

SPEEDY AD

SOFIA

**EXPLANATORY NOTES TO THE
NON-CONSOLIDATED AND CONSOLIDATED FINANCIAL STATEMENT**

31 DECEMBER 2017

EXPLANATORY NOTES

Core Activity

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

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

The investments during the period are BGN 11 m. where the main share (BGN 5.4m.) were funneled in vehicles, almost entirely in Bulgaria. For the expansion and modernization of the logistic network an equipment and computers in amount of BGN 4.44 m was acquired. Most of them (BGN 3.67m) were channeled to Romania where the completion of the core logistic network has continued during the year. In Bulgaria significant expansion of the logistic network was completed last year and during the current period the investments in equipment has amounted BGN 773k.

Financial results

The nine months of 2017 experienced significant changes in the dynamics in each quarter with high growth of revenues during 1st half of the year and improved profitability during the 2nd half.

During the reporting period, the company focus its attention on more thorough control of expenses. The aim is to align the expenses with delivered parcels and to improve the profitability. A measures were taken to improve the processes and optimize expenses. The prices of some services were increased, the definition of the services and standardization of the parcels were refined. That allowed for stricter control over enforcement of the pricing rules and squeezing transportation costs. As a result, EBITDA increased 14.2% yoy on non-consolidated and 15.7% on consolidated basis. After decreasing during the 1st half of the year, EBITDA made a turnaround and the last quarter alone, EBITDA jumped with 54.7% yoy on non-consolidated and 44% on consolidated basis. The increase of annual net income is even more significant – 18.1% on non-consolidated and 44% on consolidated income.

The pace of growth of revenues on all markets and segments has slowed down during the year while Romania keeps on higher growth compared to the domestic market. On non-consolidated basis courier services add 8.7% for the period from the beginning of the year and 7.3% on consolidated basis. The slow down is due to increase of prices (mainly in Romania) and termination of contracts with customers which the company has serviced at low profitability. The decreased economic activity during the summer months also had a significant impact on revenues, mostly in Bulgaria.

SPEEDY AD**NON-CONCOLIDATED STATEMENT OF CASH FLOWS**

as of 31 December 2017

In the last quarter, the sales of DPD Romania shrunk following the set up of new operating software in November. The new system were implemented successfully in two months but during the transition period the clients needed to integrate its applications with the new software of DPD Romania that hindered the processing of new requests and deliveries and create inconvenience for clients. It caused outflow in demand during the period.

After the strong growth in the beginning of the year, Speedy Jsc considerably limited its expenses. For the entire year the spending on materials and hired services show minor increase while in the last three months of 2017 only we achieved significant decrease of 13.3% in spending on materials (mostly attributable to Speedy Jsc) and 16.4% in hired services (at the account of DPD Romania).

There were outpacing growth in compensation costs. The labor market's conjuncture is characterized with decrease in labor supply and pressure for higher remunerations. The optimizations undertaken lowered transportation costs as well as narrow variance in expenses on largest items while revenues were growing. After the intensive investments in 2016 the utilization of assets is improving as well as the dropping out of some current expenses related to the investments also helped the improvement of the financial results.

In Romania the margin improvements is mostly due to higher prices of services. DPD Romania continue its intensive development and high level of investments where utilization yet to contribute to profitability. The expenses related to the expansion –rentals, utilities, marketing, trainings have had sizable increase on annual base. At the same time the improved logistic network and the complete reorganization of transportation already resulted in lower payments to subcontractors. To the latter also contribute limited activity in the end of the year.

Revenue structure, non-consolidated

In BGN '000	2016	2017	Change
Domestic market	81 599	88 737	8.7%
<i>% of the total revenues</i>	82.8%	82.9%	
International market	12 977	14 038	8.2%
<i>% of the total revenues</i>	13.2%	13.1%	
Others	3 988	4 294	7.7%
<i>% of the total revenues</i>	4.0%	4.0%	
Number of parcels delivered	16 245	17 710	9.0%
Total revenues	98 564	107 069	8.6%

Revenue structure, consolidated

In BGN '000	2016	2017	Change
Domestic market	81 599	88 737	8.7%
<i>% of the total revenues</i>	55.1%	55.9%	
International market	59 381	62 577	5.4%
<i>% of the total revenues</i>	40.1%	39.4%	
Others	6 983	7 332	5.0%
<i>% of the total revenues</i>	4.7%	4.6%	
Number of parcels delivered	25 104	26 429	5.3%
Total revenues	147 963	158 646	7.2%

SPEEDY AD**NON-CONCOLIDATED STATEMENT OF CASH FLOWS**

as of 31 December 2017

Cost structure, non-consolidated

In BGN '000	2016	2017	Change
Costs of materials	6 108	5 763	-5.6%
Costs of external services	52 846	55 458	4.9%
Compensation costs	22 102	25 125	13.7%
Other operating costs	1 473	2 415	64.0%
Depreciation	7 171	8 012	11.7%
EBITDA	16 035	18 308	14.2%
Net profit for the period	7 720	9 114	18.1%

Cost structure, consolidated

In BGN '000	2016	2017	Change
Costs of materials	7 173	6 923	-3.5%
Costs of external services	92 142	94 602	2.7%
Compensation costs	28 214	31 933	13.2%
Other operating costs	2 539	4 475	76.3%
Depreciation	9 344	10 622	13.7%
EBITDA	17 895	20 713	15.7%
Net profit for the period	6 692	7 989	19.4%

RISK FACTORS IN COMPANY OPERATIONS.

