or loss		Loans and receivables		Available for sale	
	31.12.		31.12.		31.12.	
	2015	2014	2015	2014	2015	2014
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	-	9,092	11,046	-	-
Trade and other receivables	-	-	25,170	20,821	-	-
	-	-	34,262	31,867	-	-

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	31.12.		31.12.	
	2015	2014	2015	2014
	BGN'000	BGN'000	BGN'000	BGN'000
Financial lease liabilities	-	-	14,091	12,150
Liabilities to banks	-	-	7,195	5,710
Trade and other liabilities	-	-	17,153	20,616
	-	-	38,439	38,476

The main objective of the financial instruments operated by the Group is financing the current activity.

Risk management is carried out on an on-going basis by the management of the Parent Company and, respectively, by the management of the subsidiaries, in accordance with the policy adopted by the Board of Directors of the Parent Company. The Board of Directors has approved the core principles of general financial risk management, based on which specific procedures for the management of individual specific risks have been developed, such as currency, price, interest rate, credit and liquidity and risk from the use of non-derivative instruments.

The overall risk management program is focused on the unpredictability of the financial markets and aims at reducing the potential unfavourable effects that may affect the financial result of the Group. On an on-going basis financial risks are identified, measured and monitored by means of various control mechanisms, introduced in order to establish adequate prices for the products and services of the companies of the Group and attracted external financing, as well as to adequately assess the market environment of the investments made and the ways of maintaining free liquidity funds, without allowing unnecessary concentration of a particular risk.

Management receives monthly reports, reviewing the effectiveness of the processes in place and the appropriateness of the objectives and policies set. In this respect, periodical review of risk management policies and processes is performed.

The overall objective of the management is to set policies that seek to reduce the risk as far as possible, without unduly affecting the competitiveness and flexibility of the Group.

Additional detailed information concerning these policies is set out below:

Credit risk

Credit risk is the risk of financial loss for the Group if a client or a counterparty fails to meet contractual obligations. Basically, the Group is exposed to credit risk from delayed payment of sales.

Management has established a credit policy under which each new client is analysed for creditworthiness before regular payment to the Group.

Collection of receivables is controlled directly by the management of the Parent Company and, respectively, by the management of the subsidiaries. Their responsibility is to perform regular control and to manage the receivables in accordance with the market characteristics and the needs of the Group.

The Group has developed a policy and procedures for assessing the creditworthiness of its counterparties and for setting out credit rating and credit limits by customer groups.

The Group's management monitors and adjusts the emerging concentration of receivables from customers and counterparties for the Group in general.

The quantitative disclosure of exposure to credit risk in respect of financial assets is set out below.

Financial assets	31.12.2015		31.12.2014	
	BGN'000		BGN'000	
	Book value	Maximum risk	Book value	Maximum risk
Cash and cash equivalents	9,092	9,092	11,046	11,046
Trade and other receivables	25,170	25,170	20,821	20,821
Total financial assets	34,262	34,262	31,867	31,867

Cash in banks

As of 31.12.2015 the major part of the cash is held in the following banks:

	Rating as of 31 December 2015	Balance as of 31 December 2014
		BGN'000
Unicredit Bulbank AD	B B+	1,776
DSK AD	B B B-	476
UBB AD	B	162

	Rating as at 31 December 2015	Balance as at 31 December 2014
		BGN'000
Unicredit Bulbank AD	B B+	1,809
UBB AD	B	137
Reiffeisenbank Bulgaria AD	B B+	450

Currency risk

The currency risk is the risk of negative impact of fluctuations of foreign currency exchange rates on the financial position and cash flows of the Group. Since the exchange rate of Bulgarian lev is fixed to the euro and the Group presents its financial statements in Bulgarian levs, the currency risk concerns the part of the transactions concluded in a currency other than euro.

Through its company in the Republic of Romania the Group performs business operations in this country and therefore has significant exposure in RON. Currency risk is related to the adverse movement of the exchange rate of this currency against the Bulgarian Lev in future business transactions under the recognized foreign currency assets and liabilities. The subsidiary in the Republic of Romania realized sales on the local market mainly, which also leads to currency risk for its currency - Romanian lei.

The following table summarizes the Group's exposure to currency risk as of 31 December 2015. It includes assets and liabilities at book value, categorized by type of currency.

