JUMBO EC. B EOOD
ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2009

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The management of JUMBO EC. B EOOD presents their Directors' Report and the Annual Financial Statements as at 31 December 2009 prepared under the International Financial Reporting Standards, adopted for use in the European Union (*"IFRS"*).

Description of activities

The Company JUMBO EC. B EOOD is registered on 01/09/2005 with court decision № 1 of the Sofia City Court and is registered in the Trade Companies Register under file № 9856, batch № 96904, tome 1291, page 59 with domicile: Sofia, 51 Bulgaria Blvd., and BULSTAT № 131476411.

The Company has the following activity subject: manufacture and wholesale and retail trade of all kinds of goods, including kid's products, toys, baby's products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products; execution of all kind of construction activities; sales and purchases, renting and utilizing of real estate; creation and exploitation of all kinds of tourist and hotel objects (hotels, restaurants, coffee shops, entertainment centres); advertising. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Republic of Bulgaria.

The major customers of the Company in 2009 were retail clients and the Parent Company.

The major suppliers of the Company in 2009 were the Parent Company – JUMBO S.A., Greece, Voyatzoglou Systems S.A Greece, Sienit Invest Ltd., Bulgarconsult AI Ltd.

Analysis of the results of the activities

Income

The Company generated revenue in 2009 for the amount of BGN 29,302 thousand, of which BGN 27,815 thousand revenue from sales of goods, BGN 443 thousand other income , BGN 1.044 thousand interest on current bank and short-term deposit accounts and others.

The increase in the sales revenue in 2009 is BGN 5,563 thousand (25%) in comparison to 2008. This is due to the fact that the Company opened its first store in Plovdiv in November 2008.

Operating expenses

The biggest share in the Company's expenses have the employee benefit expenses of BGN 2,227 thousand (36%), other expenses, included shortages and wastage of inventory of BGN 1,195 thousand (19%), depreciation and amortization charges of BGN 983 thousand (16%), and the expenses for materials and consumables of BGN 906 thousand (15%).

In 2009 the Company had no activities in research and development activities.

Financial result

The financial result of the Company in 2009 was a net profit of BGN 8,118 thousand, which represents 29 % of the sales revenue for 2009 (2008:26%).

At this moment there is no appointed meeting of the Board of directors of the Sole owner of the Company's share capital in 2010, on which to be taken a decision for the distribution of the net profit for 2009 as dividends or retention in the retained earnings.

Non-current assets

The non-current assets of the Company at the end of the accounting period date were BGN 81,584 thousand, consisting mainly of Property, plant and equipment and other assets of BGN 81,524 thousand (as disclosed in Note 6).

Current assets

The current assets of the Company at the end of the accounting period date were BGN 49,278 thousand, consisting mainly of Cash and cash equivalents BGN 42,058 thousand (85%), Trade and other receivables, and Inventory BGN 6.688 thousand (14%) (as disclosed in Notes 8, 9 and 10).

Non-current liabilities

The non-current liabilities of the Company were BGN 7 thousand, which represent Retirement benefit obligations (as disclosed in Note 15).

Current liabilities

The current liabilities of the Company were BGN 15,074 thousand, where the biggest part is of the Trade and other payables of BGN 14,486 thousand (96 %) and the Current income tax liabilities (as disclosed in Notes 14, and 24).

Share capital

The Share capital of the Company as of 31.12.2009 was BGN 101,518 thousand which consists of 1,015,184 shares with par value of BGN 100 each.

The sole owner of the Share capital of the Company is JUMBO S.A., Greece.

In 2009, the Share capital was increased in accordance with resolutions of the Board of directors of the sole owner as follows:

- Resolution dated 02/07/2009 was increased with BGN 39,116,600 to BGN 101,518,400 with monetary contribution. The par value of a share was not changed, only the number of shares increased.

Financial result

Ratios

Liquidity

Current Ratio = Current Assets / Current Liabilities = 49,278 / 15,074 = **3.27** (2008: **2.73**).

Quick Ratio = Current Assets – Inventory / Current Liabilities = 49,278-6,688 / 15,074 = **2.83** (2008: **2.32**).

Absolute Ratio = Cash and Cash Equivalents / Current Liabilities = 42,058 / 15,074 = **2.79** (2008: **1.29**).

Profitability

Gross Profit Margin = Gross Profit / Sales Revenue = 13,946 / 27,815 = **50.14%** (2008: **48.32%**).

Pre-tax Return on Assets = Profit Before Income Tax / Total Assets = 9,093 / 130,862 = **6.95%** (2008: **8.42%**).

Return on Equity = Net Profit / Equity = 8,118 / 115,781 = **7.01%** (2008: **8.49%**).

Activity

Days in Inventory = Average Inventory * 360 / Cost of Sales = 5,187 * 360 / 27,815 = **67days (2008: 57 days)**

Total Asset Turnover = Sales Revenue / Total Assets = 27,815/ 130,862 = **0.21** (2008: **0.29**).

Management

The management of the Company is carried out by Marios Petridis, General Manager and Alexandra Mihova, Managing Director.

The remunerations received in the year by the key management members are disclosed in Note 29.

Financial risk management

The management controls the overall risk and seeks methods to neutralise the potential negative effects on the financial results of the Company, as disclosed in Note 3.

Events after the end of the accounting period

Important events which occurred after the end of the accounting period are contract for granting of superficies rights (as disclosed in Note 31).

Objectives for the future development

On of the objectives set by the management of the Company for 2010 is to increase the sales revenue in relation to the market conditions and the development of the investment program.

The Company plans to invest in construction of two new shops (July 2010 and November 2010) in Sofia. The total investment is about 25 million Euro.

Development of the personnel

The personnel will be increased proportionally to the creation of new stores. Furthermore the Company plans to invest in the training of new staff as well as in the pre-qualification of the current.

Management's responsibilities

Under the Bulgarian legislation the management have to prepare financial statements annually, which financial statements should give a true and fair view of the financial position of the Company at the end of the year and of its financial performance and its cash flows for the year in accordance with IFRS.

The management confirms that they have applied in a consistent manner adequate accounting policies and that in the preparation of the financial statements as at 31 December 2009 they have applied the principle for prudence in the valuation of assets, liabilities income and expenses.

The management also confirm that they have adhered to the applicable financial reporting standards and the financial statements were prepared on a going concern basis.

The management are responsible for the correct recording in the accounting registers, for the adequate management of the assets and for the execution of the proper measures for the prevention and detection of potential fraud and other irregularities.

Alexandra Mihova, Managing Director
Sofia
19 February 2010

JUMBO EC. B EOOD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2009

(All amounts in BGN thousands unless otherwise stated)	**Note**	**As at 31 December**	
		2009	**2008**
ASSETS			
Non-current assets			
Property, plant and equipment	6	81,524	53,101
Intangible assets	7	48	26
Deferred income tax assets	11	12	7
		81,584	**53,134**
Current assets			
Inventory	8	6,688	3,685
Trade and other receivables	9	532	9,132
Cash and cash equivalents	10	42,058	11,520
		49,278	**24,337**
Total Assets		**130,862**	**77,471**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	101,518	62,402
Retained earnings		14,263	6,145
		115,781	**68,547**
Non-current liabilities			
Retirement benefit obligations	15	7	4
		7	**4**
Current liabilities			
Borrowings	13	-	88
Trade and other payables	14	14,486	8,149
Current income tax liabilities	24	588	683
		15,074	**8,920**
Total Liabilities		**15,081**	**8,924**
Total Equity and Liabilities		**130,862**	**77,471**

Date of approval by the management: 19 February 2010

Desislava Grigorova, Chief Accountant

Alexandra Mihova, Managing Director

Initialled for identification purposes in accordance with the audit report, dated 19 February 2010:

Snezhanka Kaloyanova, Registered Auditor

The notes on pages 10 to 52 are an integral part of these financial statements.

