CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2010
AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended March 31, 2010

	Note	**March 31, 2010 BGN'000**	**March 31, 2009 BGN'000**
Revenue	*6*	238,621	203,965
Other income	*7*	1,125	1,624
Cost of goods sold		(216,027)	(187,312)
Materials and consumables	*8*	(2,506)	(2,141)
Hired services	*9*	(7,120)	(7,453)
Employee benefits expenses	*10*	(5,243)	(5,731)
Depreciation and amortization expenses	*14*	(3,917)	(4,985)
Other expenses	*11*	(1,284)	(1,234)
Finance income	*12*	1,385	2,199
Finance costs	*12*	(8,620)	(5,111)
Share of profit of associates	*15*	106	189
Loss before taxes		(3,480)	(5,990)
Income tax benefit	*13*	34	527
Net loss for the year		**(3,446)**	**(5,463)**
Attributable to:			
Owners of the Parent company		***(3,420)***	***(5,466)***
Non-controlling interest		***(26)***	***3***
Total comprehensive income for the year		**(3,446)**	**(5,463)**
Earnings per share (BGN)	*29*	**(0.05)**	**(0.09)**

These consolidated financial statements have been approved on behalf of Petrol AD by:

Tsvetan Dimitrov
Executive Director

Desislava Todorova
Chief Accountant

May 28, 2010

(The accompanying notes from page 8 to page 36 are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of March 31, 2010

	Note	**March 31, 2010 BGN'000**	**December 31, 2009 BGN'000**
Non-current assets			
Property, plant and equipment and intangible assets	*14*	165,970	168,173
Investments in associates	*15*	15,405	15,299
Goodwill	*17*	18,297	18,297
Deferred tax assets	*13*	1,634	-
Loans granted	*18*	21,034	21,034
Total non-current assets		222,340	222,803
Current assets			
Inventories	*19*	66,700	55,902
Loans granted	*18*	42,338	35,961
Trade and other receivables	*20*	74,933	78,246
Cash	*21*	11,765	18,549
Total current assets		195,736	188,658
Total assets		**418,076**	**411,461**
Shareholder's equity			
Share capital	*22*	63,566	63,566
Reserve from adoption of IFRS	*23*	9,364	20,657
Legal reserves		18,864	18,864
Accumulated loss		(72,806)	(80,679)
Total equity, attributable the owners of the Parent Company		18,988	22,408
Non-controlling interest		(127)	(101)
Total equity and reserves		18,861	22,307
Non-current liabilities			
Borrowings	*24*	195,529	195,505
Obligations under finance lease	*25*	3,508	3,935
Retirement benefits obligations	*26*	205	205
Deferred tax liabilities	*13*	-	45
Total non-current liabilities		199,242	199,690

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of March 31, 2010 (continued)

	Note	**March 31, 2010 BGN'000**	**December 31, 2009 BGN'000**
Current liabilities			
Trade and other payables	*27*	177,750	171,695
Borrowings	*24*	18,976	15,290
Obligations under finance lease	*25*	1,707	1,746
Retirement benefits obligations	*26*	35	35
Current income tax payable	*28*	1,505	698
Total current liabilities		199,973	189,464
Total liabilities		399,215	389,154
Total equity and liabilities		**418,076**	**411,461**

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Chief Accountant

May 28, 2010

(The accompanying notes from page 8 to page 36 are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the period ended March 31, 2010

	Equity attributable to the owners of the Parent Company						
	Share Capital	Reserve from adoption of IFRS	Legal reserves	Accumulated loss	Total	Non-controlling Interest	Total equity
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance at January 1, 2009	**63,471**	**21,780**	**18,864**	**(67,395)**	**36,720**	**-**	**36,720**
Loss for the period	-	-	-	(5,463)	(5,463)	-	(5,463)
Total comprehensive income	**-**	**-**	**-**	**(5,463)**	**(5,463)**	**-**	**(5,463)**
Redemption of own shares	(17)	-	-	(119)	(136)	-	(136)
Reserve of disposed assets	-	(187)	-	187	-	-	-
Balance at March 31, 2009	**63,454**	**21,593**	**18,864**	**(72,790)**	**31,121**	**-**	**31,121**
Loss for the period	-	-	-	(9,575)	(9,575)	(101)	(9,676)
Total comprehensive income	**-**	**-**	**-**	**(9,575)**	**(9,575)**	**(101)**	**(9,676)**
Redemption of own shares	112	-	-	704	816	-	816
Dividends payable written off	-	-	-	46	46	-	46
Reserve of disposed assets	-	(936)	-	936	-	-	-
Balance at December 31, 2009	**63,566**	**20,657**	**18,864**	**(80,679)**	**22,408**	**(101)**	**22,307**
Loss for the period	-	-	-	(3,420)	(3,420)	(26)	(3,446)
Total comprehensive income	**-**	**-**	**-**	**(3,420)**	**(3,420)**	**(26)**	**(3,446)**
Reserve of disposed assets	-	(11,293)	-	11,293	-	-	-
Balance at March 31, 2010	**63,566**	**9,364**	**18,864**	**(72,806)**	**18,988**	**(127)**	**18,861**

