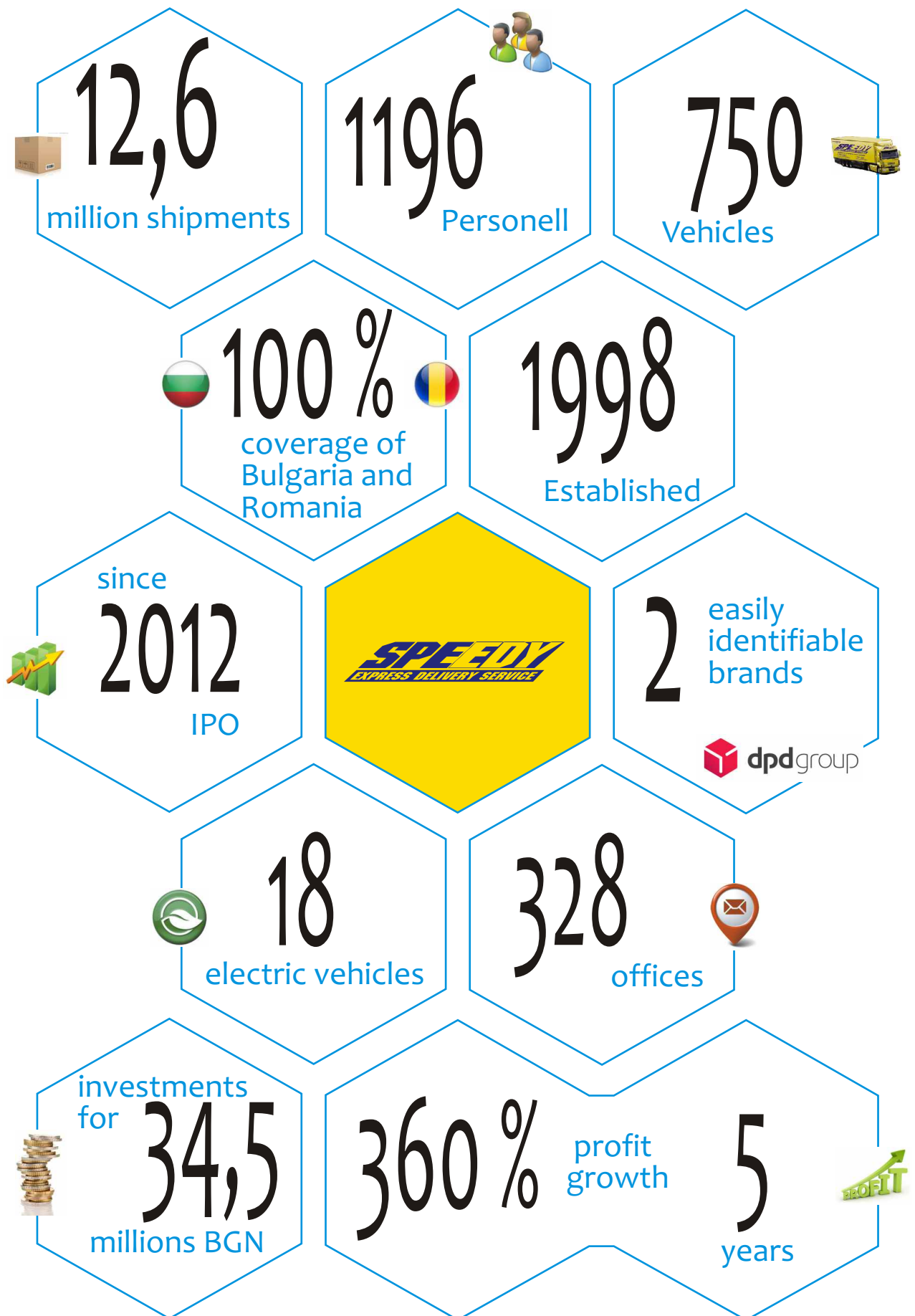


SPEEDY JSC
CONSOLIDATED ANNUAL FINANCIAL STATEMENT

2014



SPEEDY
EXPRESS DELIVERY SERVICE

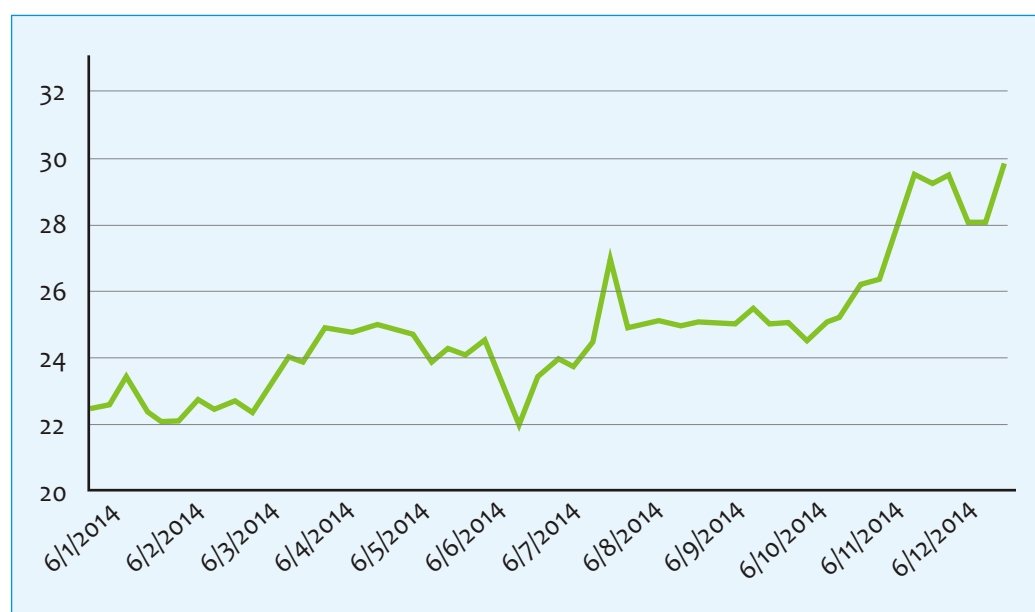


Key figures

(in thousand BGN)

	2010	2011	2012	2013	2014
Revenue	39 443	47 792	54 524	66 297	81,359
Operating expenses	32 164	38 290	43 474	52 739	65,322
EBITDA	7 279	9 502	11 050	13 558	16,037
Net profit	3 326	6 110	7 614	8 827	9,591
Assets	18 999	20 900	25 692	37 215	79,275
Interest-bearing debt	4 750	4 523	5 848	10 140	19,965
Equity	7 865	8 434	10 523	14 933	40,531
Dividend per share	1,30	3,69	2,98	1,00	1,00

Market price of Speedy AD shares



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.





Valeri Mektupchiyan
Chief Executive Officer

Dear Shareholders,

It is my pleasure to greet all of you after yet another truly exciting year both for myself and for my team. In addition to being exciting year „2014“ was consecutive most successful year in SPEEDY's development, where the following important achievements are worth mentioning:

- we were able to increase the company shared capital by the issuance of new shares for total amount of BGN 20.5 million
- we were able to construct a very well balanced shareholding structure of more than 300 shareholders, including a strategic European investor, 3 Bulgarian pension funds, many domestic and foreign mutual funds, plus a significant number of individual investors.
- we were able to complete successfully as we have planned the acquisition of DPD Romania and GeoPost Bulgaria, whereby we set a firm foundation for our ambitious plans for development in the Balkan region and the whole of Europe.
- we achieved 22% growth in sales
- despite our intensive investment program involving 34.5 million BGN, we maintained a high profitability of nearly 12 %
- we were able to realize a profit of 9.5 million BGN or BGN 1.79 per share
- we launched our projects “EXPRESS RO” and “PALLET ONE RO” for joining the Bulgarian and the Romanian markets. This allowed us to introduce in Romania the shipments and pallets delivery rates, which are now in effect in Bulgaria, thus providing support for the development projects of our customers in Romania.
- as a natural continuation of our successfully implemented project for pallets delivery in Bulgaria “PALLET ONE”, in 2014 we offered a new service for pallet deliveries to and from EU countries.
- we ran a successful campaign for expanding our internal infrastructure where in addition to the existing deliveries to and from customer's address, we provided for our customers the opportunity to have access to 48 pallet storages and offices. This project will continue in 2015, when by introducing some new ideas, we are planning to improve considerably the efficiency of these locations.
- We launched a number of other important projects for further development and integration of our IT system in the next 5 years.

it is important to assure you that the achievements of the SPEEDY team, from all our colleagues and partners, beside satisfaction, brings us confidence and ambition when planning and pursuing our objectives for 2015.

The major focus in 2015 will be on:

- Improvement of our internal system for development, communication, control and assessment of our employees. As an objective we expect to raise the motivation of the more successful ones and to actively promote their advancing as a means to motivate the others to improve their performance.
- development and expansion of our successful partnerships realized in the last two years, by planning to put major efforts to expand the business of our ambitious and successful existing and prospective partners.
- augmenting the scope and integration of standards of the service quality of partners and customers.
- development and enlarging of the portfolio of the services offered in Romania and integrated development of both Bulgarian and Romanian markets.
- more actively offering useful solutions to our Bulgarian and Romanian customers regarding shipment and pallet deliveries to and from neighboring countries in the Balkan peninsula as well as to and from EU countries.
- consistent investments in projects related to our concept for sustainable development, in particular such as school sport activities, education, career development of talented students, etc.

The results achieved in 2014 allow us to propose that a minimum of 50% of the profit be distributed this year as well.

I would like to ensure you that we are going to keep on following the established traditional practice of working correctly and honestly in the interest of all concerned parties - customers, employees, partners, suppliers and of course to protect your interests as shareholders in our company.

Sincerely Yours,

Valeri Mektupchiyan
Executive Director

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BASIC ACTIVITY AND COMPANY DEVELOPMENT OVER THE YEAR

A. Business model and strategy

A clear vision and continuous development by investing in quality and efficiency

Speedy AD is exclusively focused on the development of its CORE activity, which is the providing courier services. The 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 the 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.

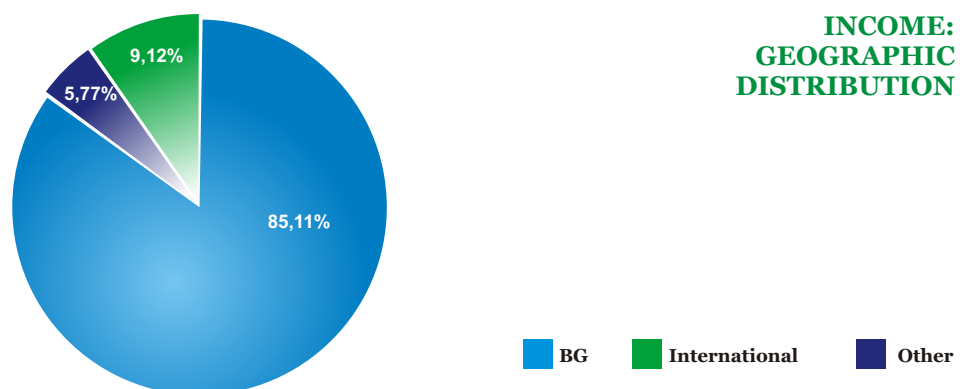
The long-term company objectives include providing quality services, flexible solutions and competitive trade-off between quality and price. For that purpose, personnel qualification and motivation programs are implemented and work processes are being optimized. Information infrastructure is being consistently 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 developed, which helped enlarge the circle of our potential customers. There was an intensive promotion of services targeted at individual customers and customers working with a larger volume of shipments.