(All amounts in BGN thousands unless otherwise stated)	**Note**	**Year ended 31 December**	
		2009	**2008**
Revenue	16	27,815	22,252
Cost of sales	17	(13,869)	(11,499)
Gross profit		**13,946**	**10,753**
Distribution costs	18	(5,378)	(3,985)
Administrative expenses	19	(471)	(319)
Other income	20	443	179
Other expenses	21	(367)	(276)
Operating profit		**8,173**	**6,352**
Finance income	23	1,044	230
Finance costs	23	(124)	(56)
Finance costs – net		**920**	**174**
Profit before income tax		**9,093**	**6,526**
Income tax expense	24	(975)	(704)
Profit for the period		**8,118**	**5,822**
Other comprehensive income		**-**	**-**
Comprehensive income for the period		**8,118**	**5,822**

Date of approval by the management: 19 February 2010

Desislava Grigorova, Chief Accountant

Alexandra Mihova, Managing Director

Initialled for identification purposes in accordance with the audit report, dated 19 February 2010:

Snezhanka Kaloyanova, Registered Auditor

(All amounts in BGN thousands unless otherwise stated)	**Note**	**Share capital**	**Retained earnings**	**Total equity**
Balance at 01 January 2008		**33,065**	**323**	**33,388**
Comprehensive income				
Profit for the period		-	5,822	**5,822**
Other comprehensive income		-	-	**-**
		-	**5,822**	**5,822**
Transactions with owners				
Share capital increase through issue of new shares		29,337	-	**29,337**
	12	**29,337**	**-**	**29,337**
Balance at 31 December 2008		**62,402**	**6,145**	**68,547**
Comprehensive income				
Profit for the period		-	8,118	**8,118**
Other comprehensive income		-	-	**-**
		-	**8,118**	**8,118**
Transactions with owners				
Share capital increase through issue of new shares	12	39,116	-	**39,116**
		39,116	**-**	**39,116**
Balance at 31 December 2009		**101,518**	**14,263**	**115,781**

Date of approval by the management: 19 February 2010

Desislava Grigorova, Chief Accountant

Alexandra Mihova, Managing Director

Initialled for identification purposes in accordance with the audit report, dated 19 February 2010:

Snezhanka Kaloyanova, Registered Auditor

JUMBO EC. B EOOD
STATEMENT OF CASH FLOWS
31 DECEMBER 2009

(All amounts in BGN thousands unless otherwise stated)	**Note**	**Year ended 31 December 2009**	**2008**
Cash flows from operating activities			
Cash generation from operations	26	11,296	10,186
Income tax paid		(1,075)	(65)
Net cash flows from operating activities		**10,221**	**10,121**
Cash flows from investing activities			
Purchases of Property, plant and equipment (PPE)		(19,746)	(38,673)
Repaid advances to suppliers of PPE		-	5,804
Proceeds from sale of PPE		63	20
Purchases of Intangible assets		(34)	(33)
Net cash flows from investing activities		**(19,717)**	**(32,882)**
Cash flows from financing activities			
Proceeds from share capital increase		39,116	29,337
Finance Leases		(2)	-
Interest received		1,044	230
Bank charges		(84)	(55)
Net cash flows from financing activities		**40,074**	**29,512**
Net increase in cash and cash equivalents in the period		**30,578**	**6,751**
Cash and cash equivalents at beginning of the period		11,520	4,769
Foreign exchange losses on cash		(40)	-
Cash and cash equivalents at end of the period	10	**42,058**	**11,520**

Date of approval by the management: 19 February 2010

Desislava Grigorova, Chief Accountant

Alexandra Mihova, Managing Director

Initialled for identification purposes in accordance with the audit report, dated 19 February 2010:

Snezhanka Kaloyanova, Registered Auditor

1. General information

JUMBO EC. B („*The Company”*) is solely owned limited liability incorporated and domiciled in Bulgaria. The address of its registered office Sofia, 51 Bulgaria Blvd. which is also its correspondence address and main activity address.

The Company has the following activity subject: manufacture and wholesale and retail trade of all kinds of goods, including kid's products, toys, baby's products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products; execution of all kind of construction activities; sales and purchases, renting and utilizing of real estate; creation and exploitation of all kinds of tourist and hotel objects (hotels, restaurants, coffee shops, entertainment centres); advertising. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Republic of Bulgaria.

The Company is wholly owned subsidiary of JUMBO S.A., Greece which is also the ultimate parent of the Group.

These Company's financial statements were prepared and authorised for issue by the Management on 19 February 2010.

2. Accounting policies

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

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards („*IFRS”*), adopted for use in the European Union by the Commission of the European Union („*the European Commission”*). The financial statements have been prepared under the historical cost convention.

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

2.1.1. ***New standards, amendments of existing standards and interpretations effective in 2009 and relevant to the Company***

The following standards, amendments and interpretations are mandatory for the preparations of financial statements for accounting periods beginning on or after 01 January 2009, are relevant to the Company's operations and are applied in the preparation of these financial statements:

IFRS 7 (Amendment) "Enhancement of disclosures of financial instruments" and consequential amendments to IFRS 4 (published in May 2009, adopted by the European Commission in November 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures. The Company applies the amendment.

IAS 1 (Revised) „Presentation of financial statements" (published in September 2007, adopted by the European Commission in December 2008, effective for accounting periods beginning on or after 01 January 2009). The revised standard prohibited the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company applies IAS 1 (Revised) and presents one performance, i.e. the Statement of comprehensive income. The comparative data is presented in accordance with the new requirements of the revised standard.

IAS 19 (Amendment) „Employee benefits" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee

service being rendered.

- IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The amendment does not have an impact on the Company's financial statements.

IAS 36 (Amendment) „Impairment of assets" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Company applies IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests. The amendment does not have an impact on the Company's financial statements.

2.1.2. ***New standards, amendments of existing standards and interpretations effective in 2010 or afterwards and early adopted by the Company***

There are no new standards, amendments of existing standards and interpretations that are early adopted by the Company in 2009.

2.1.3. ***New standards, amendments of existing standards and interpretations effective in 2009 but not relevant to the Company***

The following standards, amendments and interpretations are mandatory for the preparations of financial statements for accounting periods beginning on or after 01 January 2009, but are not relevant to the Company's operations:

IFRS 1 (Amendment) "First time adoption of IFRS" and IAS 27 "Consolidated and separate financial statements" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendments are not applicable to the Company due to the fact that it does not apply IFRS for the first time and does not apply IAS 27.

IFRS 2 (Amendment) "Share-based payment" (published in January 2008, adopted by the European Commission in December 2008, effective for accounting periods beginning on or after 01 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The standard is not applicable to the Company due to the fact that there are no

share-based payments.

IFRS 8 „Operating segments" (published in November 2006, adopted by the European Commission in November 2007, effective for accounting periods beginning on or after 01 January 2009). The standard replaces IAS 14 "Segment reporting" and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes for allocation of resources between the separate segments. The standard requires the entities to disclose the basis on which the segment information is prepared and the comparison between the amounts presented in the Statement of financial position and the Statement of comprehensive income and those presented in the operating segments. This new standard is not applicable to the Company due to the fact that it is applied by public entities.