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

Macroeconomic risk

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

Regulatory risk

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

Interest rate risk

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

Credit risk

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

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

Price risk

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

Currency risk

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

Liquidity risk

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

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

SPEEDY AD

NON-CONCOLIDATED STATEMENT OF CASH FLOWS

as of 31 December 2017

NON-CONSOLIDATED FINANCIAL STATEMENTS

SPEEDY AD

AS OF 31.12.2017

SPEEDY AD**NON-CONCOLIDATED STATEMENT OF CASH FLOWS**

as of 31 December 2017

SPEEDY AD**NON-CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 31 December 2017

		<u>31.12.2017</u>	<u>31.12.2016</u>
	<i>Notes</i>	<u>BGN'000</u>	<u>BGN'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	3	25,996	26 987
Intangible assets	4	2,228	2 406
Investments in subsidiaries	5	26,447	26 447
Loans to related parties	7	9,001	7 341
Deferred tax assets		199	199
		<u>63,871</u>	<u>63 380</u>
Current assets			
Inventories	6	282	446
Trade and other receivables	7	12,683	10 810
Receivables from related parties	7	1,118	1 000
Other receivables and prepayments		2,325	1 694
Cash and cash equivalents	8	8,165	6 011
		<u>24,573</u>	<u>19 961</u>
TOTAL ASSETS		<u>88,444</u>	<u>83 341</u>

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

Executive Director:

Valery Mektupchian

Chief Accountant:

Stefka Levidzhova

SPEEDY AD**NON-CONCOLIDATED STATEMENT OF CASH FLOWS**

as of 31 December 2017

*Continued***EQUITY AND LIABILITIES****Equity**

Share capital	9.1	5 378	5 336
Premium reserves	9.3	19 565	19 565
Statutory reserves	9.2	538	534
Retained earnings		24 575	21 482
		50 056	46 917

Non-current liabilities

Obligations under financial lease agreements	10	7 558	8 759
Long-term loans obtained from banks	11	5 921	6 985
Subsidies		460	671
Long-term provisions for pension benefits		56	56
		13 995	16 471

Current liabilities

Obligations under financial lease agreements	10	5 542	5 633
Short-term part of long-term bank loans	11	3 012	1 898
Accounts payable	12	3 237	3 385
Payables related to remunerations and for social securities	12	3 364	2 890
Payables to related parties	12	1 392	1 833
Tax payables	12	1 564	1 094
Subsidies		508	302
Other current liabilities	12	5 574	2 918
		24 193	19 953

TOTAL EQUITY AND LIABILITIES**88 444** **83 341***The enclosed explanatory notes on pages 1 to 24 are an integral part of the financial statements.*

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

SPEEDY AD**NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

as of 31 December 2017

		<u>31.12.2017</u>	<u>31.12.2016</u>
	<i>Notes</i>	BGN'000	BGN'000
Revenues	13	102,775	94,576
Other revenues(losses) from the core activity, net	14	4,294	3,988
Costs of materials	15	(5,763)	(6,108)
Costs of external services	16	(55,458)	(52,846)
Compensation costs	17	(25,125)	(22,102)
Depreciation and amortization	3, 4	(8,012)	(7,171)
Other operating expenses	18	(2,415)	(1,473)
Operating profit		<u>10,296</u>	<u>8,864</u>
Financial revenues	19	546	518
Financial expenses	20	(681)	(800)
Financial revenues/expenses, net		<u>(135)</u>	<u>(282)</u>
Profit before taxes		<u>10,161</u>	<u>8,582</u>
Income taxes	21	(1,034)	(849)
Profit after taxes		<u>9,127</u>	<u>7,733</u>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Premeasurements of defined benefit pension plans		(13)	(13)
Income tax relating to items of other comprehensive income that will not be reclassified		-	-
	14	<u>(13)</u>	<u>(13)</u>
<i>Items that may be reclassified to profit or loss:</i>			
		-	-
Other comprehensive income for the year, net of tax		<u>(13)</u>	<u>(13)</u>
Total comprehensive income for the year		<u>9,114</u>	<u>7,720</u>
Earnings per share	BGN	22	
		1.69	1.45

SPEEDY AD**NON-CONCOLIDATED STATEMENT OF CASH FLOWS**

as of 31 December 2017

	<i>Notes</i>	31.12.2017	31.12.2016
		BGN'000	BGN'000
Cash flows from operating activity			
Proceeds from customers		127,553	129,048
Payments to suppliers		(80,702)	(74,584)
Payments related to remunerations and for social security		(22,587)	(21,526)
Tax payments		(10,003)	(7,366)
Income tax paid		(784)	(850)
Other proceeds/payments, net		4,205	(6,600)
Net cash flow from operating activity		17,682	18,122
Cash flows from investing activity			
Purchase of plant and equipment		(2,016)	(6,909)
Proceeds from sale of plant and equipment		151	547
Extended loans, net		(2,382)	(2,739)
Dividends received		34	254
Other proceeds from investing activities		42	-
Net cash flow from investing activity		(4,171)	(8,847)
Cash flows from financing activity			
Payments under financial lease agreements		(5,826)	(5,110)
Proceeds from long-term loans		3,998	4,381
Repayment of long-term loans		(2,856)	(1,578)
Paid interests and bank charges		(560)	(404)
Dividends paid		(6,018)	(6,019)
Net cash flow from financing activity		(11,262)	(8,730)
Change in cash and cash equivalents		2,249	545
Net effect of changes in exchange rates		(95)	(166)
Cash and cash equivalents on 1 st January		6,011	5,632
Cash and cash equivalents at the end of period	9	8,165	6,011

