

SPEEDY AD

SOFIA

**EXPLANATORY NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENT**

31 MARCH 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.

During the period, the focus continued to be on the regional market's development with the service Speedy Balkans, which is the main contributor for the high growth in the international services, especially the deliveries from and to Romania. Speedy Jsc. obtained the franchise of the DPD network for Greece. During Q1 2017, effectively launched DPD Classic services from Greece to Europe. The company plans to offer international deliveries to / from Europe through DPD network, while deliveries within Greece are going to continue to be executed through the local partner.

The investments during the period are BGN 2.7 m. where main part of the funds (BGN 1.1 m.) were funneled in replacement of the vehicles. Aiming the improvement of quality and the work in the sorting centers equipment in amount of BGN 243 thousand was bought. The above investments were made main for operations in Bulgaria. While equipment for the distribution centers in amount of BGN 863 thousand were for developing mainly logistic hubs in Romania.

Financial results

Q1 2017 is the weakest quarter and the intensity of operations drop and q-o-q the revenues as usual shows decrease compared to the last quarter of the previous year. The dynamics in Bulgaria registered some slow down, while in Romania the pace remain the same as last year and growth in revenues of more than 30% was recorded. The number of deliveries increased significantly with over 31% yoy, while the growth of consolidated revenues from courier services reach 18,4%. The regional service Speedy Balkans continues the trend from last year and performs very well achieving growth of almost 50% although from a low base.

During the last period the company draws its attention over more thorough control on expenses. The aim is to align the expenses with delivered parcels as much as possible and to improve the profitability from each customer.

The operating expenses rise with 25%, while in Bulgaria is mainly due to higher compensation costs and subcontractors. The latter is a result of increased remuneration effective as of mid-2016. On a quarterly basis, the payments to subcontractors moved in line with the change of processed deliveries. The increase of compensation costs is due to rise in the number of employees in the sorting centers with 20% which is comparable to the change in volume of parcels. There is also an increase in the average remuneration following the wage pressure in the country. In Romania a significant contribution have the rise of expenses related to the expansion of operations – for rent, utilities, marketing, trainings for the personnel.

Revenue structure

In BGN '000	Q1 16	Q1 17	Change
Domestic market	18 034	20 328	12.7%
<i>% of the total revenues</i>	55.1%	53.2%	
International market	12 616	15 952	26.4%
<i>% of the total revenues</i>	38.5%	41.8%	
Others	1 775	1 900	7.0%
<i>% of the total revenues</i>	6.4%	5.0%	
Number of parcels delivered	5 077	6 646	30.9%
Total revenues	32 425	38 180	17.7%

Cost structure

In BGN '000	Q1 16	Q1 17	Change
Costs of materials	1 717	1 743	-1.45%
Costs of external services	19 132	23 953	25.2%
Compensation costs	6 128	7 534	22.9%
Other operating costs	564	1 195	111.9%
Depreciation	2 718	2 582	-5.0%
EBITDA	4 884	3 755	-23.1%
Net profit for the period	1 563	855	-45.3%

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

As of 31 March 2017

	<i>Notes</i>	31.03.2017	31.12.2016
		BGN'000	BGN'000
ASSETS			
Non-current assets			
Property, machinery and equipment	3	33,771	33,629
Good will and other intangible assets	4	22,238	22,437
Deferred tax assets	12	201	201
Other long-term receivables		201	208
		56,411	56,475
Current assets			
Inventories	5	535	613
Trade and other receivables	6	18,718	20,519
Receivables from related parties	28	541	398
Other receivables and prepaid costs	7	3,216	2,484
Cash and cash equivalents	8	10,330	11,067
		33,340	35,081
TOTAL ASSETS		89,751	91,556

SPEEDY AD**CONSOLIDATED FINANCIAL STATEMENT**

as of 31 March 2017

Continued

	<i>Notes</i>	31.03.2017	31.12.2016
		BGN'000	BGN'000
EQUITY AND LIABILITIES			
Equity			
Share capital	9.1	5,336	5,336
Reserves	9.2	19,720	19,738
Retained earnings	9.3	20,510	19,655
		45,566	44,729
Minority interest			
		-	-
Total equity		45,566	44,729
LIABILITIES			
Non-current liabilities			
Obligations under financial lease agreements	10	8,337	8,838
Loans obtained from banks	11	6,512	6,985
Deferred tax liabilities	12	1,060	1,060
Subsidies	13	596	671
Provisions for pension benefits	14	56	56
		16,561	17,610
Current liabilities			
Obligations under financial lease agreements	10	5,838	5,665
Short-term part of long-term bank loans	11	1,892	1,898
Accounts payable	15	13,781	15,109
Payables to related parties	28	1,200	994
Tax payables	16	963	1,365
Subsidies	13	303	305
Other current liabilities	17	3,647	3,881
		27,624	29,217
TOTAL EQUITY AND LIABILITIES		89,751	91,556