IAS 1 (Amendment) „Presentation of financial statements" and IAS 32 (Amendment) „Financial instruments: Presentation" – "Puttable financial instruments and obligations arising on liquidation" (published in February 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The amendments do not have any impact on the Company's financial statements due to the fact that it has no puttable financial instruments.

IAS 1 (Amendment) „Presentation of financial statements" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The amendment does not have an impact on the Company's financial statements due to the fact that there are no financial instruments held for trading.

IAS 16 (Amendment) "Property, plant and equipment" and consequential amendment to IAS 7 "Statement of cash flows" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have any impact on the financial statements of the Company due to the fact that its ordinary activities do not comprise renting and subsequently selling assets.

IAS 20 (Amendment) "Accounting for government grants and disclosure of

government assistance" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment does not have any impact on the financial statements of the Company due to the fact that there are no government grants.

IAS 23 (Amendment) „Borrowing costs" (published in March 2007, adopted by the European Commission in December 2008, effective from 01 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The standard is not applicable to the Company due to the fact that there are no borrowing costs.

IAS 23 (Amendment) „Borrowing costs" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The standard is not applicable to the Company due to the fact that there are no borrowing costs.

IAS 27 (Amendment) "Consolidated and separate financial statements" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. The amendment is not applicable to the Company due to the fact that there are no investments in subsidiaries.

IAS 28 (Amendment) "Investments in associates" and consequential amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The amendment is not applicable to the Company due to the fact that there are no investments in associates.

IAS 28 (Amendment) "Investments in associates" and consequential amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in associate is accounted for in accordance with IAS 39 'Financial instruments: recognition and measurement', only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32, 'Financial Instruments: Presentation' and IFRS 7 'Financial Instruments: Disclosures'. The amendment is not applicable to the Company due to the fact that there are no investments in associates.

IAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The guidance has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment is not applicable to the Company due to the fact that it has no operations in hyperinflationary economies.

IAS 31 (Amendment) „Interests in joint ventures" and consequential amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial instruments: Disclosures" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 "Financial instruments: Presentation", and IFRS 7 "Financial instruments: Disclosures". The amendment is not applicable to the Company due to the fact that there are no interests in joint ventures.

IAS 38 (Amendment) „Intangible assets" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The amendment is not applicable to the Company due to the fact that there no payments for obtaining right of access.

IAS 38 (Amendment) „Intangible assets" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. The amendment is not applicable to the Company due to the fact that all intangible assets are amortised on a straight-line basis.

IAS 39 (Amendment) "Financial instruments: Recognition and measurement" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
- The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.
- The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contracts with group treasury as fair value or cash flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker. See note 3.1 for further details. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision-maker), but the group will not formally document and test this relationship.
- When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

The amendment is not applicable to the Company due to the fact that there are no financial instruments held for trading, derivatives, segments and hedge accounting.

IAS 39 (Amendment) „Financial instruments: Recognition and measurement" – Reclassification of Financial Assets: Effective Date and Transition (published in November 2008, adopted by the European Commission in September 2009, effective on 13 September 2009). The amendment concerns the effective dates for application of reclassification of financial assets. The amendment is not applicable to the Company due to the fact that it has no financial assets at fair value through profit or loss, as well as financial assets available for sale.

IAS 40 (Amendment) "Investment property" and consequential amendments to IAS 16 „Property, plant and equipment" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured

at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment is not applicable to the Company due to the fact that there is no investment property.

IAS 41 (Amendment) "Agriculture" (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 01 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. It requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment is not applicable to the Company due to the fact that it has no operations in the scope of IAS 41.

IFRIC 9 (Amendment) "Embedded derivatives" and consequential amendment to IAS 39 (published in March 2009, adopted by the European Commission in November 2009, effective for accounting periods beginning on or after 01 January 2009). An entity should assess whether an embedded derivative is to be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss
category. The assessment is made on the basis of the circumstances that existed at the later of: (a) the date when the entity first became a party to the contract; and (b) the date of a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract. The amendment is not applicable to the Company due to the fact that it has no financial instruments at fair value through profit or loss.

IFRIC 13 „Customer loyalty programmes" (published in July 2007, adopted by the European Commission in December 2008, effective for accounting periods beginning on or after 01 January 2009). The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not applicable to the Company due to the fact that there are no customer loyalty programmes.

IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (published in July 2007, adopted by the European Commission in December 2008, effective for accounting periods beginning on or after 01 January 2009). The interpretation provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 is not applicable to the Company due to the fact that there are no defined benefit assets.

There are a number of minor amendments **to IFRS 7 "Financial instruments: Disclosures", IAS 8 "Accounting policies, changes in accounting estimates and errors", IAS 10 "Events after the reporting period", IAS 18 "Revenue", IAS 20 "Accounting for government grants and disclosure of government assistance", IAS 29**

“Financial reporting in hyperinflationary economies”, IAS 34 “Interim financial reporting”, IAS 40 “Investment property” and IAS 41 “Agriculture”, which are part of the IASB’s annual improvements project published in May 2008 which are effective for annual periods beginning on or after 01 January 2009 and not addressed above. These amendments are insignificant and do not have an impact on the Company’s accounts and have therefore not been analysed in detail.

2.1.4. ***New standards, amendments of existing standards and interpretations effective in 2010 or afterwards, relevant to but not early adopted by the Company***

The following standards, amendments and interpretations are published and are mandatory for accounting periods beginning on different dates, the earlier of which is 28 March 2009 and are relevant to the Company:

IFRS 3 (Revised) „Business combinations” (published in January 2008, adopted by the European Commission in June 2009, effective for accounting periods beginning on or after 01 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Statement of financial position. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (Revised) prospectively to all business combinations in the year beginning on 01 January 2010 and afterwards.

IFRS 9 “Financial instruments” (published in November 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2013). The new standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The Company will apply the new standard after its adoption by the European Commission. At the moment, the potential impact of the standard on the financial statements cannot be assessed.

IAS 7 (Amendment) “Classification of expenditures on unrecognised assets” (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB’s annual improvements project published in April 2009. The Amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities.The Company will apply the amendment after its adoption by the European Commission. It is not expected that the amendment will have an impact on the financial statements and the way the cash flows are presented.

IAS 17 (Amendment) “Classification of leases of land and buildings” (published in

April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment deletes the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of IAS 17. The Company will apply the amendment after its adoption by the European Commission for the leases of lands. It is not expected that the amendment will have an impact on the financial statements.

IAS 24 (Revised) "Related Party Disclosures" (published in November 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2011). The revised standard provides a partial exemption from the disclosure requirements for government-related entities. Until now, if a government controlled, or significantly influenced, an entity, the entity was required to disclose information about all transactions with other entities controlled, or significantly influenced by the same government. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant. The revised standard has also simplified the definition of related parties and removed inconsistencies. The Company will apply the revised standard after its adoption by the European Commission. It is not expected that the amendment will have an impact on the financial statements.

IFRIC 17 „Distribution of non-cash assets to owners" and consequential amendments in IFRS 5 and IAS 10 (published in November 2008, adopted by the European Commission in November 2009, effective for accounting periods beginning on or after 01 November 2009). The interpretation provides guidance that a payable dividend should be recognised when the payment of the dividend is properly authorised and can not be reversed on the entity's behalf. An entity should measure the dividend payable at the fair value of the net assets that are to be distributed and any difference between the paid dividend and the carrying values of the net assets should be recognised in the profit or loss. The Company will apply IFRIC 17 and provide the required disclosure where applicable.