Our office network tripled and as a result the circle of our potential customers was enlarged

In the fall of 2013 we launched our new service called "Pallet One", which continued to actively grow in 2014 as well. With the aim of offering 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 the office network.

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 neighboring country. The fact that both countries are EU members and they share a border makes it possible to join together the 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.



A step in this direction was the new service called EXPRESS RO and TYRES RO offering express delivery from and to Romania but charged at the rates applicable for express delivery of shipments inside Bulgaria. This service is targeted at business customers who wish to expand their business or who are already operating on the other market. We expect the number of shipments between the two countries to grow significantly.

B. Market and regulatory environment

Intensive development and changes in the shares of participants, products and customers

Postal services have always been directly connected to the overall state of economy. After 2009, the slowed national economy had an effect on the general dynamics on the local market, therefore for the period 2009-2013 the revenue growth totaled to as low as 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 20% 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 fueled the market growth.

A significantly more dynamic development was noticed in the past two years when the market grew by 6.1% and 5.3%, and the non-universal postal services grew by nearly 7%. At the same time, in 2012 and 2013 the total number of transported shipments was reduced by 5.7% and 3.8% respectively. The main reason for that is the significant drop in the share of services called “hybrid post”, the growing share of the more expensive international shipments and the substantial development of electronic commerce. The latter resulted, inter alia, in major restructuring of the customer base, therefore the share of individual customers shipments in the overall number of shipments grew from 5% in 2012 to 13% in 2013. This trend continued in the past year as well.

National market of postal services

	2011	2012	2013
The market of postal services, million BGN	231	245	258
UPS, million BGN	48	49	49
NPS, million BGN	183	196	209
Overall market share held by SPEEDY AD	18,8%	21,2%	24,3%
Market share in NPS held by SPEEDY AD	24%	27%	30,0%

Information source: Communication Regulatory Committee (CRC)

The total number of registered operators is relatively high but in fact in 2013 only about 60 companies were offering NPS. According to data provided by the CRC the first 5 operators holding the largest portions of the market of NPS are Speedy AD, DHL Bulgaria EOOD, Ekont Express OOD, In Time OOD, M&BM Express OOD who control altogether a total of 65% of this market segment.

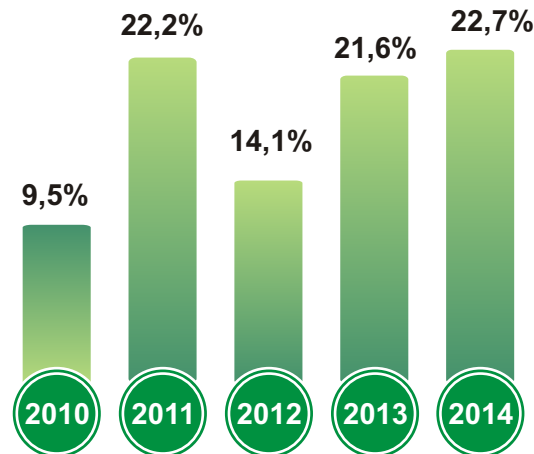
Top 5 companies control 2/3 of the market

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 favors 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, 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.



COURIER SERVICES REVENUE GROWTH

Focus on the main services complemented by a wide range of value added services

C. Range of services

Speedy AD continues to be focused on its basic activity – the delivering courier services, which accounts for about 94.7% of the revenue in 2014.

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 of performance.

In 2014 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 well developed road delivery networks in Europe the DPD, allows us to advance in the development of these services at a steady pace. In 2014 Speedy AD reported a 10.97% share of the international services in the consolidated revenue from the courier services, with the acquisition of DPD Romania significantly increases the share of foreign markets revenue.

Speedy AD's stronghold are the corporative customers, nevertheless the company is planning to direct its efforts in the next 3 years intensively to individual customers, economically active end users, by offering a convenient package of basic and extra 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. The parameters of this new service 3-5-8 for delivery of packages up to 8 kg at Speedy office-to-office satisfies the requirements of end users and small businesses in terms of convenience, speed, quality and optimal cost effective prices.

New services make significant contribution to the income growth

In 2014 Speedy initiated a campaign for joining the Bulgarian and the Romanian markets in the area of courier services, and the beginning was marked by the acquisition of Dynamic Parcel Distribution S.A. (Romania). Speedy enhanced its portfolio by including a new service consisting of making express deliveries of packages to our northern neighboring country at the same price rate as the applicable rates for deliveries within Bulgaria. The project to develop a service for delivery of pallet shipments from Bulgaria to the entire territory of Romania and vice versa is meant as a continuation of this policy, and its beginning is planned for the start of 2015. This is expected to be the next one in a series of steps aimed at stimulating Bulgarian and Romanian businesses to expand their presence in the neighboring country and their business relations.

The express courier service within the country continues to play a significant role in the income structure but pallet deliveries, international shipments and economic courier services keep on growing at a steady pace therefore making a significant contribution to the income growth in 2014.

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.

In 2014 the package of extra services was enhanced by another service called „open before you pay“. It is offered as an option to the cash on delivery service to meet primarily the demands of online traders, which are an important segment for our business.

Lately customers tend to use more and more frequently the range of extra services in addition to our main package and during 2014 we recorded an increase of the share of extra services - cash on delivery, packing, insurance.

The use of Speedy online services package by customers marks a steady upward trend. Now, more than 70% 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 increasingly are applied internally developed modules in our online platforms as well as external modules for personalized integration.

The company expects that the introduction of these new products into the Romanian market, plus end-users and small businesses focused products, to influence greatly the revenue size in 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, here we also initiate projects aimed at creation and introduction of new extra 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.



Strong positions with
corporate
customers

D. Client base

Speedy AD keeps its focus on providing services to the largest market segment, corporate customers, which account for 80% 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, the issuer may carry out the internal logistics between different company units and warehouses, plus exchange of internal correspondence.

Wide range of customers and low dependency on a small number of customers

Within Bulgaria Speedy is now servicing nearly 1 million customers from all sectors of the economy. 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 income.

In 2014 the business-to-business services dominated the mixture of provided services but the boost of electronic commerce over the past year started to change the customers profile. The weight of end customers, the economically active natural persons, was much stronger in 2014 and this tendency is expected to continue. To provide still more convenient service to its end customers-natural persons, Speedy AD started to expand its office network in 2014 by launching its large-scale partnership project called Speedy Parcel Shop.

E. Logistic network

Speedy AD has a fully built logistic network, with 6 regional distribution centers located in Sofia, Plovdiv, Stara Zagora, Burgas, Varna and Veliko Tarnovo, which ensures 100% coverage of Bulgarian territory. The international connections of the network are carried out via direct daily lines to Budapest, Bucharest, Skopje and Thessalonica.

In 2014 our operating unit processed 11.9 million shipments, realizing 18% growth as compared to the previous year.

The major projects where our operating unit concentrated its efforts over the past year were channeled into 4 directions:

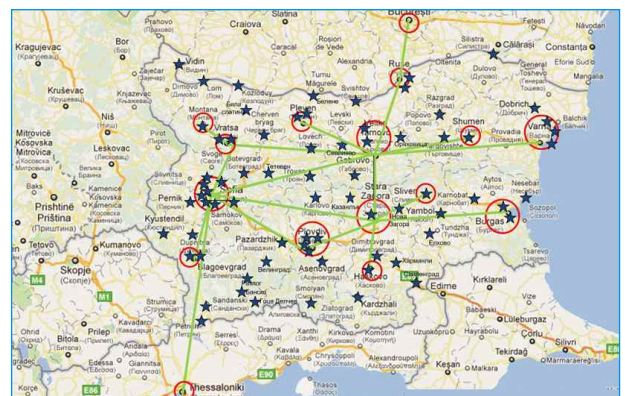
Enlargement of storage area

A new distribution center with an area of 2500 m² was recently constructed on a key location in the town of Ruse and officially opened for business. The main distribution center in Sofia was further enlarged by some 800 m².

Enhancement of the office network through the SPS program

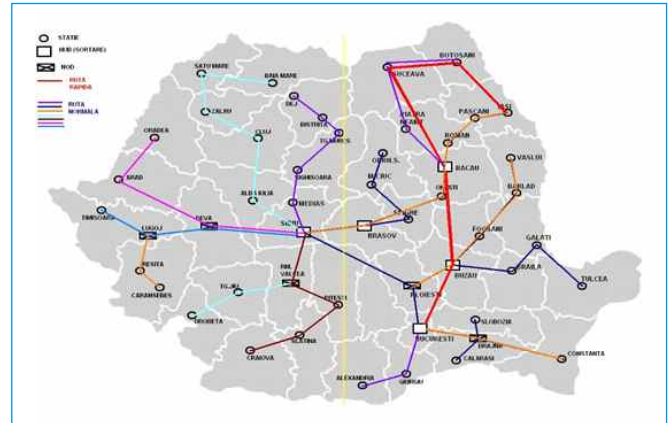
In 2013, Speedy AD launched the program called Speedy Parcel Shop, whose purpose was to expand the office network by establishing partnerships with small businesses. Due to considerable interest that the program attracted, in 2014 80 new offices were opened and by December 2014 some 152 SPS locations were in operation. Combined with our own offices, our company now has a network of 242 offices. Thanks to this project, Speedy AD is now standing much closer to its customers and is able to provide quality courier services even to customers in small and remote locations.

Four priorities in the activities performed in 2014



Fleet of Vehicles

To guarantee quality and reliable services to its customers, Speedy AD uses and operates its own fleet of vehicles, composed of various types of vehicles. Some 120 new vehicles were bought In 2014, in addition to regular replacement of old and amortized vehicles. As of December 2014 the company had more than 670 lightweight and heavyweight vehicles with capacity from 1.5 to 20t.



Service quality is above the national average quality standard

Partners-couriers

In 2014 Speedy continued its program “Couriers-partners”, which was aimed at promoting the couriers' responsibility, concern and initiative when working with customers. By the year end the number of partners-couriers reached 413. They work under the control and brand of Speedy AD, performing its activity in compliance with the established quality standards of our company.

Control systems

The performance of our operating unit is assessed based on key performing indicators to measure the process quality and achieved financial results. The existing ERP system enables each employee to monitor in real time the extend of target completion. Accordingly, the remuneration of all employees is directly linked to its results. The control is exercised on every management levels, and depending on the level, the control is on either daily, weekly, monthly, quarterly or yearly basis. The quality we were able to achieve is 99.2% deliveries in compliance with agreed terms, which is above the official service quality standard.

F. Information systems

In the past year, all the activities related to the development and improvement of Speedy information systems were subordinated to the main company objectives.

The most developed technological infrastructure on a national level

From its very beginning the business model created by Speedy was based on innovations, effectiveness and the most well developed technological infrastructure on a national level. That was the reason why we continued to pursue this objective by focusing on the introduction of an innovative process for logistic services organization and management and the creation of a needed information environment where it could be implemented. This strategic project will bring Speedy an undoubted competitive advantage. The project amounts 4 million BGN; it was approved under the Competitiveness Program and supported by 50% European grant.