SPEEDY AD**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

as of 31 March 2017

	<i>Notes</i>	31.03.2017	31.03.2016
		BGN'000	BGN'000
Revenues			
Core revenues	13	23,758	21,211
Other revenues	14	1,014	1,072
Total revenues		24,772	22,283
Costs of materials	15	(1,490)	(1,511)
Costs of external services	16	(13,314)	(11,099)
Compensation costs	17	(5,951)	(4,807)
Depreciation and amortization	3, 4	(1,942)	(2,174)
Other operating expenses	18	(760)	(433)
Total operating expenses		(23,457)	(20,024)
Operating profit		1,315	2,259
Financial revenues	19	108	24
Financial expenses	20	(151)	(217)
Financial revenues/expenses, net		(43)	(193)
Profit before taxes		1,272	2,066
Income taxes	21	(127)	(207)
Profit after taxes		1,145	1,859
Other comprehensive income for the year, net of taxes		-	-
Total comprehensive income for the year		1,145	1,859
Earnings per share	22	1.45	2.26

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

	31.03.2017	31.03.2016
	BGN'000	BGN'000
Cash flows from operating activity		
Proceeds from customers	34,864	30,229
Payments to suppliers	(24,578)	(18,867)
Payments related to remunerations	(5,840)	(4,643)
Tax payment	(2,216)	(2,477)
Net cash flow from operating activity	2,230	4,242
Cash flows from investing activity		
Proceeds from sale of plant and equipment	12	82
Purchase of plant and equipment	(274)	(582)
Extended loans, net	-	-
Dividends received	-	-
Other proceeds from investing activities	-	-
Net cash flow from investing activity	(262)	(500)
Cash flows from financing activity		
Payments under financial lease agreements	(1,365)	(1,415)
Repayment of loans	(473)	(322)
Paid interests and bank charges	(124)	(97)
Dividends paid	-	-
Other cash flows from financing activity, net	-	-
Net cash flow from financing activity	(1,962)	(1,834)
Change in cash and cash equivalents	6	1908
Net effect of changes in exchange rates	(6)	(9)
Cash and cash equivalents at the beginning of the period	6,011	5,632
Cash and cash equivalents at the end of the period	6,011	7,531

SPEEDY AD**CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

as of 31 March 2017

	Share capital	Statutory reserves	Premium reserves	Financial result	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 1 January 2016	5,336	534	19,565	19,791	45,226
Distribution of profits, incl.	-	-	-	(6,029)	(6,029)
• <i>Dividends</i>	-	-	-	(6,029)	(6,029)
• <i>Reserves</i>	-	-	-	-	-
Total comprehensive income for the year, incl.	-	-	-	7,720	7,720
• <i>Net income</i>	-	-	-	7,733	7,733
• <i>Other comprehensive income, net of taxes</i>	-	-	-	(13)	(13)
Balance as of 31 December 2016	5,336	534	19,565	21,482	46,917
Balance as of 1 January 2017	5,336	534	19,565	19,791	45,226
Distribution of profits, incl.	-	-	-	-	-
• <i>Dividends</i>	-	-	-	-	-
• <i>Reserves</i>	-	-	-	-	-
Total comprehensive income for the year, incl.	-	-	-	1,145	1,145
• <i>Net income</i>	-	-	-	1,145	1,145
• <i>Other comprehensive income, net of taxes</i>	-	-	-	-	-
Balance as of 31 March 2017	5,336	534	19,565	22,627	48,062

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

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	Cost of acquired assets	Total
	BGN'000	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	1,696	512	1,868	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	-	2,087
Book value at the end of the period	2,600	15,399	2,018	3,082	2,020	1,868	26,987
31 December 2016							
Initial value	4,342	31,806	7,000	4,253	4,248	1,868	53,517
Accumulated depreciation	-1,742	-16,407	-4,982	-1,171	-2,228		-26,530
Book value	2,600	15,399	2,018	3,082	2,020	1,868	26,987
31 March 2017							
Book value at the beginning of the period	2,600	15,399	2,018	3,082	2,020	1,868	26,987
Acquired	22	1,067	141	243	95		1,568
Written-off		-49				-129	-178
Depreciation	-99	-1,265	-174	-124	-171		-1,833
Written-off depreciation		44					44
Book value at the end of the period	2,523	15,196	1,985	3,201	1,944	1,739	26,588
31 March 2017							
Initial value	4,364	32,824	7,141	4,496	4,343	1,739	54,907
Accumulated depreciation	-1,841	-17,628	-5,156	-1,295	-2,399	0	-28,319
Book value	2,523	15,196	1,985	3,201	1,944	1,739	26,588