2.1.5. *New standards, amendments of existing standards and interpretations in 2010 or afterwards and not relevant to the Company*

The following standards, amendments and interpretations are published and are mandatory for accounting periods beginning on different dates, the earlier of which is 28 March 2009 and are not relevant to the Company:

IFRS 1 (Revised) "First time adoption of IFRS" (published in November 2008, adopted by the European Commission in November 2009, effective for accounting periods beginning on or after 01 January 2010). The revised standards has the same content but has been restructured. The standard will not be applicable to the Company after its adoption by the European Commission due to the fact that it has previously applied IFRS for the first time.

IFRS 1 (Amendment) "Additional Exemptions for First-time Adopters" (published in

July 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment exempts entities using the full cost method from retrospective application of IFRSs for oil and gas assets. The amendment also exempts entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 "Determining whether an Arrangement contains a Lease" when the application of their national accounting requirements produced the same result. The amendment will not be applicable to the Company due to the fact that it previously applied IFRS for the first time.

IFRS 2 (Amendment) "Group cash-settled and share-based payment transactions" (published in June 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment encompasses those arrangements in which the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers. The amendments clarify the scope of IFRS 2 to include all arrangements where an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendment clarifies that in IFRS 2 a
'group' has the same meaning as in IAS 27. With the amendments are withdrawn IFRIC 8 and IFRIC 11. The amendment will not be applicable to the Company due to the fact that it has no share-based payments.

IFRS 2 (Amendment) "Share-based payment: Scope of IFRS 2 and IFRS 3 (revised)" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment confirms that, in addition to business combinations as defined by IFRS 3 (revised), 'Business combinations', contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2 "Share-based payment". The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no investments in joint ventures and share-based payments.

IFRS 5 (Amendment) „Non-current assets held-for-sale and discontinued operations" (and consequential amendment to IFRS 1 "First-time adoption") (published in May 2008, adopted by the European Commission in January 2009, effective for accounting periods beginning on or after 30 June 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The amendment is not applicable to the Company due to the fact that there are no investments in subsidiaries.

IFRS 5 "Disclosures required in respect of noncurrent assets (or disposal groups) classified as held for sale or discontinued operations" (published in April 2009,

expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies that IFRS 5, 'Noncurrent assets held for sale and discontinued operations', specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no noncurrent assets held for sale or discontinued operations.

IAS 1 (Amendment) "Current/noncurrent classification of convertible instruments" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies Clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent. By amending the definition of current liability, the amendment permits a liability to be classified as noncurrent (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no convertible instruments.

IAS 27 (Revised) "Consolidated and separate financial statements" (published in January 2008, adopted by the European Commission in June 2009, effective for accounting periods beginning on or after 01 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The standard is not applicable to the Company due to the fact that there are no subsidiaries.

IAS 32 (Amendment) "Classification of Rights Issues" (published in October 2009, adopted by the European Commission in December 2009, effective for accounting periods beginning on or after 01 February 2010). The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment issued today requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The amendment will not be applicable to the Company due to the fact that it has no rights issues.

IAS 36 (Amendment) "Unit of accounting for goodwill impairment test" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies that the

largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of IFRS 8). The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no goodwill.

IAS 38 (Amendment) "Additional consequential amendments arising from IFRS 3 (revised)" **(published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010)**. The amendment is part of the IASB's annual improvements project published in April 2009. Amendments to paragraphs 36 and 37 of IAS 38, 'Intangible assets', to clarify the requirements under IFRS 3 (revised) regarding accounting for intangible assets acquired in a business combination. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no intangible assets acquired in a business combination.

IAS 38 (Amendment) "Measuring the fair value of an intangible asset acquired in a business combination" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. Amendments to paragraphs 40 and 41 of IAS 38 to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no intangible assets acquired in a business combination.

IAS 39 (Amendment) „Financial instruments: Recognition and measurement" – Eligible Hedged Items (published in July 2008, adopted by the European Commission in September 2009, effective for accounting periods beginning on or after 01 July 2009). The amendment clarifies how to account for the inflation component of financial instruments and option contracts used as hedged instruments. The amendment will not be applicable to the Company due to the fact that it has no hedge accounting.

IAS 39 (Amendment) "Treating loan pre-payment penalties as closely related derivatives" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies that any prepayment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk, should be considered closely related to the host debt contract. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no such debt contracts.

IAS 39 (Amendment) "Scope exemption for business combination contracts" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part

of the IASB's annual improvements project published in April 2009. Amendments to the scope exemption in paragraph 2(g) of IAS 39 to clarify that: (a) it only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquiree at a future date; (b) the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) the exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no business combination contracts.

IAS 39 (Amendment) "Cash flow hedge accounting" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies when to recognise gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no cash flow hedge accounting.

IFRIC 9 (Amendment) "Scope of IFRIC 9 and IFRS 3 (revised)**" (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2010)**. The amendment is part of the IASB's annual improvements project published in April 2009. The IASB amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that it has no business combinations.

IFRIC 12 "Service concession arrangements" (published in November 2006, adopted by the European Commission in March 2009, effective for accounting periods beginning on or after 28 March 2009). The interpretation applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 will not be applicable to the Company after its adoption by the European Commission due to the fact that there are no concession arrangements.

IFRIC 14 (Amendment) "Prepayments of a Minimum Funding Requirement" (published in November 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 January 2011). The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment will not be applicable to the Company after its adoption by the European Commission due to the fact that there are no minimum funding requirements.

IFRIC 15 “Agreements for construction of real estates” (published in July 2008, adopted by the European Commission in July 2009, effective for accounting periods beginning on or after 01 January 2010). The interpretation clarifies whether IAS 18, ‘Revenue’, or IAS 11, ‘Construction contracts’, should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 is not applicable to the Company due to the fact that there are no agreements for constructions of assets.

IFRIC 16 “Hedges of a net investment in a foreign operation” (published in July 2008, adopted by the European Commission in June 2009, effective for accounting periods beginning on or after 01 July 2009). The interpretation clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the group. The requirements of IAS 21 “The effects of changes in foreign exchange rates”, do apply to the hedged item. IFRIC 16 will not be applicable to the Company due to the fact that there are no hedges of a net investment in a foreign operation.

IFRIC 16 (Amendment) “Restriction on the entity that can hold hedging instruments” (published in April 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 July 2009). The amendment is part of the IASB’s annual improvements project published in April 2009. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. The amendment will not be applicable to the Company due to the fact that there are no hedges of a net investment in a foreign operation.

IFRIC 18 “Transfers of assets from customers” and consequential amendment to IFRS 1 (published in January 2009, adopted by the European Commission in November 2009, effective for accounting periods beginning on or after 01 November 2009). This interpretation provides guidance on how to account for items of property, plant and equipment received from customers, or cash that is received and used to acquire or construct specific assets. This interpretation is only applicable to such assets that are used to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. The amendment will not be applicable to the Company due to the fact that it has no activities requiring such agreements with the customers.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (published in November 2009, expecting adoption by the European Commission, effective for accounting periods beginning on or after 01 July 2010). This interpretation clarifies that the entity’s equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability and should be measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the

equity instruments issued is included in the entity's profit or loss for the period. The interpretation will not be applicable to the Company due to the fact that no such transactions are expected to occur.