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

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

	<i>Notes</i>	Share capital BGN'000	Premiu m reserves BGN'000	Statutor y reserves BGN'000	Retained earning BGN'000	Total BGN'000
Balance as of 1 January 2016		<u>5,336</u>	<u>19,565</u>	<u>534</u>	<u>19,791</u>	<u>45,226</u>
<i>Change in equity for 2016</i>						
Distribution of profits, incl.		-	-	-	(6,029)	(6,029)
* <i>Dividends</i>		-	-	-	(6,029)	(6,029)
Total comprehensive income for the year, incl.		-	-	-	7,720	7,720
* <i>Net income for the year</i>		-	-	-	7,733	7,733
* <i>Other comprehensive income, net of taxes</i>		-	-	-	(13)	(13)
Balance as of 31 December 2016	19	<u>5,336</u>	<u>19,565</u>	<u>534</u>	<u>21,482</u>	<u>46,917</u>
<i>Change in equity for 2017</i>						
Distribution of profits, incl.		-	-	-	(6,030)	(6,030)
* <i>Dividends</i>		-	-	-	(6,030)	(6,030)
Total comprehensive income for the year, incl.		42	-	4	9,125	9,171
* <i>Net income for the year</i>		-	-	-	9,114	9,114
* <i>Other changes</i>		42	-	4	11	57
Balance as of 31 December 2017	19	<u>5,378</u>	<u>19,565</u>	<u>538</u>	<u>24,575</u>	<u>50,056</u>

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Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

3. PROPERTY, PLANT AND EQUIPMENT

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

	Plant and equipment	Vehicles	Computers	Facilities and other assets	Investments in rented assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2016						
Book value at the beginning of the period	463	15 086	1 791	1 771	2 175	21 286
Acquired	2 418	5 674	861	3 564	512	13 029
Written-off	-50	-2 580	-	-	-	-2 630
Depreciation	-281	-4 814	-634	-385	-671	-6 785
Written-off depreciation	50	2 033	-	-	4	2087
Book value at the end of the period	2 600	15 399	2 018	4 950	2 020	26 987
31 December 2016						
Initial value	4 342	31 806	7 000	6 121	4 248	53 517
Accumulated depreciation	-1 742	-16 407	-4 982	-1 171	-2 228	-26 530
Book value	2 600	15 399	2 018	4 950	2 020	26 987
31 December 2017						
Book value at the beginning of the period	2,600	15,399	2,018	4,950	2,020	26,987
Acquired	372	5,198	401	603	383	6,957
Written-off		-1,546		-369	-11	-1,926
Depreciation	-415	-5,253	-711	-514	-557	-7,450
Written-off depreciation		1,423		5		1428
Book value at the end of the period	2,557	15,221	1,708	4,675	1,835	25,996
31 December 2017						
Initial value	4,571	34,575	7,401	6,355	4,620	58,548
Accumulated depreciation	-2,157	-19,126	-5,693	-1,690	-2,785	-32,552
Book value	2,414	15,449	1,708	4,665	1,835	25,996

4. INTANGIBLE ASSETS

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

	Software	Cost of acquired assets	Total
	BGN'000	BGN'000	BGN'000
31 December 2016			
Book value at the beginning of the year	2,277	59	2,336
Acquired	275	433	708
Written-off	-109	-143	-252
Depreciation	-386	-	-386
Written-off depreciation	-	-	-
Book value at the end of the year	2,057	349	2,406
31 December 2016			
Initial value	5,430	349	5,779
Accumulated depreciation	-3,373	0	-3,373
Book value	2,057	349	2,406
31 December 2017			
Book value at the beginning of the year	2057	349	2,406
Acquired	12	373	385
Written-off			0
Depreciation	-563		-563
Written-off depreciation			0
Book value at the end of the year	1,506	722	2,228
31 December 2017			
Initial value	5,442	722	6,164
Accumulated depreciation	-3,936	0	-3,936
Book value	1,506	722	2,228

5. INVESTMENTS IN SUBSIDIARIES

As of 31 December 2017, the investments in subsidiaries are as follows:

	<u>31.12.2017</u>	share	<u>31.12.2016</u>	share
	BGN'000		BGN'000	
Speedy EOOD	982	100%	982	100%
Geopost Bulgaria EOOD	8,165	100%	8,165	100%
DPD S.A., Romania	17,300	100%	17,300	100%
Total	<u>26,447</u>		<u>26,447</u>	

6. INVENTORIES

As of 31 December 2017, the company's inventories consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Materials	140	287
Fuel	142	159
Total	<u>282</u>	<u>446</u>

7. TRADE AND OTHER RECEIVABLES

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Receivables from customers and suppliers – gross amount	11,928	10,639
Less impairment	(1,076)	(922)
Receivables from customers and suppliers – net amount	10,852	9,761
Advance payments to suppliers	1,831	1,049
Receivables from related parties /note 23/	1,118	1,000
Tax receivables	-	69
Other receivables	2,325	1,048
Total	<u>16,126</u>	<u>13,504</u>

As of 31.12.2017, receivables from customers have been impaired as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
At the beginning of the year	922	820
Impairments booked	154	105
Impairments recovered	-	-
At the end of the period	<u>1,076</u>	<u>922</u>

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Petty	358	236
- BGN	358	236
Cash in bank accounts	2,554	3,125
- BGN	2,530	2,863
- RON	24	262
-cash equivalents	45	
Cash in transit	5,208	2,650
Total	8,165	6,011

9. EQUITY

9.1 SHARE CAPITAL

As of 31.12.2017 registered capital of the Company consists of 5,377,619 ordinary shares with par value of BGN 1 per share. All shares entitle to a dividend and to a liquidation share and represent one vote at the General Meeting of Shareholders of the Company.