31.12.2015.	BGN	EUR	RON	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	7,954	846	292	9,092
Trade and other receivables	14,932	389	9,849	25,170
Total assets	22,886	1,235	10,141	34,262
Financial lease liabilities	14,057	-	34	14,091
Liabilities to banks	6,079	-	1,116	7,195
Trade and other liabilities	9,174	955	7,024	17,153
Total liabilities	29,310	955	8,174	38,439

Liquidity risk

Liquidity risk arises from the management of working capital, financing costs and repayment of principal of the debt instruments. This is the risk when the management encounters difficulties in meeting its obligations when due.

The management's policy is to assure that it will always have sufficient cash to be able to meet its liabilities as they become due. To achieve this goal, it is looking for ways to maintain cash balances (or required funds) to meet the expected requirements. Also, management seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its loans.

The Group generates and maintains a significant amount of liquid funds. Internal source of liquidity for the Group is the main business of its companies, which generates sufficient operational flows. External sources of funding are banks and other permanent counterparts.

Management receives regular information regarding cash balances.

The table below provides an analysis of the liabilities of the Group as at December 31, 2015, grouped by residual maturity.

31.12.2015	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial lease liabilities	1,165	3,499	9,427	-	14,091
Bank loans	1,720	1,812	3,663	-	7,195
Trade and other payables	16,093	950	110	-	17,153
Total	18,978	6,261	13,200	-	38,439

31.12.2014	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial lease liabilities	963	2,683	8,505	-	12,150
Bank loans	250	1,049	4,411	-	5,710

Trade and other payables	20,315	301	-	-	20,616
Total	21,528	4,033	12,916	-	38,476

Information regarding the assets and liabilities fair value

A fair value is set as the amount for which an asset or liability can be exchanged between knowledgeable, willing parties in an arm's length transaction. The Management considers fair values in the balance sheet are not significantly different from their accounting value.

Fair values of financial assets and liabilities, along with their balance sheet values, are as follows:

As of 31.12.2015

	Book value	Fair value
	BGN'000	BGN'000
Cash and cash equivalents	9,092	9,092
Trade and other receivables	25,170	25,170
Total assets	34,262	34,262
Financial lease liabilities	14,091	14,091
Bank loans	7,195	7,195
Trade and other payables	17,153	17,153
Total	38,439	38,439

As of 31.12.2014

	Book value	Fair value
	BGN'000	BGN'000
Cash and cash equivalents	11,046	11,046
Trade and other receivables	20,821	20,821
Total assets	31,867	31,867
Financial lease liabilities	12,150	12,150
Bank loans	5,710	5,710
Trade and other payables	20,616	20,616
Total	38,476	38,476

The tables below present the hierarchy of fair value assets and liabilities, as follows:

As of 31.12.2015

	Level 1	Level 2	Level 3	Total:
	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	9,092	-	9,092
Trade and other receivables	-	-	25,170	25,170
Total assets	-	9,092	25,170	34,262
Financial lease liabilities	-	-	14,091	14,091
Bank loans	-	-	7,195	7,195
Trade and other payables	-	-	17,153	17,153
Total liabilities	-	-	38,439	38,439

As of 31.12.2014	Level 1	Level 2	Level 3	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	11,046	-	11,046
Trade and other receivables	-	-	20,821	20,821
Total assets	-	11,046	20,821	31,867
Financial lease liabilities	-	-	12,150	12,150
Bank loans	-	-	5,710	5,710
Trade and other payables	-	-	20,616	20,616
Total liabilities	-	-	38,476	38,476

No transfers between hierarchy levels of fair value have been made in the reporting period.

26. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a stable credit rating and adequate capital ratios in order to support its business and maximize its value.

The Group manages its capital structure and makes adjustments in accordance with changes in the economic conditions.

The Group monitors its capital through indebtedness ratio, which is net debt divided by the total equity plus the net debt. The Group includes in the net debt the interest bearing loans and leases, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	31.12.2015	31.12.2014
	BGN'000	BGN'000
Trade and other liabilities	38,439	38,476
Less cash and cash equivalents	(9,092)	(11,046)
Net debt	29,347	27,430
Equity	44,100	40,531
Total net debt and equity	73,447	67,961
Debt ratio	39.96%	40.36%

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred between the reporting date and the balance sheet date that would change the financial statements as of 31.12.2015.

28. APPROVAL OF FINANCIAL STATEMENTS

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

Executive Director:
Valery Mektouptchiyan

Chief Accountant:
Stefka Levidzhova

24.03.2016