There are a number of minor amendments to **IFRS 8 "Operating segments" and IAS 18 "Revenue"** which are part of the IASB's annual improvements project published in April 2009 and are effective on different dates the earlier of which is for accounting periods beginning on or after 01 July 2009 and are not addressed above. For these amendments is expected adoption by the European Commission. The amendments are not material and will not have an impact on the Company's operations after their adoption by the European Commission and therefore are not analysed.

2.2. Foreign currency translation

2.2.1. Functional and presentation currency

Items included in the financial statements of each of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Bulgarian Leva (BGN), which is the Company's functional and presentation currency. The Bulgarian Lev is fixed to the EUR by the means of the enforced currency board in the Republic of Bulgaria since 1 January 1999.

2.2.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income. The closing exchange rates of the BGN against the major foreign currencies relevant to the Company's operations for the reporting periods of the financial statements are as follows:

	As at 31 December	
	2009	**2008**
1 EUR	1.95583	1.95583
1 USD	1.36409	1.38731

2.3. Property, plant and equipment

Property, plant and equipment except for lands is shown at cost less subsequent depreciation and impairment. Land is shown at cost less impairment. Cost includes the purchase price, including customs duties and non refundable taxes, if any, as well as expenditure that is directly attributable to the acquisition of the items. Cost does not include borrowing costs for there are no qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs

and maintenance are charged to the Statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Buildings	30
Machines and equipment	5 – 10
Vehicles	6 – 7
Computers	3 – 4
Furniture and fittings	5 – 9

The assets' residual values and useful lives are reviewed by the management, and adjusted if appropriate, at each accounting periods ends.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.5).

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts of the disposed assets. These are included in the Statement of comprehensive income in other income or other expenses line items.

2.4. Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Cost does not include borrowing costs for there are no qualifying assets. These intangible assets have definite useful life and are carried at their cost less subsequent amortisation and impairment. The amortisation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (3,33 years).

2.5. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the following two: (1) an asset's fair value less costs to sell and (2) value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6. Financial assets

2.6.1. Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that are not designated at their initial recognition as held for trading, at fair value through profit or loss or available for sale. They are included in current assets, except for maturities greater than 12 months after the end of the accounting period, which are classified as non-current. Loans and receivables include trade and other receivables (expect the advances paid to suppliers) as well as cash and cash equivalents on the statement of financial position (see Notes 2.8 and 2.9).

2.6.2. Recognition and measurement

At their recognition, the financial assets are measured at fair value, plus, for those financial assets that are not carried at fair value through profit or loss, the transaction costs which are directly attributable to the acquisition of the financial assets.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.6.3. Impairment of financial assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- ✓ Significant financial difficulty of the issuer or obligor;
- ✓ A breach of contract, such as a default or delinquency in interest or principal
- ✓ payments;
- ✓ The company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- ✓ It becomes probable that the borrower will enter bankruptcy or other financial

reorganisation;

- ✓ The disappearance of an active market for that financial asset because of financial difficulties; or
- ✓ Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on the assets in the portfolio.

The company first assesses whether objective evidence of impairment exists separately for financial assets that are individually significant and separately or in aggregate for financial assets that are not individually significant.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2.6.4. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.7. Inventories

Inventories are stated at the lower cost or net realizable value. The delivery cost of inventories includes the sum of all purchase costs, or other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs for there are no qualifying assets. Net realizable value is the estimate of the selling price in the ordinary course of business, less estimated costs necessary to make the sale. Cost is determined using the weighted average method.

2.8. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as noncurrent assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

If some of the criteria described in p. 2.6.3 exist including delinquency in payments (more than 30 days) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the statement of comprehensive income.

2.9. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of financial position.

2.10. Share capital

The Company reports its share capital on the nominal value of the shares as registered in the court.

2.11. Trade payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the accounting period.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest

method.

2.13. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the accounting period. The current income tax is recognised as a liability (Current income tax liabilities) to the extent that it is not paid. If the already paid amount for current income tax is greater than the amount payable for the current and previous periods the excess is recognised as an assets (Current income tax receivables).

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14. Employee benefits

Retirement benefit obligations

The Company has a defined benefit plan. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the accounting period together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit

obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, and which exceed 10 % of the present value of the liabilities at the end of the previous period, are charged or credited to profit or loss over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in the statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.15. Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

2.16.1 Sales of goods

Sales of goods are recognised when the Company has transferred to the client the significant risks and rewards inherent to the ownership of the goods, no managerial involvement and effective control over the goods has been retained, the amount of revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

2.16.2 Sales of services

Revenue from rendering of services is recognised when the outcome of a transaction can be measured reliably and by reference to the stage of completion of the transaction at the end of the accounting period. The outcome of the transaction can be estimated reliably when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the stage of completion can be measured reliably and cost incurred or to be incurred in relation to the transaction can be measured reliability. The stage of completion of transactions for rendering of services is measured on the basis of review of the performed work.

2.16.3 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.17. Leases

The Company classifies the lease contracts as finance or operating lease based on the extent to which the risks and rewards of ownership are to the lessor or the lessee. A lease contract is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee. In all other cases the lease contract is classified as an operating lease. The classification of the contracts is made at the inception of the lease.

2.17.1 Finance lease – the Company is a lessee

The Company has property, plant and equipment under finance lease. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum ease payments. Additional direct costs incurred by the Company are capitalised in the assets.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other current and non-current borrowings. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.17.2 Operating lease – the Company is a lessee

The company holds hired assets of property, plant and equipment under operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.18 Related parties

For the purposes of these financial statements, the Company presents as related parties its Parent Company and its related parties thereof, the Company's key management personnel and their close family members and their related parties thereof.

2.19. Dividend distribution

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

3. Financial risk management

3.1. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Financial risk management is carried out by the management in accordance with the selected and approved policy.

3.1.1. Market risk

A Foreign exchange risk

The Company operates in Bulgaria and since the Bulgarian Leva (BGN) has been pegged to the Euro (EUR) at a fixed rate (see Note 2.2.1), it is exposed to foreign exchange risk only from purchases denominated in foreign currencies different than the Euro, predominantly USD. The foreign exchange risk is controlled and reduced only through the limitation on such purchases as part of all purchases. The Company has no assets or liabilities denominated in USD at 31 December 2009.

B Interest rate risk

The Company owns specific interest-bearing assets, but the Company's income and cash in-flows from operating activities are predominantly independent from changes in market interest rates because those assets are negotiated at fixed rates. The Company has no assets at floating rate at 31 December 2009.

C Price risk

The Company is not exposed to other price risk in terms of its investments, because there are no investments available for sale or other carried at fair value through profit and loss. The Company is not exposed to other price risk and in terms of financial assets connected to price levels of inventory.

3.1.2. Credit risk

Credit risk is managed centralise by the management of the Company. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, the Company uses the services only of Bulgarian banks with good reputation. With regards to customers, the Company sales predominantly to retail customers in cash and presents no credit limits.

For further disclosures regarding the credit risk refer to Notes 9 and 10.

3.1.3. Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

Management monitors forecasts of the Company's liquidity reserve comprising cash and cash equivalents (see Note 10). The forecasts are based on the expected cash flows.

The non-derivative financial liabilities have the following maturities, where the amounts disclosed are the contractual undiscounted cash flows:

At 31 December 2009	**Less than 6 months**	**Between 6 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Trade and other payables	13,765	440	-	-	14,205
	13,765	**440**	**-**	**-**	**14,205**

At 31 December 2008	**Less than 6 months**	**Between 6 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Finance lease liabilities	88	-	-	-	88
Trade and other payables	8,107	-	-	-	8,107
	8,195	**-**	**-**	**-**	**8,195**

In the category of trade and other payables are not included those from regulatory requirements (tax payables and social security payables) as well as the advances paid from customers and the deferred revenue.