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

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

	<u>31.12.2017 г.</u>		<u>31.12.2016 г.</u>	
	<u>Number of shares</u>	<u>%</u>	<u>Number of shares</u>	<u>%</u>
Speedy Group AD	3,502,367	65.60%	3,544,367	66.42%
Repost SA, France	1,333,979	25.00%	1,333,979	25.00%
Other natural and legal entities	543,273	9.40%	457,573	8.58%
Total	5,377,619	100.00%	5,335,919	100.00%

9.2 STATUTORY RESERVES

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Statutory reserves	538	534
Total	<u>538</u>	<u>534</u>

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

9.3 PREMIUM RESERVES

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Premium reserves	19,565	19,565
Total	<u>19,565</u>	<u>19,565</u>

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

10. PAYABLES UNDER FINANCIAL LEASE AGREEMENTS

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

As of 31.12.2017, the payables of the Company under financial lease agreements are the following:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Payables under financial lease agreements	13,100	14,392
- Long-term part	7,558	8,759
- Short-term part	5,542	5,633
Total	<u>13,100</u>	<u>14,392</u>

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

11. BANK LOANS

As of 31.12.2017, amount due under bank loans are the following:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Payables under received loans from banks, incl.:	8,933	8,883

- <i>short-term part</i>	3,012	1,898
- <i>long-term part</i>	5,921	6,985
Total	8,933	8,883

12. TRADE AND OTHER PAYABLES

As of 31.12.2017, the trade and other payables include:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Trade payables	3,237	3,385
Payables to related parties (note 23)	1,392	1,833
Payables for remunerations	2,841	2,222
Payables for social security	723	668
Taxes payable	1,564	1,094
Other payables /incl. dividends/	5,574	2,918
Total	15,331	12,120

13. REVENUES

The revenues of the Company consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Revenues from courier services	102,775	94,576
Total	102,775	94,576

14. OTHER REVENUES

Other revenues of the Company consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Revenues from renting out of motor vehicles	3,098	2,715
Other revenues	894	654
Financing	302	314
Total	4,294	3,988

15. COSTS OF MATERIALS

Costs of materials include:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Fuels	3,262	3,153
Delivery-related materials	1,638	1,592
Spare parts	18	198
Office materials and consumables	255	241
Uniforms	122	251
IT consumables	258	360
Other costs	210	313
Total	<u>5,763</u>	<u>6,108</u>

16. COSTS OF HIRED SERVICES

Costs of hired services consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Subcontractors	42,829	41,115
Rents	3,558	3,357
Communications and utility services	2,184	1,792
Vehicle maintenance	3,208	2,313
Insurance	1,124	936
Office/warehouse maintenance	416	272
Staff training	204	225
Marketing	459	469
Audit, consultant and other services	594	1,215
Other costs	541	648
Fees	343	231
Total	<u>55,458</u>	<u>52,573</u>

17. COMPENSATION COSTS

Compensation costs consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Salaries and wages	21,553	19,043
Social security contributions	3,572	3,059
Total	<u>25,125</u>	<u>22,102</u>

18. OTHER OPERATING COSTS.

Other operating expenses of the Company consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Indemnities for parcels	969	506
Insurance of parcels	284	193
Representation costs	618	107

Other costs	544	468
Total	2,415	1,274

19. FINANCIAL INCOME

Financial income of the Company consists of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interests income	510	264
Dividends	34	254
Total	544	518

20. FINANCIAL EXPENSES

Financial expenses of the Company consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interest expenses	544	749
Bank charges такси	29	49
FX exchange loss, net	106	2
Total	679	800

21. TAXES

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

	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Accounting profit before taxes	10,161	8,582
Increase	179	17
Decrease	-	(25)
Taxable net income	10,340	8,574
Income tax	(1,034)	(858)
Tax rate	10%	10%
Deferred taxes	-	-
Tax rate	10%	10%
Total income tax and deferred taxes	(1,047)	(862)
Net income	9,114	7,720

22. EARNINGS PER SHARE AND DIVIDENDS

22.1 Earnings per share

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

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

	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Distributable net income /BGN'000. /	9,114	7,580
Weighted average number of shares	5,377,619	5,335,919
Earnings per share /BGN per share/	<u>1,69</u>	<u>1,42</u>

22.2 Dividends

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

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

23. RELATED PARTIES TRANSACTIONS

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

Related Party	Type of relationship
Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary
Geopost Bulgaria EOOD	Subsidiary
DPD S.A., Romania	Subsidiary
Dragomir Winery Estate OOD	Company under common control
Transbankan group OOD	Company under common control
Transabalkan group Romania	Company under common control
Omnicar BG EOOD	Company under common control
Omnicar Auto OOD	Company under common control
Omnicar C EOOD	Company under common control
Omnicar oil EOOD	Company under common control
Omnicar rent EOOD	Company under common control
Bulrom gas 2006 OOD	Company under common control
Geopost S.A., France	Company under common control