A serious challenge over the year was the software development for the strategic initiate called „Bulgaria and Romaniaa common market“. The major IT projects and aims for 2014 related to our strategic plans and improvement of information environment were as follows:

Intensive investments in IT facilities

- >Implementation of a new analytical modules for fleet management (Fleet management system);
- >Pilot implementation of CRM (Customer Relationship Management);
- >Feasibility study and design for implementation of BI (Business Intelligent) - a solution that facilitates more informed and more secure management decisions;
- >Implementation of new scalable central servers to secure the strategic projects and to upgrade and enhance the capacity of data storage systems;
- >Implementation of digital information boards in the offices servicing clients;
- >Implementation of new data protection systems;

>Development and implementation of a new, faster and more efficient warehouse processing scheme;
 >Development and implementation of a new scheme for redirection and return of shipments as well as a functional feature for redirection of customers too;
 >Development of extra functional features, adaptation of all operating and customer service systems to handle international shipments, foreign currencies and English version.
 The improvement of information environment involves a series of parallel projects that will continue through and increase in number in 2015.

G. Human resources management

Investments in personnel training and motivation

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

All new employee on operative positions goes through mandatory training. Furthermore, in the past year 2014, 69 employees attended training for mastering different skills and competences, with most of the participants were from Operative Dept. and Sales and Marketing Dept. In addition, the company was able to train 15 forklift operators, 3 employees attended English courses and a number of employees from our IT Dept. attended different 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 with the purpose to improve employees' qualification.

All company employees have been divided in categories according to the functions they are to perform, where Speedy AD employs the administrative and expert staff as well as half of the operative personnel (50% of year average payroll in 2014), while Speedy EOOD employs the remaining personnel that is directly involved in the operating activities such as couriers, sorters and drivers (50% of year average payroll in 2014). In 2014 the personnel of Speedy OOD was progressively reappointed in Speedy AD, therefore the number of employees there raised from 254 on 31.12.2013 to 901 on 31.12.2014. This process was completed by the year end.

Year average number of employees. classified in categories

	2013	2014
Managing staff	49	49
Expert staff	50	63
Technicians and applied experts	112	113
Supporting administrative staff	121	131
Machine operators and assemblers	422	184
Unskilled workers	537	609
Other	180	202
TOTAL NUMBER OF PERSONNEL	1 112	949

Note: Employees on maternity leaves are not included

A personnel performance analysis of DPD Romania S.A. is due after its acquisition. Currently the company has 247 employees, classified into the following categories:

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	2014
Managing staff	23
Expert staff	25
Technicians and applied experts	38
Supporting administrative staff	38
Staff performing unspecified services	1
Machine operators and assemblers	13
Unskilled workers	109
TOTAL NUMBER OF PERSONNEL	247

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

H. Revenues

New services have significant contribution to the revenue growth

Speedy AD works actively to develop its network, to provide new services and to attract and keep customers by offering the optimal balance of price and quality. This enabled us in 2014 to maintain the fast pace of sales growth despite the adverse economic environment. Another contribution was made by the newly marketed products, which attracted a new type of customers who have never before used courier services. An example of this are the international courier shipments by road, which is slower than by air but much cheaper, as well as the pallet shipments, which attracted customers used to use alternative transportation.

The long-term goal of the company for regional expansion became true last year with the acquisition of DPD Romania S.A. In a short period we managed to make significant progress in the integration of both systems, therefore by the end of 2014 the new services called EXPRESS RO, PALLET ONE RO and TYRES RO were launched. As a result all express shipments from and to Romania are charged at the same rate as express shipment in Bulgarian territory. These services were addressed primarily to business customers who are interested in expanding their business or are already operating on the other market. We expect to have a double-digit growth of shipments between two countries.

Regarding the expansion of online shops, an integrated module for courier deliveries was introduced into some of the platforms that are most widely used by internet traders such as Magento, OpenCart, Presta Shop and Summer Cart. Each platform contains a special delivery module enabling it to optimize the processing and handling of shipments. The Speedy integration module in those platforms covers the full set of functional characteristics necessary for handling shipments.

In addition to the development of its network and service package, our company constantly works for improvement of its competitiveness, which enable it to defend and strengthen its leadership position on the market of courier services. It allowed Speedy AD in 2014 to continue expanding at a pace which is above the market average, achieving 21.75% growth of its main activities and 23.8% growth of total sales. This growth is due to both the attraction of new customers and the volume increase of existing customers, where more distinct is the increase of individual customers. A major contribution to the 35% rise of consolidated sales in the last quarter is due to the consolidation of the Romanian company acquired on 19.11.2014.

The company maintains sales growth above the market average

In thousand BGN	2013	2014	Изменение
Domestic market	57 335	68,078	18.7%
% of total income	86.48%	83.68%	
International market	5 138	8,387	53.3%
% of total income	7.75%	10.31%	
Other	3 824	4,894	67.3%
% of total income	5.77%	6.02%	
Number of parcels	10 071	12,606	25.2%
Total revenues	66 297	81,359	23.8%

International shipments, pallets and individual customers formed a significant share of the total sales structure

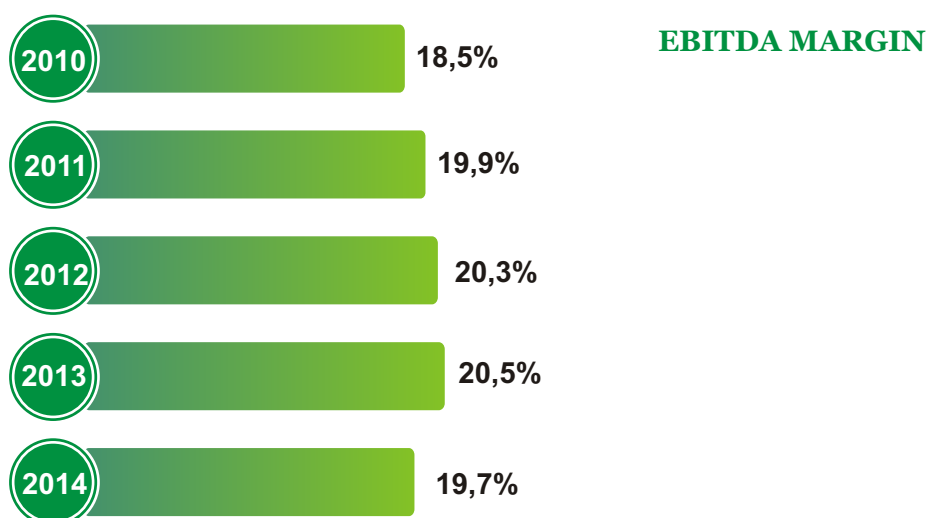
The profile of the subsidiary Romanian company is a little different from the profile of Speedy; it focuses on smaller shipments up to 40 kg and international deliveries, which make 45% of its total sales structure. After acquisition, Speedy AD started to develop actively its presence on the Romanian market, planning to expand the office network and the range of services offered using the know-how developed in Bulgarian market.

A large portion of this growth in absolute value is attributable to the segment, which is the main focus of the company package deliveries, whereas the segment of document deliveries stayed at a stable level. The faster pace of growth is in the segments, which the company has been actively developing over the last years: international deliveries, pallets and individual customers. The revenues from pallet and international shipments keeps on growing at a faster pace. An especially high increase of international deliveries was accomplished in the last quarter due to intensive online shopping around Christmas and the consolidation of income from DPD Romania. This contributed for the increase of the share of international shipments in the total sales.

The intensive expansion of office network adds up another fast-growing segment to the above two the segment of individual customers where sales grew by 20% on an annual basis. The smaller size of shipments customary for individual customers results in a lower average revenue per shipment, which explains the outgrowing pace of transported shipments as compared 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.

Another significant source of growth is the pallet shipment service. Speedy AD foresees a considerable potential of this service and is putting efforts to develop it. The volume of pallet services reached so far allowed distinguishing pallet deliveries as a separate product - „PalletOne” for handling standard pallets up to 1200 kg in Bulgaria, in Romania and the rest of Europe.

A 67.3% 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 external companies. 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, plus some recovered funds under provisioned receivables.



In addition to the new segments, Speedy AD recorded high rise in the segment of traditional packages thanks to its strong holds in large shipments and corporative customers.

I. Expenditure

Structural changes lead to significant change in the structure of expenditure

The structure of expenditure in the reporting period underwent some considerable changes as compared to the previous year, and the share of costs of external services has greatly increased at the expense of the decrease in the rest of expenditures. This change in the structure is due to the measures taken to optimize expenditure by subcontracting the large portion of transportation activity. As a result the transport between logistic centers is carried out by external transportation companies. Furthermore, thanks to developing the programs called „Loyalty“ and “Couriers-subcontractors”, couriers are given the chance 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. By the end of June 2014 about 80% of the couriers were working under subcontracts with the company. The strategy of DPD Romania is also oriented towards wide use of subcontractors.

In thousand BGN	2013	2014	Изменение
Supplies and materials	8 305	6,958	-16.2%
Compensation costs	20 383	18,176	-10.8%
External services	21 348	37,634	76.3%
Book value of assets sold	1 428	1,133	-20.7%
Other operating expenses	1 275	1,421	11.5%
Depreciation	3 176	5,022	58.1%
EBITDA	13 558	16,037	18.3%
Net profit for the period	8 827	9,591	8.7%

The operating cash flow allows financing the expansion

The greatest decrease of expenses was achieved in the area of wages and salary expenses in 2014 as compared to the previous year 2,2 million BGN. This decrease was achieved on the background of average rise of wages and salaries in Speedy AD by 5% since 01 July and the inclusion of wages and salaries of the personnel of Romanian company. A decrease was recorded in the fuel expenses in amount of 1,66 million BGN on a yearly basis, which can also be attributed to the use of subcontractors. The major drop of fuel prices had no significant impact on the company profitability because our customers are charged fuel fee on top of the service price, which is lowered in line with fuel prices. The transfer of a large part of activities for execution by other companies lead to increase in the expenses for external services by 76,3%.

Profitability stayed relatively stable; EBITDA margin was lowered by 0,74 points to 19,71%. The intensive investments in vehicle fleet in 2014 resulted in increase of depreciation by 58% and a moderate rise of interest expenses. The result is a small drop in the net profit margin from 13,3% in 2013 to 11,8% in 2014.

The net operating cash flow marked a small increase to 12,48 million BGN. The payment of financial leasing in 2014 amount to 4,1 million BGN, and the net increase of bank loans amount to 6,44 million BGN. The increase resulted from partial drawing down of a 5-year bank investment credit in amount of 10,9 million BGN, of which 5 million BGN were drawn down in December 2014, and the outstanding sum will be tapped this year. The considerable investments made in 2014 resulted in increase of the total interest bearing liabilities by 9,8 million BGN.

In 2014 the General Meeting of Shareholders voted distribution of dividend in amount of 4,442 million BGN.

The total funds on a consolidated basis invested for the reporting period amount to 11,2 million BGN. The best part of it (9 million BGN) were used for replacement and increase of our vehicle fleet, which currently numbers more than 1000 vehicles. Additionally, 4,9 million BGN were invested in repairs and enlargement of rented facilities and for the purchase of fixtures and fittings and the purchase of technical equipment. In 2014 we launched a project under Operative Program Competitiveness, where 2,78 million BGN were invested for the purchase of software products, technical equipment and new PDA devices to replace the existing ones. The mentioned amount includes also the regular investments in technical equipment and software.