There are no non-derivative financial liabilities for which the cash flows to occur earlier than the periods shown in the table above.

3.2 Capital risk management

The management's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to present adequate return to the shareholder through pricing the goods and the services comparable to the risk level.

The Company is not subject to externally imposed capital requirements. The Company manages the capital structure and makes relevant adjustments according to the changes of the economic conditions and the risk characteristics of the major assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the Statement of financial position) less cash and cash equivalents. The total capital is calculated as equity (as shown in the Statement of financial position) plus the net debt.

In 2009, the Company's strategy, which is not changed from 2008, is not to use debt.

3.3. Fair value estimation

The Company has no financial instruments that are carried at fair value at the statement of financial position. The fair values for disclosure purposes of financial instruments as current trade receivables and payables are assumed to approximate their carrying values. The fair value of financial instruments different than the abovementioned is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4. Critical accounting estimates and judgements

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

4.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2. Critical judgements in applying the entity's accounting policies

There are no critical judgements made by the Management, apart from those related to the estimates, which significantly impact the amounts recognised in the financial statements.

5. Financial instruments by category

At 31 December 2009	**Loans and receivables**
Trade and other receivables (Note 9)	227
Cash and cash equivalents (Note 10)	42,058
Total assets in the Statement of financial position	**42,285**

	Financial liabilities at amortised cost
Finance lease liabilities (Note 13)	-
Trade and other payables (Note 14)	14,205
Total liabilities in the Statement of financial position	**14,205**

At 31 December 2008	**Loans and receivables**
Trade and other receivables (Note 9)	84
Cash and cash equivalents (Note 10)	11,520
Total assets in the Statement of financial position	**11,604**

	Financial liabilities at amortised cost
Finance lease liabilities (Note 13)	88
Trade and other payables (Note 14)	8,107
Total liabilities in the Statement of financial position	**8,195**

Trade and other receivables shown above do not include those from regulatory requirements (other tax receivables), advances to suppliers and deferred charges.

Trade and other payables shown above do not include those from regulatory requirements (other tax payables and social security payables), advances from clients and deferred revenue.

6. Property, plant and equipment (PPE)

	Land	Buildings	Office furniture and computers	Vehicles	Assets under construction	Total
At 01 January 2008						
Cost	11,659	18,419	1,466	-	53	**31,597**
Accumulated depreciation	-	(40)	(16)	-	-	**(56)**
Net book amount	**11,659**	**18,379**	**1,450**	**-**	**53**	**31,541**
2008						
Opening net book amount	11,659	18,379	1,450	-	53	31,541
Additions	12,655	1,587	134	140	7,900	**22,416**
Transfers	7,884	-	-	-	(7,884)	**-**
Disposals	-	-	(15)	-	-	**(15)**
Depreciation charge	-	(626)	(213)	(2)	-	**(841)**
Closing net book amount	**32,198**	**19,340**	**1,356**	**138**	**69**	**53,101**
At 31 December 2008						
Cost	32,198	20,006	1,580	140	69	**53,993**
Accumulated depreciation	-	(666)	(224)	(2)	-	**(892)**
Net book amount	**32,198**	**19,340**	**1,356**	**138**	**69**	**53,101**
2009						
Additions	8,410	556	406	-	20,168	**29,540**
Transfers	-	18,182	1,090	-	(19,272)	**-**
Disposals	-	-	(10)	(136)	-	**(146)**
Depreciation charge	-	(719)	(250)	(2)	-	**(971)**
Closing net book amount	**40,608**	**37,359**	**2,592**	**-**	**965**	**81,524**
At 31 December 2009						
Cost	40,608	38,745	3,064	-	965	**83,382**
Accumulated depreciation	-	(1,386)	(472)	-	-	**(1,858)**
Net book amount	**40,608**	**37,359**	**2,592**	**-**	**965**	**81,524**

Depreciation expenses of PPE are reported as follows: 961 (2008: 833) in Administrative Expenses (Note 18) and 10 (2008: 8) in Administrative Expenses (Note 19).

Vehicles includes the following amounts where the Company is a lessee under a finance lease:

	At 31 December	
	2009	**2008**
Cost – capitalised finance leases	-	140
Accumulated depreciation	-	(2)
Net book amount	**-**	**138**

7. Intangible assets

	Computer software	Total
At 1 January 2008		
Cost	3	**3**
Accumulated depreciation	-	**-**
Net book amount	**3**	**3**
2008		
Additions	33	**33**
Amortisation charge	(10)	**(10)**
Closing net book amount	**26**	**26**
At 31 December 2008		
Cost	36	**36**
Accumulated depreciation	(10)	**(10)**
Net book amount	**26**	**26**
2009		
Additions	34	**34**
Amortisation charge	(12)	**(12)**
Closing net book amount	**48**	**48**
At 31 December 2009		
Cost	70	**70**
Accumulated depreciation	(22)	**(22)**
Net book amount	**48**	**48**

Expenses for amortisation of Intangible assets are reported as follows: 12(2008: 10) in Distribution cost (Note 18).

8. Inventories

	At 31 December	
	2009	**2008**
Merchandise	6,688	3,685
	6,688	**3,685**

The cost of inventories recognised as expense and included in 'Cost of sales' amounted to 13,869 (2008: 11,499) (Note 17).

The Company incurred impairment of inventories in 2009 for the amount 57 (2008: 21) (Note 17) and reintegrated previous impairment of inventories for the amount of 33 (2008: none) (Note 20).

9. Trade and other receivables

	At 31 December	
	2009	**2008**
Trade receivables	1	2
Receivables from related parties (see Note 29)	223	82
VAT and other recoverable taxes	-	587
Advances to suppliers of fixed assets	265	8,415
Deferred charges	40	46
Other receivables	3	-
Total current trade and other receivables	**532**	**9,132**

The fair values of trade and other receivables approximate their carrying amounts.

The deferred charges represent prepaid insurance costs.

At 31 December 2009 there are no trade receivables that are overdue.

At 31 December 2009 there are no trade receivables that are impaired. The other groups in the trade and other receivables also do not include impaired receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above except for the advances paid to supplier of fixed assets and the deferred charges. The Company does not hold any collateral as security on trade and other receivables.

The credit quality of trade receivables and receivables from related parties that are neither past due nor impaired is based to historical information about counterparty default rates:

	At 31 December	
Trade receivables	**2009**	**2008**
Group 1	1	2
Total unimpaired trade receivables	**1**	**2**
Receivables from related parties		
Group 1	223	82
Total unimpaired receivables from related parties	**223**	**82**

Group 1 - existing customers/related parties (more than 6 months) with no defaults in the past.

There are no trade receivables and receivables from related parties that otherwise would be overdue or impaired and whose payment terms were renegotiated.

The carrying amount of trade and other payables was denominated in the following currencies:

	At 31 December	
	2009	**2008**
Bulgarian leva (BGN)	309	635
Euro (EUR)	223	8,497
Total trade and other receivables	**532**	**9,132**

10. Cash and cash equivalents

	At 31 December	
	2009	**2008**
Cash in hand	81	20
Cash at bank	425	6,058
Short-term bank deposits	41,183	5,179
Cash in transit	369	263
	42,058	**11,520**

Cash and cash equivalents are financial assets that are neither overdue nor impaired and do not expose the Company to credit risk.