Extended loans

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

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

As of 31 December 2017, Company's receivables from extended loans are as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Dynamic Parcel Distribution S.A., Romania incl.	9,001	7,341
- principal	8,739	6,955
- interest	262	386
Total	9,001	7,341

Commercial transactions

The Company has receivables from related parties as follows:

		<u>31.12.2017</u>	<u>31.12.2016</u>
		<u>BGN'000</u>	<u>BGN'000</u>
Dynamic Parcel Distribution S.A., Romania	Services	769	472
Transbalkan group OOD	Services	-	43
Omnicar Auto OOD	Services	73	83
Omnicar Auto OOD	Advances paid	-	53
Geopost Bulgaria EOOD	Services	260	216
Geopost Bulgaria EOOD	Dividends	-	-
Dragomir Winery Estate OOD	Services	4	-
Omnicar BG EOOD	Services	12	18
Geopost S.A., France	Services	-	105
Omnicar rent EOOD	Services	-	16
Write-downs		-	(44)
Total		1,118	1,000

The Group has the following payables to related parties:

		<u>31.12.2017</u>	<u>31.12.2016</u>
		<u>BGN'000</u>	<u>BGN'000</u>
Speedy EOOD	Services	208	440
Speedy EOOD	Loan	-	-
Geopost Bulgaria EOOD	Services	489	417
Transbalkan group OOD	Services	365	773
Dynamic Parcel Distribution S.A., Romania	Services	140	-
Omnicar Auto OOD	Services	44	30
Omnicar rent OOD	Goods	8	27
Omnicar oil EOOD	Materials	-	27
Omnicar BG EOOD	Services	-	9

Sofia City Logistic Park		27	-
Dragomir Winery Estate OOD		1	-
	Total	1,282	1,723

As of 31.12.2017 the company has payables to the BoD's members in amount of BGN 110 thousand /31.12.2016 – BGN 110 thousand/ in compliance with art. 240, para 1 of Commercial Code.

The Company realized the following sales to related parties:

		31.12.2017	31.12.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	3,015	2,863
Dynamic Parcel Distribution S.A., Romania	Services	2,951	3,049
Omnicar BG EOOD	Services	96	140
Geopost Bulgaria EOOD	Services	2,318	1,992
Omnicar Auto OOD	Services	74	45
Dragomir Winery Estate OOD	Services	20	19
Geopost S.A., France	Services	361	508

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

		31.12.2017	31.12.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	10,735	6,828
Speedy EOOD	Services	60	53
Geopost Bulgaria EOOD	Services	3,513	2,278
Omnicar Auto OOD	Services	389	-
Omnicar BG EOOD	Services	42	55
Dynamic Parcel Distribution S.A., Romania	Services	1,669	2,132
Dragomir Winery Estate OOD	Goods	21	27
Omnicar rent EOOD	Services	134	48
Omnicar oil EOOD	Materials	267	-
Omnicar C EOOD	Services	8	-

CONSOLIDATED FINANCIAL STATEMENT

SPEEDY AD

AS OF 31.12.2017

SPEEDY AD**CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 31 December 2017

	<i>Notes</i>	31.12.2017	31.12.2016
		BGN'000	BGN'000
ASSETS			
Non-current assets			
Property, machinery and equipment	<i>3</i>	33,415	33,629
Good will and other intangible assets	<i>4</i>	22,131	22,437
Deferred tax assets	<i>12</i>	201	201
Other long-term receivables		213	208
		55,960	56,475
Current assets			
Inventories	<i>5</i>	437	613
Trade and other receivables	<i>6</i>	19,856	20,519
Receivables from related parties	<i>28</i>	140	398
Other receivables and prepaid costs	<i>7</i>	4,776	2,484
Cash and cash equivalents	<i>8</i>	13,528	11,067
		38,737	35,081
TOTAL ASSETS		94,697	91,556

SPEEDY AD**CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 31 December 2017

EQUITY AND LIABILITIES**EQUITY****Capital attributable to owners**

Share capital	9.1	5,378	5,336
Reserves	9.2	19,638	19,738
Retained earnings	9.3	21,611	19,655
		46,627	44,729
Minority interest		-	-
TOTAL EQUITY		46,627	44,729

LIABILITIES**Non-current liabilities**

Obligations under financial lease agreements	10	7,679	8,838
Long-term loans obtained from banks	11	5,921	6,985
Deferred tax liabilities	12	1,060	1,060
Subsidies	13	460	671
Provisions for pension benefits	14	56	56
		15,176	17,610

Current liabilities

Obligations under financial lease agreements	10	5,616	5,665
Short-term part of long-term bank loans	11	3,012	1,898
Accounts payable	15	8,371	9,899
Payables related to remunerations and for social securities	15	4,131	3,504
Payables to related parties	28	555	994
Tax payables	16	1,867	1,365
Subsidies	13	508	305
Other current liabilities	17	8,834	5,587
		32,894	29,217