The project under Operative Program Competitiveness amounts to the total of 4 million BGN, 50% of which will be ensured by a government grant, the contracted amount of the grant is 2 million BGN. The advance payments extended for the project and for the enlargement and repair of logistic centers lead to a considerable increase of the advance payments made by Speedy AD (2 million BGN) and the receivables under the government grant (1,782 million BGN).

J. Balance sheet status

In 2014 Speedy AD implemented an intensive investment program amounting to 34,5 million BGN. This led to a significant change in the financial position of the company - the total assets/liabilities almost doubled to 80 million BGN. The major investment was the acquisition of the Romanian company DPD Romania S.A. and Geopost Bulgaria EOOD for the total price of 25,5 million BGN. The best part of the renovation of company vehicle fleet was done in 2013, therefore last year the investments in vehicles lowered by 2 million BGN to reach the amount of 5,4 million BGN.

Investment program for 34,5 million BGN the most ambitious program since the set-up of the company

The low leverage and good liquidity allow financing the future growth

In thousand BGN	2013	2014
EBITDA Margin	20,5%	19,7%
EBIT Margin	15,7%	13,5%
Net Profit Margin	13,3%	11,8%
TATO	2,11	1,40
Assets/Equity	2,47	2,10
ROE	69,4%	34,6%
ROA	28,1%	16,5%
ROIC	42,9%	22,8%
Receivables Turnover	7,7	5,9
Period of receivables collection	47,6	61,7
Inventory turnover	90,9	115,1
Inventory processing period	4,0	3,2
Account payables turnover	9,4	6,7
Payment period of account payables	38,7	54,4
Cash conversion cycle	12,9	10,4
Interest coverage	162,22	60,19
Long-term debt/Equity	0,49	0,37
Interest-bearing debt/Equity	0,68	0,49
Interest-bearing debt/Assets	0,27	0,25
Liabilities/Assets	0,60	0,46
Current ratio	1,45	1,61
Quick ratio	1,17	1,37

The implementation of our project for technological renovation made a considerable progress. It was financed under the Operative Program Competitiveness; therefore we raised considerably the amount of investments in electronic equipment, which reached 2,25 million BGN - software, technical equipment, and purchase of new PDA devices to replace the existing ones. The remaining part (1,1 million BGN.) of the investments was directed to expansion of the logistic network. Additionally, a loan was granted to DPD Romania in amount of 978 thousand BGN to finance the investment activities of its subsidiary.

High return on investments

The investment program was financed predominantly by company own funding. Because of public offering, the company issued 889 thousand shares raising 20,454 million BGN of new equity. The purchase of vehicles and equipment is usually financed with financial lease, and for the acquisition of subsidiary company, the company drew down an investment loan. This resulted in increase of the company interest debt by 7,6 million BGN.

The raised capital and the high profitability rate enable the company to maintain a high level of financial autonomy. This ensures a considerable capacity to finance its own growth in the future and to keep its dividend policy.

The company has a policy not to invest in real estate, therefore all its offices, logistic centers and sorting centers 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 an remarkably high return on equity capital of 35,4% (as compared to 75,6% in 2013), without raising the financial risk. This considerable drop resulted from the capital increase by the year end and we expect that the investments we made would lead to increase of our profitability rate in the following years.

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” will make the balance of other liabilities in the balance sheet. As of 31.12.2014 the amount of these liabilities totaled to 2,8 million BGN.

The project under Operative Program Competitiveness amounts to the total value of 4 million BGN, 50% of which will be ensured by a government grant, the expected amount of financing is 2 million BGN. The advance payments remitted for the project execution and for the enlargement and repair of logistic centers lead to a considerable increase of the advance payments made by Speedy AD (2 million BGN) and the receivables under the government grant (1,782 million BGN). The future income from financing in amount of 1,991 million BGN is reported in the balance sheet liabilities section.

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 subsidiaries
Maturity	3 years	5 years
Interest rate	3-month SOFIBOR + 2.9%	3-month SOFIBOR + 2.6%
Amount as of 31.12.2014	BGN 705 000	BGN 5 005 000

Type of financing	Loan from shareholders	Loan from shareholders
Creditor	Speedy Group	Armadilo OOD
Amount of financing	EUR 850 000	EUR 100 000
Purpose	Investments	Working capital
Maturity	December 2020	March 2015 PAID OFF
Interest rate	4.5%	4.33%
Amount as of 31.12.2014	EUR 850 000	EUR 100 000

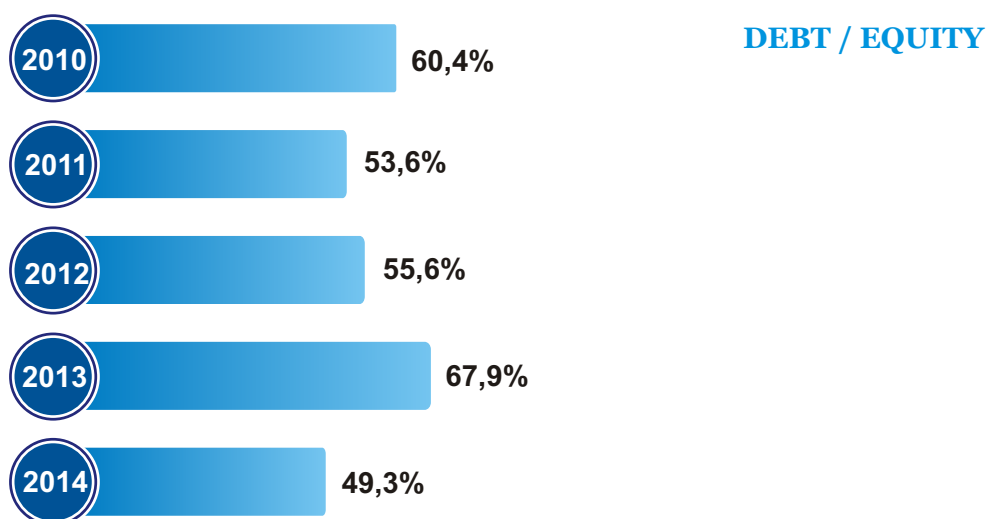
Creditor	Payable in less than 1 year	Payable in more than 1 year	Interest rate
BM Leasing	100	83	6,25%
Reiffeisen Leasing	1 988	4 605	4,63%
UniCredit Leasing AD	1 514	3 765	4,90%
MKB Autopark	13	0	6,20%
Motoractive Leasing	24	36	
UniCredit Leasing			
Romania	6	16	
TOTAL	3 645	8 505	

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 leased funds were secured by the leased assets.

K. Resource management and opportunities to achieve investment intentions

Speedy AD has been managing its business activities on the basis of annual budgets, where the objectives were planned in details to the lowest employee level and the adherence is monitored on a regular basis. The company has agreed financing from external sources, needed for implementation of investment program. The high level of financial autonomy and the strong free cash flow allow the company to finance its investment program by using both own and borrowed funds but also to keep its dividend policy to distribute more than 50% of the profit.





L. Report on the social and corporate responsibility

Speedy's management views the development of corporate sustainability as an important objective laid down in the corporate values.

It is a conscious belief that business should take responsibility not only when it concerns financial development and safety work conditions but also when it comes to caring for the improvement of public life conditions, to supporting the progress of young people and to protecting the environment. The top priorities are effective utilization of energy, reduction of pollution, guaranteed business decency to our customers and never-ceasing attempts to improve the quality of work and the quality of life of our employees.

In 2014 Speedy successfully implemented a series of initiatives putting emphasis on youth sport, education, social and public activities and progress of employees. The total cost of such activities exceeded BGN 350 000.

1. Environment protection

Electric cars without harmful emissions

Speedy believes that the future of urban transport of people and freights lies with electric vehicles both because of the considerably lower expenses and for the sake of environment protection.

The purchase of 18 electric cars by the end of 2013 renders the biggest Bulgarian courier company into one of the first companies in Europe to undertake such an innovative investment. In 2014 the electric cars of Speedy saved 11.5 tons 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.

In June 2014 Speedy became member of the Green Circle of Manager Magazine, which gathers together socially responsible companies in the area of environment protection.



Biodegradable envelopes for packing the shipments

The envelopes for packing the shipments are made of polyethylene with a special additive for faster degradation based on the polydegalax technology of Epi Global. No substances or colorants containing toxic heavy metals such as lead, cadmium or mercury were used in the manufacturing process. The envelopes are reusable and recyclable. When disposed the material degrades much faster than regular plastic bags.

This is the way to manage and maintain the quality and security of customers' shipments and at the same time to reduce the harmful impact of used packing on environment. Taking into consideration the ever-growing volume of our activities this step is going to make Speedy's business more friendly to environment.



Recycled paper and Paperless solutions

Since the summer of 2014 the company bulletin called Speedy Press is being printed on 100% recycled paper CYCLUSPRINT. The company bulletin informs Speedy customers and employees every month about the business news, events, services and projects.

The company units and departments dealing with voluminous printed documentation are developing and successfully implementing Paperless solutions for electronic management of the operative process, as a result of which the use of printed materials will be hugely reduced.

By the year end the company developed the portal Speedygoesgreen.bg with the intent to gather together all ecological and social initiatives of Speedy and in addition to provide valuable advice about healthy and environment-friendly living.

2. Social responsibility and support

Over the past years Speedy was successful in implementing a series of socially-responsible initiatives with focus on education and youth sport.

„Speedy invests in young talents”

The purpose of this initiative is to support the researching and educational undertakings in the area of unfamiliar youth activities that nevertheless add value to the development of youths' researching and professional potential and their healthy lifestyle.

The campaign consisted of the following initiatives:

>Provision of financial support (to the amount of BGN 10 000) to the Bulgarian national girls team of mathematics; the team organized under the care of the Institute of Mathematics and Computer Science at the Bulgarian Academy of Sciences used the provided funds to get prepared and to participate in a number of international competitions and Olympiads.

>Sponsorship for the school students games in light athletics organized under the auspice of the Bulgarian Ministry of Youth and Sport and the Bulgarian Association for School Sports. For a second year in a row Speedy ensured prizes to the amount of BGN 10 000 intended to be used for improvement of the sport facilities and sport equipment in the winning schools.



>Provision of support for other sport clubs and events, among which the competitors from Saturn Sport Club from Plovdiv, who represented Bulgaria at the first European championship in sport jiu-jitsu and the Christmas tournament in volleyball for girls less than 13 years old, which took place in the town of Plovdiv.

The efforts put in by the company for such activities were distinguished at the Annual Rewards for Open Business in 2014, organized by the Bulgarian Business Leaders Forum. Speedy was nominated in the category “Investor in human capital” and won third place in the category “Investor in knowledge” thanks to its campaign “Speedy invests in young talents”.



Researching

In the sphere of researching Speedy supported a project ran by the team of Economic Logistics Dept. at the University of National and World Economy lead by Assoc. Prof. Miroslava Rakovska. The topic of this university project was “Modern aspects in the development of logistic sector in Bulgaria” and was financed by the Research fund of the University of National and World Economy and co-financed by Speedy.