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

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 March 2017			
Book value at the beginning of the year	2,057	349	2,406
Acquired	12	126	138
Written-off	-	-11	-11
Depreciation	-109	-	-109
Written-off depreciation	-	-	0
Book value at the end of the year	1,960	464	2,424
31 March 2017			
Initial value	5,442	464	5,906
Accumulated depreciation	-3,482	0	-3,482
Book value	1,960	464	2,424

5. INVESTMENTS IN SUBSIDIARIES

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

	<u>31.03.2017</u>	share	<u>31.03.2016</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	26,447		26,447	

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

6. INVENTORIES

As of 31 March 2017 the company's inventories consist of:

	31.03.2017	31.12.2016
	BGN'000	BGN'000
Materials	217	287
Fuel	218	159
Total	435	446

7. TRADE AND OTHER RECEIVABLES

	31.03.2017	31.12.2016
	BGN'000	BGN'000
Receivables from customers and suppliers – gross amount	10,087	10,683
Less impairment	(922)	(922)
Receivables from customers and suppliers – net amount	9,165	9,761
Advance payments to suppliers	1,178	1,049
Receivables from related parties /note 23/	1,266	1,000
Tax receivables	-	69
Other receivables	1,344	1,625
Total	12,953	13,504

As of 31 March 2017 receivables from customers have been impaired as follows:

	31.03.2017	31.12.2016
	BGN'000	BGN'000
At the beginning of the year	922	820
Impairments booked		105
Impairments reversed	-	-
At the end of the year	922	922

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	31.03.2017	31.12.2016
	BGN'000	BGN'000
Petty cash	483	236
- BGN	483	236
Cash in bank accounts	3,175	3,125
- BGN	2,852	2,863
- RON	323	262
Cash in transit	2,353	2,650
Total	6,011	6,011

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EXPLANATORY NOTES

as of 31.03.2017

9. EQUITY

9.1 SHARE CAPITAL

As of 31.03.2017 registered capital of the Company consists of 5,335,919 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	5,335,919	5,335,919
Number of issued and fully paid-in shares	-	
Number of shares, outstanding on 31 march 2017	<u><u>5,335,919</u></u>	<u><u>5,335,919</u></u>

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

	<u>31.03.2017 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	3,544,367	66.42%	3,544,367	66.42%
GeoPost SA, France	1,333,979	25.00%	1,333,979	25.00%
Other natural and legal entities	457,573	8.58%	457,573	8.58%
Total	<u><u>5,335,919</u></u>	<u><u>100.00%</u></u>	<u><u>5,335,919</u></u>	<u><u>100.00%</u></u>

9.2 STATUTORY RESERVES

	<u>31.03.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Statutory reserves	534	534
Total	<u><u>534</u></u>	<u><u>534</u></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>31.03.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Premium reserves	19,565	19,565
Total	<u><u>19,565</u></u>	<u><u>19,565</u></u>

SPEEDY AD

EXPLANATORY NOTES

as of 31.03.2017

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 March 2017 the payables of the Company under financial lease agreements are the following:

	31.03.2017	31.12.2016
	BGN'000	BGN'000
Payables under financial lease agreements	14,060	14,392
• Long-term part	8,268	8,759
• Short-term part	5,792	5,633
Total	14,060	14,392

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 March 2017 amount due under bank loans are the following:

	31.03.2017	31.12.2016
	BGN'000	BGN'000
Payables under received loans from banks, incl.:	8,404	8,883
- <i>short-term part</i>	1,892	1,898
- <i>long-term part</i>	6,512	6,985
Total	8,404	8,883

12. TRADE AND OTHER PAYABLES

As of 31 March 2017, the trade and other payables include:

	31.12.2016	31.12.2016
	BGN'000	BGN'000
Trade payables	4,913	6,003
Payables to related parties (note 23)	2,224	1,833
Payables to the staff	2,366	2,222
Payables for social security	649	668
Taxes payable	844	1,094
Other payables	-	300
Total	10,996	12,120

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

13. REVENUES

The revenues of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from courier services	23,758	21,211
Total	<u>23,758</u>	<u>21,211</u>

14. OTHER REVENUES

Other revenues of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from renting out of motor vehicles	688	628
Other revenues	250	219
Financing	76	225
Total	<u>1,014</u>	<u>1,072</u>

15. COSTS OF MATERIALS

Costs of materials include:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Fuels	891	770
Delivery-related materials	413	413
Spare parts	6	155
Office materials and consumables	93	51
Uniforms	17	10
IT consumables	68	68
Other costs	2	44
Total	<u>1,490</u>	<u>1,511</u>

16. COSTS OF HIRED SERVICES

Costs of hired services consist of:

	<u>31.03.2017</u>	<u>31.13.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Subcontractors	10,308	8,634
Rents	868	828
Communications and utility services	417	414
Vehicle maintenance	719	362
Insurance	261	244
Office/warehouse maintenance	55	66
Staff training	52	62
Marketing	86	89
Audit, consultant and other services	119	93
Other costs	351	249
Fees	78	58
Total	<u>13,314</u>	<u>11,099</u>

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EXPLANATORY NOTES

as of 31.03.2017

17. COMPENSATION COSTS

Compensation costs consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Salaries and wages	5,105	4,133
Social security contributions	846	674
Total	<u>5,951</u>	<u>4,807</u>

18. OTHER OPERATING COSTS

Other operating expenses of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Indemnities for parcels	348	148
Insurance of parcels	69	60
Representation costs	210	62
Other costs	133	163
Total	<u>760</u>	<u>433</u>

19. FINANCIAL INCOME

Financial income of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interests income	108	24
Total	<u>108</u>	<u>24</u>

20. FINANCIAL EXPENSES

Financial expenses of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interest expenses	113	195
FX exchange loss, net	22	22
Total	<u>151</u>	<u>217</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:

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Accounting profit before taxes	<u>1,272</u>	<u>2,066</u>
Increase	-	-
Decrease	-	-
Taxable net income	<u>1,272</u>	<u>2,066</u>
Income tax	(127)	(207)
Tax rate	10%	10%
Deferred taxes	-	-
Tax rate	10%	10%
Total income tax and deferred taxes	(127)	(207)
Net profit	<u>1,145</u>	<u>1,859</u>

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>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Distributable net income /BGN'000./	1,145	1,859
Weighted average number of shares	5,335,919	5,335,919
Earnings per share /BGN per share/	<u>0,21</u>	<u>0,35</u>

22.2 Dividends

On 14.06.2016, the General Meeting of Shareholders took a decision for the distribution of the profit for 2015 in the amount of 12,033 thousand Levs 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	Type of relationship
Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

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 Daynamic 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 Daynamic Parcel Distribution S.A., Romania, as a collateral.

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

	31.03.2017	31.03.2016
	BGN'000	BGN'000
Dynamic Parcel Distribution S.A., Romania incl.	7,419	4,340
- principal		4,232
- interest		108
Total	7,419	4,340

Commercial transactions

The Company has receivables from related parties as follows:

		31.03.2017	31.12.2016
		BGN'000	BGN'000
Dynamic Parcel Distribution S.A., Romania	Services	550	472
Transbalkan group OOD	Services	310	43
Omnicar Auto OOD	Services	67	83
Omnicar Auto OOD	Advances paid		53
Geopost Bulgaria EOOD	Services	247	216
Geopost Bulgaria EOOD	Dividends		-
Dragomir Winery Estate OOD	Services	2	-
Transabalkan group Romania	Services	37	38
Omnicar BG EOOD	Services	15	18
Geopost S.A., France	Services	38	105
Omnicar rent EOOD	Services	-	16
Write-downs			(44)
Total		1,266	1,000

SPEEDY AD**EXPLANATORY NOTES**

as of 31.03.2017

The Group has the following payables to related parties:

		31.03.2017	31.12.2016
		BGN'000	BGN'000
Speedy EOOD	Services	458	440
Geopost Bulgaria EOOD	Services	336	417
Transbalkan group OOD	Services	1010	773
Dynamic Parcel Distribution S.A., Romania	Services	246	-
Omnicar Auto OOD	Services	6	30
Omnicar rent OOD	Goods	5	27
Omnicar oil EOOD	Materials	26	27
Omnicar BG EOOD	Services	5	9
Sofia City Logistic Park		22	-
Dragomir Winery Estate OOD		1	-
	Total	2,114	1,723

As of 31.03.2017 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:

		31.03.2016	31.03.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	854	689
Dynamic Parcel Distribution S.A., Romania	Services	1803	1,121
Omnicar BG EOOD	Services	26	34
Geopost Bulgaria EOOD	Services	519	442
Omnicar Auto OOD	Services	6	17
Dragomir Winery Estate OOD	Services	3	59
Geopost S.A., France	Services	77	116

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

		31.03.2016	31.03.2016
		BGN'000	BGN'000
Transbalkan group OOD	Services	2,374	2,113
Speedy EOOD	Services	15	9
Geopost Bulgaria EOOD	Services	848	772
Omnicar Auto OOD	Services	43	293
Omnicar BG EOOD	Services	11	20
Dynamic Parcel Distribution S.A., Romania	Services	642	485
Dragomir Winery Estate OOD	Goods	1	26
Omnicar C EOOD	Services	2	2
Omnicar oil EOOD	Materials	118	-
Omnicar rent EOOD	Services	58	38

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 /