TOTAL EQUITY AND LIABILITIES**94,697** **91,556**

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

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

SPEEDY AD**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

as of 31 December 2017

	<i>Notes</i>	31.12.2017	31.12.2016
		BGN'000	BGN'000
Revenues	13	151,314	140,980
Other revenues, net	14	7,332	6,983
Costs of materials	15	(6,923)	(7,173)
Costs of external services	16	(94,602)	(92,142)
Compensation costs	17	(31,933)	(28,214)
Depreciation and amortization	3, 4	(10,622)	(9,344)
Other operating expenses	18	(4,475)	(2,539)
Operating profit		10,091	8,551
Financial revenues	19	250	2
Financial expenses	20	(1,259)	(850)
Financial revenues/expenses, net		(1,009)	(848)
Profit before taxes		9,082	7,703
Income taxes	21	(1,093)	(752)
Profit after taxes		7,989	6,951
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Premeasurements of defined benefit pension plans		(13)	(13)
Income tax relating to items of other comprehensive income that will not be reclassified		-	-
Exchange differences on translating foreign operations		(99)	(246)
		(112)	(259)
<i>Items that may be reclassified to profit or loss:</i>			
		-	-
Other comprehensive income for the year, net of tax		(112)	(259)
Total comprehensive income for the year		7,877	6,692
Net income for the period attributable to:			
Owners		7,989	6,951
Minority interest		-	-
Total comprehensive income, attributable to:			
Owners		7,877	6,692
Minority interest		-	-

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

Executive Director:

Valery Mektupchyan

Chief Accountant:

Stefka Levidzhova

SPEEDY AD**CONSOLIDATED STATEMENT OF THE CASH FLOWS**

as of 31 December 2017

	<i>Notes</i>	31.12.2017	31.12.2016
		BGN'000	BGN'000
Cash flows from operating activity			
Proceeds from customers		177,926	175,931
Payments to suppliers		(122,342)	(118,859)
Payments related to remunerations and social securities		(28,903)	(26,957)
Tax payment		(11,199)	(8,425)
Income tax paid		(814)	(870)
Other proceeds/payments, net		4,751	692
Net cash flow from operating activity		19,419	21,512
Cash flows from investing activity			
Purchase of plant and equipment		(4,526)	(10,246)
Proceeds from sale of plant and equipment		161	681
Extended loans, net		-	-
Dividends received		-	-
Other proceeds from investing activities		-	-
Net cash flow from investing activity		(4,365)	(9,565)
Cash flows from financing activity			
Proceeds from issuance of shares		42	-
Payments under financial lease agreements		(5,902)	(5,110)
Loans received		2,459	4,366
Repayment of long-term loans		(2,388)	(1,583)
Paid interests and bank charges		(556)	(408)
Dividends paid		(6,018)	(6,019)
Net cash flow from financing activity		(12,363)	(8,754)
Change in cash and cash equivalents		2,691	3,193
Net effect of changes in exchange rates		(230)	(102)
Cash and cash equivalents as of 1 January		11,067	7,976
Cash and cash equivalents as of 30 September 2017	9	13,528	11,067

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

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

	Attributable to owners					
	Share capital	Statutory reserves	Premium reserves	Foreign translation	Retained earning	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 1 January 2016	5,336	545	19,565	(115)	18,769	44,100
<i>Change in equity for 2016</i>						
Distribution of profits, incl.	-	-	-	-	(6,029)	(6,029)
<i>Dividends</i>	-	-	-	-	(6,029)	(6,029)
Total comprehensive income for the year, incl.	-	-	-	(246)	6,938	6,692
<i>Net income for the year</i>	-	-	-	-	6,951	6,951
<i>Other comprehensive income, net of taxes</i>	-	-	-	(246)	(13)	(259)
Други изменения	-	(11)	-	-	(23)	(34)
Balance as of 31 December 2016	5,336	534	19,565	(361)	19,655	44,729
<i>Change in equity for 2017</i>						
Distribution of profits, incl.	-	-	-	-	(6,029)	(6,029)
<i>Dividends</i>	-	-	-	-	(6,029)	(6,029)
Total comprehensive income for the year, incl.	-	-	-	(70)	7,989	7,885
<i>Net income for the year</i>	-	-	-	-	7,989	7,989
<i>Other comprehensive income, net of taxes</i>	-	-	-	(70)	-	(104)
Other changes	42	4	-	-	(4)	42
Balance as of 31 December 2017	5,378	538	19,565	(431)	21,611	46,627

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

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

3. PROPERTY, PLANT AND EQUIPMENT

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

	Plant and equipment	Vehicles	Computers	Facilities and other assets	Investments in rented assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2016						
Book value at the beginning of the period	1,249	18,692	2,079	1,776	2,228	26,024
FX revaluation	-3	-9	-3	-	-	-15
Acquired	7,013	5,958	955	3,569	1240	18,735
Written-off	-2,660	-2,845	-414	-31	-	-5,950
Depreciation	-685	-5,610	-755	-387	-698	-8,135
FX revaluation of depreciation	6	10	4	-	-	20
Written-off depreciation	206	2,294	415	31	4	2,950
Book value at the end of the period	5,126	18,490	2,281	4,958	2,774	33,629
31 December 2016						
Initial value	8,533	37,194	8,657	6,217	5,257	65,858
Accumulated depreciation	-3,407	-18,704	-6,376	-1,259	-2,483	-32,229
Book value	5,126	18,490	2,281	4,958	2,774	33,629
31 December 2017						
Book value at the beginning of the period	5,093	18,450	2,277	4,953	2,765	33,538
FX revaluation	6	25	4	0	4	39
Acquired	3247	5414	1194	604	583	11042
Written-off	-1417	-1682	-17	-369	-11	-3496
Depreciation	-1024	-6094	-711	-681	-639	-9149
FX revaluation of depreciation	-33	-40	-4	-5	-9	-91
Written-off depreciation	29	1481	17	5	0	1532
Book value at the end of the period	5,901	17,554	2,760	4,507	2,693	33,415