Charities

In 2013 Speedy took part in a number of charity actions, some of which were “Supporting the butterfly children”, donations to SOS Children Settlements and St. Nickolas National Fund. Speedy provided financial support for the spring cleaning of Sofia, which was organized by Sofia Municipality.

In addition , the following actions were taken in 2014:

- >the company ensured free transportation of the aids destined to the areas affected by natural disasters in Varna, Dobrich, Vratsa and Moesia;
- >the company undertook to deliver for free countrywide the calendars of the Association of Parents of Children suffering from Down Syndrome.
- >Speedy sponsored the theatrical staging of Elin Rahnev's play called “Svalyachi”.

3. Developing the human capital in Speedy AD

Employees' development

Speedy is putting much effort to promote the development of its employees using a set of tools, including assessment after probation period, annual evaluation of performance, ongoing training and qualification improvement.

>30 employees from our Operative Dept. attended a training course in “Mastering managerial skills”. The course was intended for regional managers, office managers and managers of distribution centres.

>23 employees from our Sales and Marketing Dept. attended a training course in “sales techniques”. The course was intended for specialists in key customers and telesales. 10 more employees of the same department attended the preparatory course in “Sales and Marketing Management Program”, which was intended for regional managers, sales and marketing managers, corporative customers managers and key customers specialists.

Motivational programs

It is of prime importance to the company to have each and every employee feeling satisfied at the work place. Speedy's policy includes motivation for every employee by application of different motivational programs. The main program is called “Excellent Employees”. It runs in different departments of the company.





The motivational program in our Operative Dept. runs on a monthly basis (Courier of the month) and on yearly basis (Courier of the Year). All Speedy employees holding 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 but unlike in the Operative Dept., assessments take place on a quarterly basis each quarter specific targets are set out in reference to the company priorities and focus.

For the purpose of being fair, the company takes into consideration the number of employees in each department, therefore the prize for S&M Dept. is only one.

There is a preliminary approved and prepared budget, as well as a reward fund consisting of 3 big prizes and 7 smaller ones. Employees are rewarded not only by 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 should 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, thinking 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 assessed.

Since the end of 2014 and throughout the current 2015 Speedy's objective will be 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.



One of the main Company objectives regarding human capital is still the 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 team and contribute to its development.

The program offers to approved applicants training, career development, good initial salary, a mentor to guide them, individual development plan and permanent employment. This project combines the best world practices applied for human resources development. Hands-on experience, training courses and mentorship laid the foundations of the methodology used for discovering and developing young talents.

More than 180 young people-graduates from different national universities applied for participation in the project in 2014. After initial selection based on the submitted CVs and application forms, some 40 people were interviewed and 12 of them proceeded to the next stage of selection, and following the



final stage of assessment 3 of them were employed with the company.

Health and safety at the work place

Being a responsible employer Speedy's top priority is the health and safety of its employees. In 2014 the company completed a project under Operative Program Human Resources Development called Improvement of the Health and Safety Conditions in Speedy. The purpose of this project was to improve the work conditions in the company in compliance with the standards and legal requirements for health and safety at the work place. The purpose was attained by adapting the management processes and by constructing a modern system of work standards.

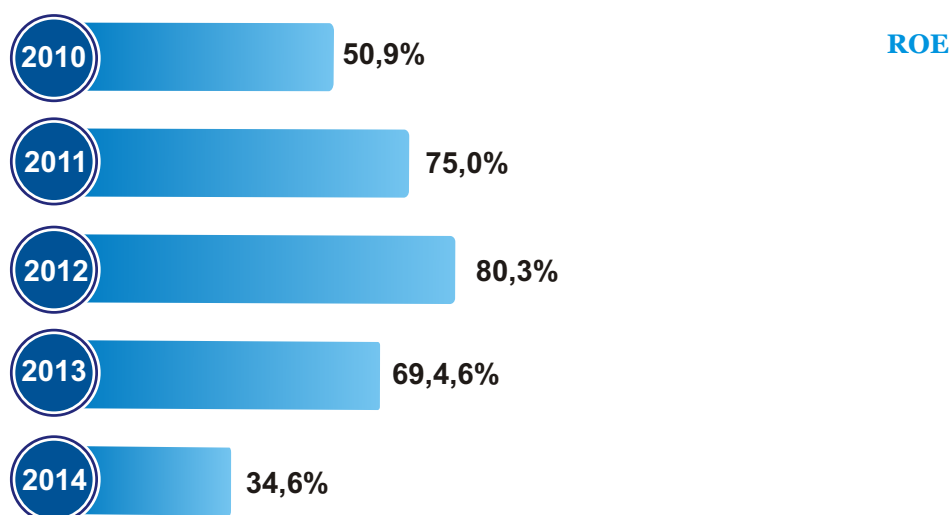
The implementation of this project, which was officially approved on 1 October 2013, resulted in modernization and improvement of the work conditions in the company by analyzing the current conditions, designing the organization of work activities, taking measures to improve work environment, supplying more efficient means of protection. For that purpose, special work clothes, shoes and personal protection means were bought for Speedy's employees, plus special floor cleaning equipment.

M. Forecast company development in the future

In 2015 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 generally speaking completed. The future focus will be on optimizing and developing the network of partners. 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.

The intensity of investments is expected to slow down next year because the vehicle fleet was more or less replaced. The majority of investments are intended for developing our activities in Romania where by the end of year 2014 we started to implement an investment program of 7 million BGN.



N. Research and development

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

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

	Base remuneration in Speedy AD	Base remuneration in Speedy EOOD	Remuneration in kind (BGN)	Extra remuneration (BGN)
Valeri Mektupchiyan	240 000	26 160	720	2 681,4
Danail Danailov	66 000	-	-	-
Georgi Glogov	66 000	26 160	720	2 681, 4

P. Corporative events

In March 2014 Speedy AD signed a preliminary agreement with GeoPost SA, France, for acquiring 100% of the capital of Dynamic Parcel Distribution S.A. (Romania) and 100% of the capital of Geopost Bulgaria OOD.

On 14.05.2014 the General Meeting of Shareholders of Speedy AD approved in compliance of Art. 114 of the Public Offering of Securities Act the conclusion of transactions previewed in the agreement with GeoPost SA, France, and a resolution was voted to distribute dividends in amount of BGN 4 446 600 or BGN 1 per share.

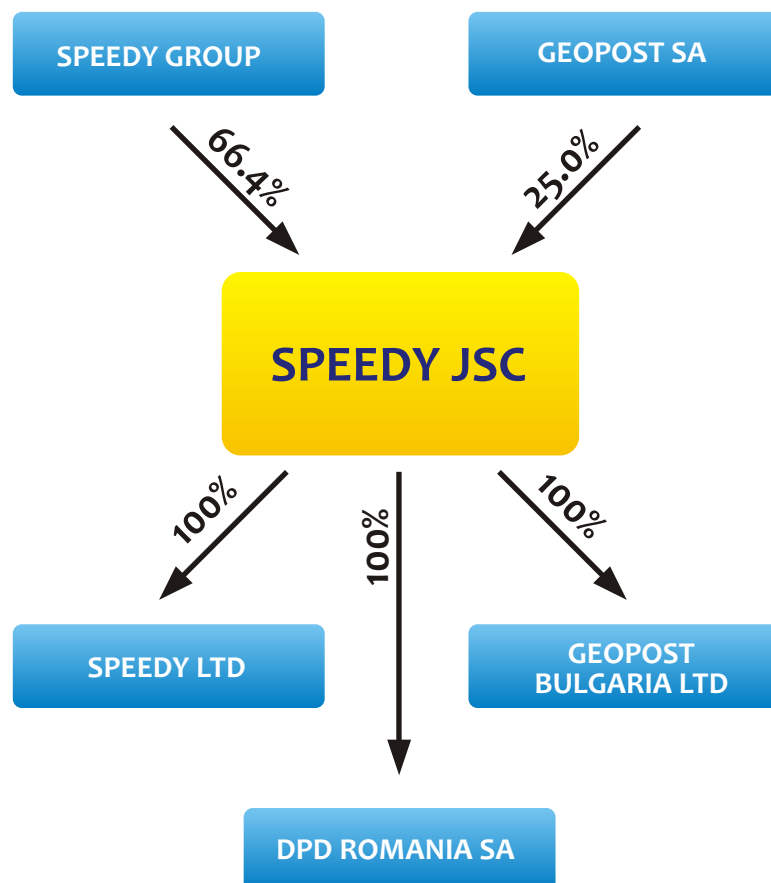
The company obtained License N 2-006/ 28.05. 2014 from the Regulatory Committee on Communications to provide universal postal services in Bulgaria.

On 30.10. the subscription of capital increase of Speedy AD was completed. Out of the offered 889 320 shares, 889 319 shares were subscribed. The first stage of our agreement with GeoPost was completed, and GeoPost acquired existing shares and newly issued shares.

On 31.10.2014 the Romanian Antitrust Committee approved the 100% acquisition of Dynamic Parcel Distribution S.A. (Romania) by Speedy AD.

On 11.11.2014 the Speedy AD's capital increase recorded in the Commercial Register from BGN 4 446 600 to BGN 5 335 919 by issuing 889 319 new shares par value per share of BGN 1. As a result of such increase and the purchase of existing shares, GeoPost SA, France, now holds 25% of Speedy AD capital.

In November the process for acquisition of 100% of the capital of GeoPost Bulgaria EOOD and 99,9998% of the capital of Dynamic Parcel Distribution S.A. (Romania) was completed. (Speedy EOOD acquired 1 share of the capital of Dynamic Parcel Distribution S.A. (Romania)).



II. MAJOR RISKS FACED BY THE COMPANY

SPEEDY AD endeavor to keep a low risk profile by maintaining low levels of financial and operative leverage and high level of operative 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 cause 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 on a perpetual basis in efficiency improvement, which enable it to operate at a much higher profitability compared to its competitors.

Regulatory risk

The regulatory risk is linked 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 rate, 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 for 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 due payment. 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 31.12.2014 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.

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.

In November the process of acquiring 100% of the capital of GeoPost Bulgaria EOOD and 99,9998% of the capital of Dynamic Parcel Distribution S.A. Romania was completed.

3. Information about the results from organizational changes /such as conversion, divestiture of subsidiaries, installments 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 2014 Speedy Group AD owns 3 544 367 shares, representing 66,42% of the total voting shares.

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 2014 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 by the period end and changes occurring in the period as of the end of preceding quarter

	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 severally the payables or receivables amounting to at least 10 percent of the issuer's equity capital.

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

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

As of 31 December 2014 granted a loan to Bulrom Gas 2006 EOOD.

Name, in thousand BGN	Amount	Interest %	Maturity date	Purpose
Bulrom Gas 2006 EOOD	3 153	6%	31.12.2017	
TOTAL AMOUNT OF THE LOAN	3 153			

Bulrom Gas 2006 EOOD, together with Speedy AD, are companies controlled by Valeri Mektupchiyan. The loan is unsecured.

9. Information about major related party transactions

There are no related party transactions in 2014 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.

889 319 new shares in total amount of BGN 20 454 337 were issued during reporting period.

The funds were used to finance the acquisition of 100% of the capital of Dynamic Parcel Distribution S.A. (Romania) and 100% of the capital of GeoPost Bulgaria OOD.