For the Statement of cash flows, cash and cash equivalents include the amounts shown above.

11. Deferred Income Tax

Deferred income tax assets and liabilities are accounted for all temporary differences arising from differences between the accounting and tax carrying values of the assets and the liabilities, at the tax rate of 10% (2008: 10%), which would be effective at the time they are realised.

The deferred tax assets and liabilities are analysed as follows:

Deferred income tax assets	At 31 December	
	2009	**2008**
– Deferred income tax assets to be recovered after 12 months	1	2
– Deferred income tax assets to be recovered within 12 months	12	5
Total deferred income tax assets	**13**	**7**

Deferred income tax liabilities	At 31 December	
	2009	**2008**
– Deferred income tax liabilities to be recovered after 12 months	(1)	-
– Deferred income tax liabilities to be recovered within 12 months	-	-
Total deferred income tax liabilities	**(1)**	**-**

Deferred income tax assets, net	**12**	**7**

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2009	**2008**
At 01 January	7	-
(Charged)/credited to the Statement of comprehensive income (Note 24)	5	7
At 31 December	**12**	**7**

The movement in deferred tax assets and liabilities by elements during the period was as follows:

Deferred tax assets	**Unused paid leaves**	**Pension**	**Property, plant and equipment**	**Impairment of inventories**	**Total**
At 01 January 2008	**-**	**-**	**-**	**-**	**-**
(Charged)/credited to the Statement of comprehensive income	3	1	1	2	**7**
At 31 December 2008	**3**	**1**	**1**	**2**	**7**
(Charged)/credited to the Statement of comprehensive income	3	-	(1)	4	**6**
At 31 December 2009	**6**	**1**	**-**	**6**	**13**

Deferred tax liabilities	**Property, plant and equipment**	**Total**
At 01 January 2008	-	**-**
(Charged)/credited to the Statement of comprehensive income	-	**-**
At 31 December 2008	**-**	**-**
(Charged)/credited to the Statement of comprehensive income	(1)	**(1)**
At 31 December 2009	**(1)**	**(1)**

At 31 December 2009 the Company has no tax losses to carry forward.

12. Share capital

	Shares	Shares (nominal value)
At 1 January 2008	330,645	33,065
Increase of shares during the year through debt contribution	293,373	29,337
At 31 December 2008	**624,018**	**62,402**
Increase of shares during the year through cash contribution	391,166	39,116
At 31 December 2009	**1,015,184**	**101,518**

All issued shares are fully paid.

At 31 December 2009 the sole owner of the share capital of the Company is Jumbo S.A., Greece.

13. Borrowings

	At 31 December	
	2009	**2008**
Current		
Finance lease liabilities	-	88
Total current	**-**	**88**
Total borrowings		**88**

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The carrying amounts of the current borrowings approximate their fair values.

The balance value of the borrowings is denominated in the following currencies:

	At 31 December	
	2009	**2008**
Euro (EUR)	-	88
Total borrowings	**-**	**88**

Gross finance lease liabilities – minimum lease payments:

	At 31 December	
	2009	**2008**
No later than 1 year	-	88
Total minimum lease payments	**-**	**88**

Future finance charges on finance leases	-	-
Present value of finance lease liabilities	**-**	**88**

The present value of finance lease liabilities is as follows:

	At 31 December	
	2008	**2008**
No later than 1 year	-	88
Present value of liabilities	**-**	**88**

14. Trade and other payables

	At 31 December	
	2009	**2008**
Trade payables	163	126
Payables to related parties (Note 29)	12,120	7,734
Payables to suppliers of fixed assets	1,621	9
Payables to the employees	301	238
Payables to social securities and health insurance contributions	83	41
Other tax payables	198	1
Total trade and other payables	**14,486**	**8,149**

The carrying amounts of the trade and other payables approximate their fair values.

15. Retirement benefit obligations

The liability in the Statement of financial position for pension provision reflects the Company's liability under defined post-retirement benefit plan.

The Company applies the regulatory requirements for payments at retirement due to age and experience and due to illness in accordance with the applicable Labour Code (LC).

In accordance with article 222, para 2 of LC in the event of termination of a labour contract due to illness, the employee is entitled to a compensations amounting to 2 gross monthly salaries, if the employee has at least 5 years of experience in the Company and in the last 5 years no other similar compensation was paid.

In accordance with article 222, para 3 of LC in the event of termination of a labour contract after the employee has reached the lawfully required retirement age, regardless of the reason for the termination, the employee is entitled to a compensation as follows: 2 gross monthly salaries in all cases and 6 gross monthly salaries if the employee has been engaged with the Company for at least 10 years.

The amounts recognized in the Statement of financial position are determined as follows:

	At 31 December	
	2009	**2008**
Present value of the obligations	6	4
Unrecognized actuarial gains/(losses)	1	-
Liability at the end of the period	**7**	**4**

The amounts recognized as (income)/expense in the Statement of comprehensive income are as follows:

	Year ended 31 December	
	2009	**2008**
Current service cost	3	5
Net actuarial (gains) / losses recognized during the year	-	(1)
Total, included in employee benefit expense (Note 22)	**3**	**4**

The movement in the liability recognized in the Statement of financial position is as follows:

	At 31 December	
	2009	**2008**
At 01 January	4	-
Total expense charged in the Statement of comprehensive income (Note 22)	3	4
At 31 December	**7**	**4**

The principal actuarial assumptions used were as follows:

	At 31 December	
	2009	**2008**
Discount rate	7%	6.2%
Future salary increases	1% and 5%	5%

The expected annual salary increase is 1% for the first two years after the reporting period and 5% for the period afterwards.

16. Revenue

	Year ended 31 December	
	2009	**2008**
Sales of goods on the domestic market	26,245	20,948
Sales of goods on the foreign markets	1,570	1,304
Total revenue	**27,815**	**22,252**

17. Cost of sales

	Year ended 31 December	
	2009	**2008**
Inventory at the beginning of period	3,685	3,369
Purchases	17,771	12,613
Discounts on purchases	(113)	(87)
Surpluses of inventory (Note 20)	357	161
Shortages and wastage of inventory (Note 18)	(879)	(602)
Impairment of inventory (Note 18)	(57)	(18)
Reintegrated previous impairment of inventory (Note 20)	33	-
Consumable items (Note 18)	(240)	(252)
Inventory in the end of the period	(6,688)	(3,685)
Total cost of sales	**13,869**	**11,499**

18. Distribution costs

	Year ended 31 December	
	2009	**2008**
Employee benefit expense (Note 22)	1,950	1,308
Depreciation and amortisation charges (Notes 6 and 7)	973	843
Shortages and wastage of inventory	879	602
Expenses for external services	392	404
Consumable items	240	252
Electricity	305	197
Fuel	93	103
Expenses for materials	236	77
Impairments of inventory	57	18
Other expenses	253	181
Total distribution costs	**5,378**	**3,985**

19. Administrative expenses

	Year ended 31 December	
	2009	**2008**
Employee benefit expense (Note 22)	276	249
Expenses for external services	146	21
Electricity	16	10
Depreciation and amortisation charges (Notes 6 and 7)	10	9
Expenses for materials	11	5
Fuel	5	5
Other expenses	7	20
Total administrative expenses	**471**	**319**

In the expenses for external services shown above are included independent financial audit fees for the amount of 53 (2008: 44) and there are no other non-audit services (2008: 3).