31 December 2017

Initial value	10,336	40,911	9,834	6,447	5,824	73,352
Accumulated depreciation	-4,435	-23,357	-7,074	-1,940	-3,131	-39,937
Book value	5,901	17,554	2,760	4,507	2,693	33,415

4. INTANGIBLE ASSETS

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

	Good will and rights from business combinations	Software	Cost of acquired assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2016				
Book value at the beginning of the year	19,734	3,455	94	23,283
FX revaluation of depreciation	-306	-4	-	-310
Acquired	-	570	446	1,016
Written-off	-	-109	-251	-360
Depreciation	-539	-670	-	-1,209
FX revaluation	13	-56	60	17
Book value at the end of the year	18,902	3,186	349	22,437
31 December 2016				
Initial value	20,020	7,843	349	28,212
Accumulated depreciation	-1,118	-4,657	0	-5,775
Book value	18,902	3,186	349	22,437
31 December 2017				
Book value at the beginning of the year	18,902	3,186	349	22,437
FX revaluation of depreciation	0	0	0	0
Acquired	0	822	373	1,195
Written-off	0	-39	-	-39
Depreciation	-548	-885	0	-1,433
FX revaluation	0	-29	0	-29
Book value at the end of the period	18,354	3,055	722	22,131
31 December 2017				
Initial value	20,020	8,597	722	29,339

Accumulated depreciation	-1,666	-5,542	0	-7,208
Book value	18,354	3,055	722	22,131

6. INVENTORIES

As of 31 December 2017 the Group's inventories consist of:

	31.12.2017	31.12.2016
	BGN'000	BGN'000
Materials	295	422
Fuel	142	159
Goods	-	32
Total	437	613

7. TRADE AND OTHER RECEIVABLES

	31.12.2017	31.12.2016
	BGN'000	BGN'000
Receivables from customers and suppliers – gross amount	21,666	21,918
Less impairment	(1,656)	(1,399)
Receivables from customers and suppliers – net amount	19,856	20,519
Advance payments to suppliers	1,832	950
Receivables from related parties /note 23/	140	398
Tax receivables	268	537
Other receivables	2,676	997
Total	24,772	23,401

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	31.12.2017	31.12.2016
	BGN'000	BGN'000
Petty cash	364	238
Cash in bank accounts	9,003	8,178
Cash in transit	4,161	2,651
Total	13,528	11,067

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

9. EQUITY

9.1 SHARE CAPITAL

As of 31.12.2017 registered capital of the Parent Company consists of 5,377,619 ordinary shares with par value of BGN 1 per share. All shares entitle to a dividend and to a liquidation share and represent one vote at the General Meeting of Shareholders of the Company.

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

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

	<u>31.12.2017</u>		<u>31.12.2016</u>	
	Number of shares	%	Number of shares	%
Speedy Group AD	3,500,367	65.60%	3,544,367	66.42%
GeoPost SA, France	1,333,979	25.00%	1,333,979	25.00%
Other natural and legal entities	543,273	9.40%	457,573	8.58%
Total	<u>5,377,619</u>	<u>100.00%</u>	<u>5,335,919</u>	<u>100.00%</u>

9.2 STATUTORY RESERVES

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Statutory reserves	538	534
Total	<u>538</u>	<u>534</u>

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

9.3 PREMIUM RESERVES

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Premium reserves	19,565	19,565

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

9.4 OTHER RESERVES

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Other reserves	(465)	(361)
Total	<u>(465)</u>	<u>(361)</u>

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

10. PAYABLES UNDER FINANCIAL LEASE AGREEMENTS

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

As of 31.12.2017 the payables under financial lease agreements are the following:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Payables under financial lease agreements	13,295	14,480
• Long-term part	7,679	8,838
• Short-term part	5,616	5,665
Total	<u>13,295</u>	<u>14,503</u>

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

11. BANKS LOANS

As of 31.12.2017 amount due under bank loans are the following:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Payables under received loans from banks, incl.:	8,933	8,883
- short-term part	3,012	1,898
- long-term part	5,921	6,985
Total	<u>8,933</u>	<u>8,883</u>

12. TRADE AND OTHER PAYABLES

As of 31.12.2017, the trade and other payables include:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Trade payables	8,371	9,899
Payables to related parties (note 23)	555	994
Payables to the staff	3,110	2,536
Payables for social security	1,021	968
Taxes payable	1,867	1,365
Other payables /incl. dividends/	8,834	5,587
Total	<u>23,758</u>	<u>21,349</u>

13. REVENUES

The revenues of the Group consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Revenues from courier services	151,314	140,980
Total	<u>151,314</u>	<u>140,980</u>

14. OTHER REVENUES

Other revenues of the Group consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Revenues from renting out of motor vehicles	3,807	4,743
Other revenues	3,221	1,899
Financing	304	341
Total	<u>7,332</u>	<u>6,983</u>

16. COSTS OF MATERIALS

Costs of materials include:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Fuels	3,424	3,305
Delivery-related materials	1,638	2,212
Spare parts	18	199
Office materials and consumables	778	241
Uniforms	122	251
IT consumables	733	652
Other costs	210	313
Total	<u>6,923</u>	<u>7,173</u>