12. Information about agreements that the company knows of (including the ones after the end of financial year) that could cause 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 in the company in 2020.

13. Information about share of the issuer, about 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 2014 the price of the shares of Speedy AD grew by 32%, from BGN 22.5 per share to BGN 29.79. A dividend of BGN 1 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



/signature ill./
 Krasimir Tahchiev
 Director of Investors Relations



/signature ill./
 Valeri Mektupchiyan
 Executive Director

BULGARIA



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

ROMANIA



Lucian Aldescu
Executive Director

[Experience and qualification](#)

Executive Director of DPD Romania since 2008;
Many years of experience in transport and logistics in Eculine& DPD Romania;
Former president of AOCR (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 Asebuss 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 Asebuss and Kennesaw State University in Industrial and Engineering Management in Technion Israel.

[Specific responsibilities](#)

Finances, financial control, accounting



Tel: +359 2 421 06 56
Tel: +359 2 421 06 57
Fax: +359 2 421 06 55
bdo@bdo.bg
www.bdo.bg

51 B, Bulgaria Blvd.
4th floor
1404 Sofia
Bulgaria

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 the consolidated statement of financial position as of December 31, 2014, and the consolidated statement of comprehensive income, the 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 those 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 assurance whether the financial statements are free from material misstatement.

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

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



Tel: +359 2 421 06 56
Tel: +359 2 421 06 57
Fax: +359 2 421 06 55
bdo@bdo.bg
www.bdo.bg

51 B, Bulgaria Blvd.
4th floor
1404 Sofia
Bulgaria

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 then ended in accordance with the International Financial Reporting Standards, adopted by the EU.

Report on other Legal and Regulatory Requirements Consolidated annual management report of the Company prepared in accordance with the requirements of art. 33 of the Accountancy Act.

We conducted verification of the consolidated annual management report of Speedy AD as of December 31, 2014 with regard to the correspondence between the consolidated annual management report and the consolidated annual financial statements for the same reporting period in accordance with the requirements of 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, 2014 with regard to the financial information.

Sofia, 8 April 2015

BDO Bulgaria OOD

Bogdanka Sokolova, Manager
CPA, registered auditor

Tsvetana Stefanina,
Manager

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 STATEMENT OF THE FINANCIAL POSITION

The appendices on pages 8 to 48 constitute an integral part of this financial statement.

ASSETS	Appendix	31.12.2014 BGN'000	31.12.2014 BGN'000
Non-current assets			
Property, plant and equipment	3	23,650	14,671
Intangible assets	4	10,220	608
Goodwill	4	10,360	-
Deferred tax assets	21	225	176
Total non-current assets		44,455	15,455
Current assets			
Inventories	6	530	605
Trade and other receivables	7	22,758	11,892
Cash and cash equivalents	8	11,046	8,714
Other current assets		486	549
Total current assets		34,820	21,760
TOTAL ASSETS		79,275	37,215
EQUITY AND LIABILITIES			
Equity	Appendix	31.12.2014 BGN'000	31.12.2014 BGN'000
Registered capital	9.1	5,336	4,447
Statutory reserves	9.2	448	448
Premium reserve	9.3	19,565	-
Retained earnings/loss		5,591	1,211
Current profit		9,591	8,827
Total equity		40,531	14,933
Non- current liabilities			
financial lease liabilities	10	8,505	7,256
Banks loans	11	4,411	-
Total non- current liabilities		12,916	7,256
Current liabilities			
Payables under financial lease agreements	10	3,645	2,884
Bank loans	11	1,299	-
Account payables	12	17,819	11,373
Short- term tax payables	21	985	749
Other current liabilities		2,080	20
Total current liabilities		25,828	15,026
TOTAL EQUITY AND LIABILITIES		79,275	37,215

The financial statements are approved by the Board of Directors and signed on date: 24.03.2015:

Executive Director:
Valeri Mektouptchiyan

Chief Accountant:
Stefka Levidzova

Auditor:
BDO Bulgaria Ltd.

Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

The appendices on pages 8 to 48 constitute an integral part of this financial statement.

		<u>2014</u>	<u>2013</u>
	Appendix	BGN'000	BGN'000
Revenues			
Sales	13	76,465	62,807
Other revenues	14	4,894	3,490
Total revenues		81,359	66,297
Operating expenses			
Costs of materials	15	(6,958)	(8,305)
Costs of external services	16	(37,634)	(21,348)
Compensation cost	17	(18,176)	(20,383)
Depreciation and amortization	3, 4	(5,022)	(3,176)
Other operating expenses	18	(2,554)	(2,703)
Total expenses		(70,344)	(55,915)
Operating profit		11,015	10,382
Financial revenues	19	343	334
Financial expenses	20	(732)	(849)
Profit before taxes		10,626	9,867
Income taxes	21	(1,035)	(1,040)
Net Profit		9,591	8,827
Other comprehensive income		-	-
Total comprehensive income for the year		9,591	8,827
Earnings per share	22	1.80	1.98

Executive Director:
Valeri Mektouptchiyan

Chief Accountant:
Stefka Levidzova

Auditor:
BDO Bulgaria Ltd.

Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

The appendices on pages 8 to 48 constitute an integral part of this financial statement.

	2014	2013
	BGN'000	BGN'000
CASH FLOWS FROM OPERATING ACTIVITY		
Proceeds from sales	98,750	77,210
Payments to suppliers	(62,146)	(38,741)
Payments related to compensations	(17,629)	(18,706)
Payment of taxes	(6,922)	(7,578)
Other cash flow from operating activity	426	2,163
Net cash flow from operating activity	12,479	14,348
CASH FLOWS FROM INVESTMENT ACTIVITY		
Proceeds from sale of fixed assets	407	725
Purchase of fixed assets	(5,740)	(1,983)
Acquisition of subsidiaries	(19,693)	-
Net cash flow from investment activity	(25,026)	(1,258)
CASH FLOWS FROM FINANCIAL ACTIVITY		
Payments of financial leases	(4,139)	(3,651)
Proceeds from issuance of securities	20,454	-
Loans obtained	7,299	(292)
Repayments of loans	(1,004)	-
Dividends paid	(4,452)	(4,410)
Other cash flow from financial activity	(3,263)	27
Net cash flow from financial activity	14,895	(8,326)
DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS		
	2,348	4,764
Net effect of exchange rate differences	(16)	(6)
Cash and cash equivalents in the beginning of the year	8,714	3,956
Cash and cash equivalents in the end of the year	<u>11,046</u>	<u>8,714</u>

Executive Director:
Valeri Mektouptchiyan

Chief Accountant:
Stefka Levidzova

Auditor:
BDO Bulgaria Ltd.

Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The appendices on pages 8 to 48 constitute an integral part of this financial statement.

	Registered capital BGN'000	Statutory reserves BGN'000	Premium reserves BGN'000	Financial result BGN'000	Total BGN'000
Balance as of 1 January 2013	1,482	348	-	8,693	10,523
Distribution of profits:	-	-	-	(7,482)	(7,482)
-Share capital increase	2,965	-	-	(2,965)	2,965
-Reserves	-	100	-	(100)	100
-Dividends	-	-	-	(4,417)	-
Profit for the year	-	-	-	8,827	8,827
Balance as of 31 December 2013	4,447	448	-	10,038	14,933
Balance as of 1 January 2014	4,447	448	-	10,038	14,933
Share capital increase	889	-	19,565	-	20,454
Distribution of profits:	-	-	-	(4,447)	(4,447)
-Dividends	-	-	-	4,447	-
Profit for the year	-	-	-	9,591	9,591
Balance as of 31 December 2014	5,336	448	19,565	15,182	40,531

Executive Director:
Valeri Mektouptchiyan

Chief Accountant:
Stefka Levidzova

Auditor:
BDO Bulgaria Ltd.

Bogdanka Sokolova, manager
CPA, registered auditor

Tzvetana Stefanina,
manager

Date:

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

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 31.12.2014 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 2014 to 31 December 2014, 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 2013 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	2014	2013
SPEEDY EOOD	100%	100%
Geopost Bulgaria EOOD	100%	-
Dynamic Parcel Distribution S.A., Romania	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 2014

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:

> IFRS 10 Consolidated Financial Statements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
IFRS 10 Consolidated Financial Statements introduces a new definition of control based on certain principles that should apply to all investments in determining the basis for consolidation.

> IFRS 11 Joint Arrangements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
IFRS 11 Joint Arrangements replaces IAS 31 Interests in Joint Ventures and replaces the three categories of “jointly controlled entities”, “jointly controlled operations” and “jointly controlled assets” with two categories “joint operations” and “joint ventures”. The choice on the application of proportionate consolidation in the reporting of joint ventures is no longer allowable. Equity method is mandatory for the reporting of all joint ventures.

> IFRS 12 Disclosure of Interests in Other Entities, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
IFRS 12 Disclosure of interests in other entities is a new standard on disclosure requirements for all forms of interests in other entities, including joint ventures, associates, special purpose companies and other unconsolidated companies.

> IAS 27 Separate Financial Statements (revised in 2011), effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
IAS 27 Separate Financial Statements (revised) now applies only to individual financial statements; the requirements are not substantially amended.

> IAS 28 Investments in associates and joint ventures (Revised in 2011), effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
IAS 28 Investments in associates and joint ventures (revised) continues to prescribe the equity method. A change in the scope of the standard is made due to publication of IFRS 11 Joint Arrangements.

> Amendments to IAS 32 Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 13 December 2012, published in the Official Journal on 29 December 2012
The amendment specifies that the right of offsetting of assets and liabilities should be current and legally enforceable and not dependent on a future event. It should also be exercised by all parties in the ordinary course of business and in the case of default, insolvency or bankruptcy.

> Amendments to IAS 36 Impairment of assets Recoverable amount Disclosures for Non-Financial Assets, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 19 December 2013, published in the Official Journal on 20 December 2013.
The amendments' effect is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

> Amendments to IAS 39 Financial Instruments: Recognition and Measurement Novation of Derivatives and Continuation of Hedge Accounting, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 19 December 2013, published in the Official Journal on 20 December 2013.
Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to benefit from the amended guidance, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

> Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities Transition guidance, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 4 April 2013, published in the Official Journal on 5 April 2013
The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”. Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

> Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 27 Separate Financial Statements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 20 November 2013, published in the Official Journal on 21 November 2013

The amendments define the requirements for an entity to be assessed as an “investment entity”. Where an entity meets the definition of an investment entity, it is not permitted to consolidate its subsidiaries and is required to measure its investments in those subsidiaries at fair value through profit or loss. However, an investment entity is still required to consolidate a subsidiary where that subsidiary provides services that relate to the investment entity’s investment activities.

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

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, not yet adopted by the EU, endorsed by the EU on 17 December 2014, published in the Official Journal on 9 January 2015

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

The amendments to IFRS 3 Business combinations 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.

> Annual Improvements 2011 - 2013 of (issued on 12 December 2013), effective 1 July 2014, endorsed by the EU on 18 December 2014, published in the Official Journal on 19 December 2014.

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

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.

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 12 November 2009) and Additions to IFRS 9 and IFRS 7 Mandatory Effective Date and Transition Disclosures (issued on 16 December 2011), effective 1 January 2015, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (issued on 19 November 2013) not yet endorsed by the EU.