20. Other income

	Year ended 31 December	
	2009	**2008**
Surpluses of inventory and cash	360	161
Sales of materials	7	7
Sales of parking services	9	1
Profit on disposal of PPE	4	5
Foreign exchange gains	30	-
Reintegrated previous impairment of inventory	33	-
Other income	-	5
Total other income	**443**	**179**

21. Other expenses

	Year ended 31 December	
	2009	**2008**
Local taxes and fees on real estate	367	276
Total other expenses	**367**	**276**

22. Employee benefit expenses

	Year ended 31 December	
	2009	**2008**
Wages and salaries	1,867	1,309
Social security and health insurance contributions	301	206
Accrual for unused paid leaves	56	38
Pension costs – defined benefit plans (Note 15)	3	4
	2,227	**1,557**

The number of employees at the end of the presented periods and the average number of employees was as follows:

	Year ended 31 December	
	2009	**2008**
Employees at the end of the period	277	94
Average number of employees in the period	125	76

23. Finance income and costs

	Year ended 31 December	
	2009	**2008**
Finance costs		
Foreign exchange losses	(40)	(2)
Bank charges	(84)	(54)
Total finance costs	**(124)**	**(56)**

Finance income		
Interest income on short-term bank deposits	1,044	230
Total finance income	**1,044**	**230**
Finance income/(costs), net	**920**	**174**

24. Income tax expense

	Year ended 31 December	
	2009	**2008**
Current tax	980	711
Deferred tax (Note 11)	(5)	(7)
Income tax expense	**975**	**704**

The tax on the Company's profit before tax adjusts to the theoretical amount that would arise using the tax rate applicable to profits as follows:

	Year ended 31 December	
	2009	**2008**
Profit before income tax	**9,093**	**6,526**
Theoretical current tax at 10% (2008: 10%)	909	653
Effect on the tax charge of:		
Expenses not deductible for tax purposes	71	58
Tax charge	**980**	**711**

The current income tax payable at 31 December 2009 is derived as a deduction from the current tax charge of the paid advance income taxes through the year, which at 31 December 2009 were 392.

25. Dividend per share

At the date approval date of these financial statements, it is not expected any dividends relating to the year ended 31 December 2009 to be voted.

26. Cash flows

(A) Cash generated from operations

	Year ended 31 December	
	2009	**2008**
Profit for the year	**8,118**	**5,822**
Adjustments for:		
Income tax expense	975	704
Depreciation and amortisation charges (Notes 6 and 7)	983	851
Pension costs Note 15)	3	4
Losses on impairment of inventory, net (Notes 17 and 20)	24	
Profit on sales of property, plant and equipment (Note 20)	(4)	(5)
Finance income / (costs), net (Note 23)	(920)	(174)
Changes in working capital:		
Inventory	(3,027)	(316)
Trade and other receivables	444	44
Other assets	4,694	(46)
Trade and other payables	6	3,302
Cash generated from operations	**11,296**	**10,186**

(B) Proceeds from sales of PPE

In the Statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2009	**2008**
Net book amount of disposed property, plant and equipment (Note 6)	146	15
Profit on disposal of property, plant and equipment (Note 20)	4	5
Transferred finance lease liabilities	(87)	-
Proceeds from sale of property, plant and equipment	**63**	**20**

(C) Non-cash transactions

The principal non-cash transactions are those regarding the acquisition of PPE through finance lease. The assets thus acquired are excluded from the investing activity in the Statement of cash flows and the cash payments under those contracts are presented as cash flows from financing activity.

27. Contingent liabilities

The Company is not a part in any litigation which have significant interest and where there is risk that the Company might sustain significant losses. The Company's management does not expect that any potential material liability could arise in this respect.

In 2009, the Company was not subject to examinations by the tax authorities. The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

28. Commitments

(A) Capital commitments

Capital expenditure contracted for at the end of the accounting period but not yet incurred is as follows:

	At 31 December	
	2009	**2008**
Property, plant and equipment	2,558	1,369
Total capital commitments	**2,558**	**1,369**

(B) Operating lease commitments – company as a lessee

The future aggregate minimum lease payments under preliminary non-cancellable operating leases (Note 31) are as follows:

	At 31 December	
	2009	**2008**
Not later than 1 year	3,521	-
Total operating lease commitments	**3,521**	**-**

29. Related-party transactions

The Company is controlled by JUMBO S.A., Greece which is the Parent and the ultimate Parent Company and holds 100% of the shares in the Company’s share capital (Note 12).

The following transactions were carried out with related parties:

(A) Sales of merchandise and PPE

	Year ended 31 December	
Parent Company	**2009**	**2008**
Sales of merchandise and PPE	1,570	1,304
	1,570	**1,304**

The sales of goods and PPE to related parties are carried out at the common commercial terms.

(B) Purchases of merchandise, services and PPE

	Year ended 31 December	
Parent Company	**2009**	**2008**
Purchases of merchandise	17,337	12,310
Purchases of services	173	92
Purchases of PPE	61	17
	17,571	**12,419**

The purchases of services from the parent company include insurance and other services.

The purchases of goods and services from related parties are carried out at the common commercial terms.

(C) Receivables from sales of merchandise and PPE

	At 31 December	
Parent Company	**2009**	**2008**
Receivables from sales of merchandise and PPE	223	82
	223	**82**

The receivables from related parties are due 90 after the date of sales. The receivables are unsecured in nature and bear no interest. In 2009 and 2008 there are no impairment losses against receivables from related parties.

(D) Payables for purchases of merchandise, services and PPE and other payables

	At 31 December	
Parent Company	**2009**	**2008**
Payables for purchases of merchandise and services	12,066	7,722
Payables for purchases of PPE	54	2
Key management		
Other payables	-	10
	12,120	**7,734**

The paybales to related parties are due 180 after the date of purchases. The payables are unsecured in nature and bear no interest.

(E) Key management compensation

Key management comprises the executive managers of the Company

	Year ended 31 December	
	2009	**2008**
Short term employee benefits	141	118
	141	**118**

The payables to key management of the Company related to their compensations were as follows:

	At 31 December	
	2009	**2008**
Short term employee benefits	40	25
	40	**25**

30. Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The future viability of the Company depends upon the business environment as well as on the securing and finance provided by the current and future owners and investors. If this risk is not mitigated and if the business of the Company was to be wound down and its assets sold, adjustments would have to be made to reduce the carrying value of assets to their liquidation value, to provide for further liabilities that might arise, and to reclassify property, plant and equipment and long term liabilities as current assets and liabilities. In the light of the expected future cash flows, the Management of the Company considers that it is appropriate the financial statements to be prepared on a going concern basis.

The Management assessment is that the Company will be able to continue as a going concern. JUMBO S.A., Greece which is the immediate and ultimate parent of the Company renders assistance in all respects including financing the Company's operations.

31. Events after the end of the accounting period

There are no significant events after the end of the accounting period, having effects on the financial statements for the year ended on 31 December 2009.

The Company entered on 22 January 2010 in final non-cancellable lease contract as lessee of superficies rights over land, which is needed for the construction of a new store. The term of the lease contract is 33 years from the date of its conclusion on notary form. The Company transferred into an escrow account initial instalment for the amount of 3,521 in January 2010 and additional lease payments will be due after the 3rd anniversary of date on which was issued the official acceptance of the building, expected to be constructed in 2010. The additional lease payments will be due as contingent lease payments the amount of which is to be determined as 2% of the sales revenue realised at the store. The contract has a renewal clause for a further 10-year period after the expiration of the initially agreed one, but under the condition that the percentage used for determination of the contingent lease payments will be increased to 6% of the realised sales revenue.