16. COSTS OF HIRED SERVICES

Costs of hired services consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Subcontractors	75,257	75,016
Rents	5,681	5,018
Communications and utility services	2,955	2,343
Vehicle maintenance	3,278	2,380
Insurance	1,307	1,361
Office/warehouse maintenance	767	611
Staff training	887	365
Marketing	851	940
Audit, consultant and other services	1,262	2,001
Other costs	2,014	1,712
Fees	343	395
Total	<u>94,602</u>	<u>92,142</u>

17. COMPENSATION COSTS

Compensation costs consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Salaries and wages	25,629	22,239
Social security contributions	6,304	5,975
Total	<u>31,933</u>	<u>28,214</u>

18. OTHER OPERATING COSTS

Other operating expenses of the Group consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Indemnities for parcels	2,388	1,590
Insurance of parcels	284	273
Representation costs	618	149
Other costs	1,185	527
Total	<u>4,475</u>	<u>2,539</u>

19. FINANCIAL INCOME

Financial income of the Group consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Interests income	250	2

Total	<u>250</u>	<u>2</u>
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20. FINANCIAL EXPENSES

Financial expenses of the Group consist of:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Interest expenses	660	755
FX exchange loss, net	599	95
Total	<u>1,259</u>	<u>850</u>

21. TAXES

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

	<u>31.12.2017</u>	<u>31.12.2016</u>
	BGN'000	BGN'000
Accounting profit before taxes	<u>9,082</u>	<u>7,703</u>
Increase	1,848	-
Decrease	-	183
Taxable net income	<u>10,930</u>	<u>7,520</u>
Income tax	(1,093)	(752)
Tax rate	10%	10%
Deferred taxes	-	-
Tax rate	10%	10%
Total income tax and deferred taxes	(1,093)	(752)
Net profit	<u>7,989</u>	<u>6,951</u>

22. DIVIDENDS

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

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

23. RELATED PARTIES TRANSACTIONS

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

Related Party	Вид на свързаност
Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary
Geopost Bulgaria EOOD	Subsidiary
DPD S.A., Romania	Subsidiary
Dragomir Winery Estate OOD	Company under common control
Transbankan group OOD	Company under common control
Transabalkan group Romania	Company under common control
Omnicar BG EOOD	Company under common control
Omnicar Auto OOD	Company under common control
Omnicar C EOOD	Company under common control
Omnicar oil EOOD	Company under common control
Omnicar rent EOOD	Company under common control
Bulrom gas 2006 OOD	Company under common control
Geopost S.A., France	Company under common control

Commercial transactions

The Group has receivables from related parties as follows:

		31.12.2017	31.12.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	-	43
Omnicar Auto OOD	Services	76	83
Omnicar Auto OOD	Advances paid	-	53
Dragomir Winery Estate OOD	Services	4	-
Omnicar BG EOOD	Services	12	18
Geopost S.A., France	Services	-	105
Omnicar rent EOOD	Services	48	58
Total		140	398

The Group has the following payables to related parties:

		31.12.2017	31.12.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	365	775
Omnicar Auto OOD	Services	44	30
Omnicar rent OOD	Goods	8	27
Omnicar oil EOOD	Materials	-	27
Omnicar BG EOOD	Services	-	9
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Sofia City Logistic Park		27	-
Dragomir Winery Estate OOD	Goods	1	-
Speedy Group AD	Loan		16
	Total	445	884

As of 31.12.2017 the company has payables to the BoD's members in amount of BGN 110 thousand /31.12.2016 – BGN 110 thousand/ in compliance with art. 240, para 1 of Commercial Code..

The Group realized the following sales to related parties:

		31.12.2017	31.12.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	3,015	2,863
Omnicar BG EOOD	Services	96	140
Omnicar Auto OOD	Services	74	51
Dragomir Winery Estate OOD	Services	20	19
Geopost S.A., France	Services	361	508

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

		31.12.2017	31.12.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	10,735	9,381
Omnicar Auto OOD	Services	389	505
Omnicar BG EOOD	Services	42	75
Dragomir Winery Estate OOD	Goods	21	37
Omnicar C EOOD	Services	8	8
Omnicar oil EOOD	Materials	267	48
Omnicar rent EOOD	Services	134	117

24. APPROVAL OF FINANCIAL STATEMENTS

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

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

INFORMATION under Appendix 9 from regulation 2 of FSC

- 1. Information about change of persons exercising control over the company.**
No change.

- 2. Information about opened insolvency proceedings against the company or its subsidiary and all stages regarding to above mentioned proceedings.**
No opened insolvency procedures.

- 3. Information about significant deals. The decision for signing, terminating and breaking a contract for joined ventures.**
Not applicable.

- 4. Change of the company’s auditor and reasons for it.**
No change of the auditing company.

- 5. Information about pending legal, administrative or arbitration proceedings, concerning obligations or receivables of the company or its subsidiary in amount of at least 10 percent of the company’s equity.**
There are no legal or other proceedings with significant value.

- 6. Purchase, sale or pledge of shares in other companies by the issuer or by any of its subsidiary.**
Not applicable.

- 7. Other events which the company consider to be of importance for the investors in taking decision to acquire, sell or hold publicly offered securities.**
No other events except already announced.



Executive Director:
/ Valery Mektupchiyan /