IFRS 9 is the first part of the project of the International Accounting Standards Board (IASB) to replace IAS 39 "Financial Instruments: Recognition and Measurement" by the end of 2010, replaced four categories of financial assets in their evaluation of IAS 39 classification based on a single principle. IFRS 9 requires all financial assets to be measured at either amortized cost or fair value. Amortized cost provides information that is useful in making decisions concerning financial assets that are held primarily to the receipt of cash flows represent the payment of principal and interest. For all other financial assets, including those held for trading, fair value is the most relevant measurement basis. IFRS 9 removes the need for several methods of depreciation and depreciation method provides only for assets carried at amortized cost. Additional sections in relation to impairment and hedge accounting are still being developed. Company management should assess the effect of the amendments on the financial statements. However, it does not expect changes to be applied before the release of all sections of the standard before it can assess their overall effect.

> 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 2017

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 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014), effective 1 January 2016

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business.

> Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014), effective 1 January 2016

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

> Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014), effective 1 January 2016

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

> Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014), effective 1 January 2016

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

> 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), effective 1 January 2016

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.

> Annual improvements to IFRSs 2012-2014 (issued on 25 September 2014), effective 1 January 2016.

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

The amendment 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.

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

> Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception (issued on 18 December 2014), effective 1 January 2016.

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 2014 BGN	31 December 2013 BGN
EUR 1 is equivalent to	1.95583	1.95583

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 2014 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 01.01.2014	-	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
Depreciation of disposed assets	-	(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

In the item "Other assets" are included improvements in the assets rented, whose book value as of 31.12.2014 is in amount of BGN 1,182 thousand

In 2014, 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:

- > Vehicles 6,527 thousand Levs;
- > Machinery and equipment 1,949 thousand Levs;
- > Fixtures and fittings 315 thousand Levs;
- > Computer equipment 3,131 thousand Levs

As of 31.12.2014 the book value of assets purchased under finance lease is as follows:

- > Vehicles 11,942 thousand Levs;
- > Machinery and equipment 109 thousand Levs;
- > Fixtures and fittings 718 thousand Levs;
- > Computer equipment 553 thousand Levs.

Assets acquired under a finance lease are pledged as collateral for obligations under the lease contracts /Note 10/.

As at 31.12.2014 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 31.12.2014 the Parent Company has acquired assets worth 1,700 thousand Levs and has accrued depreciation of EUR 102 thousand Levs.

In 2013, the Group signed a grant contract for the project "Improving the conditions and ensuring safe working conditions 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 at 31.12.2014 the Group has acquired assets worth 17 thousand Levs and has accrued depreciation of EUR 4 thousand Levs.

	Plant and equipment	Vehicles	Others	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Book value				
As at 01.01.2013	1,897	18,924	5,869	26,690
Acquired	158	7,427	1,842	9,427
Written off	-	(2,561)	(12)	(2,573)
As at 31.12.2013	2,055	23,790	7,699	33,544
Depreciation				
As at 01.01.2013	1,541	13,151	3,747	18,439
Depreciation	163	1,962	657	2,782
Amortization of disposed assets	-	(2,348)	-	(2,348)
As at 31.12.2013	1,704	12,765	4,404	18,873
Book value				
As at 01.01.2013	356	5,773	2,122	8,251
As at 31.12.2013	351	11,025	3,295	14,671

As at 31.12.2014 the Parent Company has concluded a special pledge agreement for assets purchased with funds from the investment loan granted by UniCredit Bulbank AD on 27.11.2014 /Note 11/.

As at 31.12.2014 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.

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 at 01.01.2014	-	2,621	-	2,621
Acquired separately	-	285	-	285
Acquired through business combinations	10,360	1,638	8,722	20,720
Written off	-	(29)	-	(29)
As at 31.12.2014	10,360	4,515	8,722	23,597
Depreciation				
As at 01.01.2014	-	2,013	-	2,013
Depreciation	-	486	46	532
Acquired through business combinations	-	472	-	472
Written off	-	-	-	-
As at 31.12.2014	-	2,971	46	3,017
Book value				
As at 01.01.2014	-	608	-	608
As at 31.12.2014	10,360	1,544	8,676	20,580

Goodwill recognized in the statement of financial position as at 31.12.2014 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 on 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 estimates of 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.

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 internally-generated brands, commercial and industrial experience and the generated and projected revenue volumes, 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 at 31.12.2014 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 at December 31 the Group has reviewed its softwear and other intangible assets, where it was found that there are no events or changes in circumstances on the basis of which it is assumed that their carrying amount may exceed their recoverable value.

In 2014, the Group has used fully depreciated software at the balance sheet date with a book value of 2,144 thousands of leva.

	Software
	BGN'000
Book value	
As at 01.01.2013	1,997
Acquired	624
Written off	-
As at 31.12.2013	2,621
Depreciation	
As at 01.01.2013	1,619
Depreciation	394
Written off	-
As at 31.12.2013	2,013
Book value	
As at 01.01.2013	378
As at 31.12.2013	608

5. ACQUISITION OF SUBSIDIARIES

In 2014, the Group acquired control over the company Geopost Bulgaria EOOD. with seat 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 for the Group 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 at the Registry Agency on 01.07.2008, 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, 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 2014 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 for the Group 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 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.

6. INVENTORIES

As at December 31st the inventories include as follows:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Materials	337	398
Fuel	183	207
Goods	10	-
Total	530	605

As at 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

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Receivables from customers and suppliers	13,197	8,618
Minus write downs	(956)	(854)
Receivables from customers and suppliers- net	12,241	7,764
Advances to suppliers	2,059	389
Receivables from related parties /Appendix. 23/	6,098	3,670
Taxes refundable	348	-
Other receivables	2,012	69
Total	22,758	11,892

The group of advances to suppliers amounting to 2,059 thousand Levs includes the amount of 2,046 thousand Levs, representing the costs for the acquisition of vehicles and equipment and intangible fixed assets.

There is no interest charges on account receivables.

Group companies usually negotiate with clients terms of payment of receivables up to 60 days, unless there are specific conditions for the terms 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 take decision about the size, the recognition and accrual of the respective impairment.

As of December 31, 2014 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 31.12.2014 the change of the provisions for impairment is as follows:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
At the beginning of the year	854	961
Impairment	168	168
Acquired through business combination	256	-
Reversed impairment	(322)	(275)
At year end	956	854

8. CASH AND CASH EQUIVALENTS

The cash and cash equivalents include the following elements:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Cash in hand	283	234
- Bulgarian lev	280	234
- Romanian new leu	3	
Cash in bank accounts	7,523	4,958
- Bulgarian leva	4,598	4,958
- Euro	1,433	-
- Romanian new leu	1,492	-
Money en route	3,240	3,522
Total	11,046	8,714

Money en route in the amount of 3,244 thousand Levs /2013 - 3,522 thousand Levs/represents amount collected by clients upon delivery.

In connection with loans from 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/.

9. EQUITY

9.1 REGISTERED CAPITAL

As at 31.12.2014 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>2014</u>	<u>2013</u>
	Number of shares	Number of shares
Number of issued and fully paid shares:		
At the beginning of the year	4,446,600	1,482,200
Number of issued and fully paid shares	889,319	2,964,400
Total number of shares outstanding on December 31st	5,335,919	4,446,600

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

	<u>31.12.2014 г.</u>		<u>31.12.2013 г.</u>	
	Number of shares	%	Number of shares	%
SPEEDY Group AD	3,544,367	66.42%	4,224,314	95.001%
GeoPost SA, France	1,333,979	25.00%	-	-
Other individuals and legal entities	457,573	8.58%	222,286	4.999%
Total	5,335,919	100.00%	4,446,600	100.00%

9.2 STATUTORY RESERVES

	<u>31.12.2014</u>	<u>31.12.2013</u>
	BGN'000	BGN'000
Statutory reserves	448	448
Total	448	448

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

9.3 PREMIUM RESERVE

	<u>31.12.2014</u>	<u>31.12.2013</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Premium reserve	19,565	-
Total	<u>19,565</u>	<u>-</u>

The premium reserve of the Group in the amount of 19,565 thousand Levs is formed from the proceeds per share in excess of the nominal value of the shares issued in 2014 with issue price of 23 Levs per share.

10. FINANCE LEASE LIABILITIES

The Group has acquired machinery, computers, vehicles and equipment under a finance lease contract. The net book value of assets acquired under finance leases are in the amount of 13,322 thousand Levs.

Liabilities under finance leases are secured by the respective assets.

As of 31.12.2014 the Group's liabilities under finance leases are as follows:

	<u>31.12.2014</u>	<u>31.12.2013</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Finance lease liabilities	12,150	10,140
- Long- term	8,505	7,256
- Short- term	3,645	2,884
Total	<u>12,150</u>	<u>10,140</u>

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

	<u>Minimum</u>	<u>Current value</u>
	<u>payments</u>	<u>of payments</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Up to one year	4,123	3,645
Between one and five years	9,066	8,505
Total minimum lease payments	13,189	12,150
Less the amounts representing future financial costs	(1,039)	-
Current value of minimum lease payments	<u>12,150</u>	<u>12,150</u>

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, distributed 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 cost of acquisition of shares in Dynamic Parcel Distribution, Romania and Geopost Bulgaria, the funds from tranche 2 will be used for the financing of investments in support of the growth of Dynamic Parcel Distribution, Romania, including acquisition of vehicles and equipment. Co-debtors in the loan are Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A. Romania. As collateral for the loan received the company has established a special pledge on its subsidiaries Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A., Romania and first rank pledge of the receivables under a loan agreement concluded 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 concluded 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 financing 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 funds from the loan, pledge on receivables related to the financing 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.

As of 31.12.2014 the liabilities under these loans are as follows:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Liabilities under loans received from banks, including:	5,710	-
- <i>short-term, incl.:</i>	1,299	-
- principal	1,294	-
- interest	5	-
- <i>long-term, incl.:</i>	4,411	-
- principal	4,411	-
Total	5,710	-

12. TRADE AND OTHER PAYABLES

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

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Trade payables	8,460	2,760
Trade payables to related parties (Appendix 23)	2,620	767
Payables to employees	2,597	1,493
Payables to social security agencies	775	373
Other payables	3,367	5,980
Total	17,819	11,373

Payables to employees are as follows:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Payables to employees regarding current remunerations	2,037	780
Payables to employees regarding unused paid leave	560	713
Total	2,597	1,493

The payables to social security agencies are as follows:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Payables to social security agencies regarding current remunerations	677	250
Payables to social security institutions regarding unused paid leave	98	123
Total	775	373

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 FROM SALES

The revenues are as follows:

	2014	2013
	BGN'000	BGN'000
Revenues from courier services	75,914	62,473
Fee on postal money transfers	517	334
Revenues from universal postal services	34	-
Total	76,465	62,807

Sales revenues can be analyzed by geographical areas as follows:

	2014	2013
	BGN'000	BGN'000
Bulgaria	65,322	57,335
Romania	2,756	-
Others	8,387	5,472
Total	76,465	62,807

14. OTHER REVENUES

The other revenues of the Group are as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
Proceeds from rent of vehicles	1,850	756
Other revenue	3,044	2,734
Total	<u>4,894</u>	<u>3,490</u>

15. COSTS FOR MATERIALS

The costs for materials are as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
Costs for fuels	3,697	5,361
Costs for delivery-related materials	1,275	1,295
Costs for spare parts	1,061	1,016
Costs for office materials and consumables	348	133
Costs for uniforms	233	64
Costs for IT consumables	118	155
Other costs	226	281
Total	<u>6,958</u>	<u>8,305</u>

16. COSTS OF EXTERNAL SERVICES

The costs of external services are as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
Costs for subcontractors	29,564	14,891
Costs for rents	2,217	1,688
Costs for communications and utility services	1,445	1,651
Costs for vehicle maintenance	1,283	1,296
Costs for insurances	927	690
Costs for office/warehouse maintenance	223	138
Costs for staff training	205	96
Costs for marketing	243	145
Other costs	1,527	753
Total	<u>37,634</u>	<u>21,348</u>

The costs of external services includes the amount of 103 thousand Levs representing direct costs related to the acquisition of the subsidiaries Geopost Bulgaria EOOD and Dynamic Parcel Distribution S.A., Romania

17. COMPENSATION COSTS

The compensation costs are as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
Costs for remunerations	15,142	17,336
Costs for social securities	3,034	3,047
Total	<u>18,176</u>	<u>20,383</u>

18. OTHER OPERATING EXPENSES

The other operating expenses of the Group are as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
Insurance of parcels	286	600
Indemnities for parcels	190	153
Representation costs	122	107
Other costs	1,956	1,843
Total	<u>2,554</u>	<u>2,703</u>

19. FINANCIAL REVENUES

The financial revenues of the Group are as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
Interests received	343	334
Total	<u>343</u>	<u>334</u>

20. FINANCIAL COSTS

The financial costs of the Group are as follows:

	2014	2013
	BGN'000	BGN'000
Interests paid	526	398
Fees and commissions	159	445
FX exchange gain – net	47	6
Total	732	849

21. TAX

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

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Earning before taxation	10,626	9,867
Income tax	(1,077)	(1,010)
Tax rate /10%; 14.8%/		
Deferred tax	42	(30)
Tax rate /10%; 14.8%/		
Net profit	9,591	8,827

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

	As of 1 January 2013	<i>(Expense)/income in the statement of comprehensive income</i>	As of 31 December 2013	<i>(Expense)/income in the statement of comprehensive income</i>	As of 31 December 2014
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Provisions for unused paid leave and social security	96	(12)	84	(16)	68
Provisions for liabilities /litigation/	10	(1)	9	-	9
Write down of receivables	103	(18)	85	(15)	70
Compensation costs natural persons	5	-	5	73	78
	214	(31)	183	42	225

Tax liabilities include:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Value added tax	805	491
Profit tax	45	171
Income tax	124	77
Expenditure taxes	11	10
Total	985	749

22. EARNING PER SHARE AND DIVIDENDS

22.1 Earning per share

Earnings per share is calculated by using as numerator the net profit distributable to the shareholders of the Parent Company.

The weighted average number of shares used for calculating the basic earnings per share, as well as the distributable net profit is as follows:

	2014	2013
Distributable profit /thousand BGN/	9,591	8,827
Weighted average number of shares	5,335,919	4,446,600
Earnings per share /in BGN per share/	1.80	1.98

22.2 Dividends

On 14.05.2014, the General Meeting of Shareholders of the Parent Company took a decision for the distribution of profits for 2013 in the amount of 8.827 thousand Levs as follows:

- The amount of 4,446,600 to be allocated for payment of dividends to shareholders one lev per share before tax;
- The remaining profit to be allocated to retained earnings.

By December 31, 2014 the Parent Company has paid dividends payable in the amount of 4,446,600 Levs.

23. RELATED PARTY TRANSACTIONS

Unless otherwise stated, transactions with related parties are carried out in regular terms and conditions 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
Bulrom Gas 2006 OOD	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 the amount of 3,091 thousand Levs with maturity date 31.08.2017.

As of 31.12.2014, the receivables of the Group under loans granted are as follows:

	<u>31.12.2014</u>	<u>31.12.2013</u>
	BGN'000	BGN'000
Bulrom Gas 2006 OOD	3,153	3,091
Including		
- principal	3,091	3,091
- interest	62	-
Total	3,153	3,091
Including		
- short-term part	62	-
Including		
- interest	62	-

In 2014, the Group realized interest income under loans to related parties as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
Bulrom Gas 2006 OOD	185	165

Loans received

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

As of 31.12.2014, the liabilities of the Group for loans received are as follows:

	<u>31.12.2014</u>	<u>31.12.2013</u>
	BGN'000	BGN'000
SPEEDY GROUP AD	1,666	-
Including		
- principal	1,663	-
- interest	3	-
Total	1,666	-
Including		
- short-term part including	1,666	-
- principal	1,663	-
- interest	3	-

In the beginning of March 2015 the Group has repaid in full its obligations under this loan.

In 2014, the Group realized interest expense under loans received from related parties as follows:

	<u>2014</u>	<u>2013</u>
	BGN'000	BGN'000
SPEEDY GROUP AD	3	-

Business relations

The Group has receivables from related parties as follows:

		<u>31.12.2014</u>	<u>31.12.2013</u>
		BGN'000	BGN'000
Transbalkan group OOD	Services	367	275
Omnicar Auto OOD	Services	423	229
Dragomir Winery Estate OOD	Services	46	24
Transbalkan group Romania	Services	38	38
Omnicar BG EOOD	Services	34	13
Total		908	579

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

		31.12.2014	31.12.2013
		BGN'000	BGN'000
Omnicar Auto OOD	Services	2,037	-
	Total	2,037	-

The advance payments that are provided are related to the purchase of vehicles.

The Group has liabilities to related parties as follows:

		31.12.2014	31.12.2013
		BGN'000	BGN'000
Transbalkan group OOD	Services	404	681
Omnicar Auto OOD	Services	536	75
Dragomir Winery Estate OOD	Goods	8	8
Omnicar BG EOOD	Services	6	3
	Total	954	767

The Group has realized revenues from sales to related parties as follows:

		2014	2013
		BGN'000	BGN'000
Transbalkan group OOD	Services	2,315	1,255
Omnicar BG EOOD	Services	474	198
Omnicar Auto OOD	Services	141	228
Dragomir Winery Estate OOD	Services	18	28

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

		2014	2013
		BGN'000	BGN'000
Transbalkan group OOD	Services	8,882	4,466
Omnicar Auto OOD	Services	655	489
Omnicar BG EOOD	Services	84	57
Dragomir Winery Estate OOD	Goods	27	27

24. CONTINGENT LIABILITIES AND COMMITMENTS

Operating lease

The Group as Lessor

The Group has signed contracts for lease of vehicles.

As of 31 December 2014, the receivables for future minimum rental payments under leases are as follows:

	31.12.2014	31.12.2013
	(thousand Levs)	(thousand Levs)
Within one year	2,230	1,850
Between one and five years	11,150	9,250

The Group as Lessee

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

As of 31.12.2014 the future minimum lease payments under operating leases are as follows:

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Within one year	2,331	2,028
Between one and five years	11,397	10,140

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	31.12.2014	31.12.2013
	BGN'000	BGN'000
Cash and cash equivalents	11,046	8,714
Trade and other receivables	20,821	11,504
Total	31,867	20,218

The structure of the financial instruments up to 31.12.2014 held by categories, is as follows:

Financial liabilities	31.12.2014	31.12.2013
	BGN'000	BGN'000
Financial lease liabilities	12,150	10,140
Liabilities to banks	5,710	-
Trade and other liabilities	20,616	14,250
Total	38,476	24,390

The structure of the financial instruments up to 31.12.2014 held 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.	
	2014	2013	2014	2013	2014	2013
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cash and equivalents	-	-	-	-	11,046	8,714
Trade and receivables	-	-	20,821	11,504	-	-
	-	-	20,821	11,504	11,046	8,714

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	31.12.		31.12.	
	2014	2013	2014	2013
	BGN'000	BGN'000	BGN'000	BGN'000
Financial lease liabilities	-	-	12,150	10,140
Liabilities to banks	-	-	5,710	-
Trade and other liabilities	-	-	20,616	14,250
	-	-	38,476	24,390

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 basic 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 risk and the use of non-derivative instruments.

The overall risk management program is focused on the unforeseeability of the financial markets and aims at reducing the potential unfavorable effects that may affect the financial result of the Group. The current 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 of their borrowed loan capital, as well as to adequately assess the market circumstances of their investments and the forms for maintaining free liquidity funds, without allowing undue 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 credit sales.

Management has established a credit policy under which each new client is analysed for creditworthiness before standard 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 liability is to perform operative control and to regulate the receivables in conformity with the actual market situation 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 group.

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	31.12.2014		31.12.2013	
	BGN'000		BGN'000	
	Book value	Maximum risk	Book value	Maximum risk
Cash and cash equivalents	11,046	11,046	8,714	8,714
Trade and other receivables	20,821	20,821	11,504	11,504
Total financial assets	31,867	31,867	20,218	20,218

Cash in banks

As at 31.12.2014 the major part of the cash is held by the following banks:

Cash in banks

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

Currency risk

The currency risk is the risk of negative impact of fluctuations in the prevailing 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 regards 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. Subsidiaries 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 2014. It includes assets and liabilities at book value, categorized by type of currency.

	BGN	EUR	RON	Total
31.12.2014 r.	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	7,082	1,433	2,531	11,046
Trade and other receivables	14,462	665	5,694	20,821
Total assets	21,544	2,098	8,225	31,867
Financial lease liabilities	12,098	-	52	12,150
Liabilities to banks	5,710	-	-	5,710
Trade and other liabilities	11,625	4,208	4,783	20,616
Total liabilities	29,433	4,208	4,835	38,476

Liquidity risk

Liquidity risk arises from the management of working capital, financing costs and repayment of the principal of debt instruments. This is the risk when the management encounters difficulties in meeting its liabilities as they become 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 concerted funds) to meet the expected requirements. Also, management seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) of its loan funds.

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

Management receives regular information on cash balances.

The table below provides an analysis of the liabilities of the Group as at December 31, 2014, grouped by residual maturity.

31.12.2014 г.	Up to 3	From 3 to	From 1	Over 5	Total
	months	12 months	to 5 years	years	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Finance lease liabilities	963	2,683	8,505	-	12,150
Liabilities to banks	250	1,049	4,411	-	5,710
Trade and other liabilities	20,315	301	-	-	20,616
Total	21,528	4,033	12,916	-	38,476

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 to it in view of changes in the economic conditions.

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

	31.12.2014	31.12.2013
	BGN'000	BGN'000
Trade and other liabilities	38,476	24,390
Less cash and cash equivalents	(11,046)	(8,714)
Net debt	27,430	15,676
Equity	40,531	14,933
Total net debt and equity	67,961	30,609
Debt ratio	40.36%	51.21%

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 02.10.2015, a General Meeting of the shareholders of Parent Company was held, where the following decisions were taken:

- Changes in the number of the members of the Board of Directors from 3 to 5;
- Election of new members - Cedric Favre-Lorraine and Nedelcho Asparuhov Bonev;
- Selection of BDO Bulgaria OOD as registered auditor for auditing the individual and consolidated financial statements for 2014 and 2015.

No significant events have occurred between the reporting date and the balance sheet date that would change the financial statements as of 31.12.2014.

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



08.04.2015 г.