These consolidated financial statements have been approved on behalf of Petrol AD by:

Tsvetan Dimitrov
Executive Director

Desislava Todorova
Chief Accountant

May 28, 2010

(The accompanying notes from page 8 to page 36 are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended March 31, 2010

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Cash flows from operating activities		
Net loss before taxes	(3,480)	(5,990)
Adjustments for:		
Depreciation/amortization of property, plant and equipment and intangible assets	3,917	4,985
Interest expense, bank fees and commissions, net	3,932	3,815
Shortages and scrapped assets, net of excess assets	(85)	234
Provisions for unused paid leave and retirement benefits	69	276
Impairment of assets	-	2
Loss on liquidation of assets	223	-
Net effect from applying the equity method	(106)	(189)
Loss on transactions with derivative	-	(1,184)
Gain on sale of property, plant and equipment	(130)	(1,265)
Unrealized foreign exchange differences	45	-
Cash flows provided by operating activities	**4,385**	**684**
Interest and bank fees and commissions paid	(822)	(960)
Income taxes paid	(837)	(28)
Operating profit (loss) before changes in working capital	**2,726**	**(304)**
Increase (decrease) in trade payables	8,055	(23,047)
Decrease (increase) in inventories	(10,713)	8,082
Decrease (increase) in trade receivables	3,685	7,527
Net cash provided by (used in) operating activities	**3,753**	**(7,742)**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended March 31, 2010 (continued)

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment and intangible assets	(2,949)	(1,267)
Proceeds from sale of property, plant and equipment	159	283
Interest received on loans and deposits granted	7	328
Net proceeds (payments) from transactions with derivatives	-	1,201
Proceeds from (payments for) loans and deposits granted, net	(6,377)	7,050
Net cash provided by (used in) investing activities	**(9,160)**	**7,595**
Cash flows from financing activities		
Proceeds from bank and trade loans	-	5,448
Payments for bank and trade loans and bond issue	(483)	(4,648)
Payments for buy-back of own shares, net	-	(136)
Dividends paid	(1)	-
Lease payments	(466)	(599)
Net cash provided by (used in) financing activities	**(950)**	**65**
Net decrease in cash and cash equivalents for the year	**(6,357)**	**(82)**
Cash and cash equivalents at the beginning of the period	**18,118**	**10,014**
Cash and cash equivalents at the end of the period (see also note 21)	**11,761**	**9,932**

These consolidated financial statements have been approved on behalf of Petrol AD by:

Tsvetan Dimitrov
Executive Director

Desislava Todorova
Chief Accountant

May 28, 2010

(The accompanying notes from page 8 to page 36 are an integral part of these consolidated financial statements)

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2010

1. Legal status

Petrol AD (the Parent Company) is registered in the city of Sofia. The registered office of the Parent Company is 43 Cherni Vruh Blvd, Sofia city. As of March 31, 2010 the majority shareholder of Petrol AD is Petrol Holding AD with 55.47% ownership of the share capital. (see also note 22).

As of July 1, 1998 Petrol AD is registered as a public company in the public register of the Financial Supervision Commission.

The main activities of Petrol AD and its subsidiaries (the Group) are retail and wholesale of oil and non-oil products, rendering of transport and maintenance services. The Parent Company is one of the oldest commercial companies in Bulgaria and owns the largest network of fuel stations in the country.

These consolidated financial statements were approved for issue by the Management on May 28, 2010.

2. Basis for preparation of the consolidated financial statements and accounting principles

2.1. General

The Group prepares and presents its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union Commission (the Commission) and applicable in the Republic of Bulgaria. IFRS as adopted by the Commission do not differ from IFRS, issued by the IASB, and are effective for reporting periods beginning on or after January 1, 2010, except for certain requirements for hedge reporting in accordance with the IAS 39 *Financial Instruments: Recognition and Measurement*, which has not been adopted by the Commission. The management believes that if the hedge requirements have been approved by the Commission it would have no influence on these consolidated financial statements.

These financial statements are prepared under the historical cost convention, except for the assets (liabilities), which are stated at fair value – financial assets (liabilities), including derivatives, reported at fair value in profit or loss and represent consolidated financial statements, the preparation of which is required by the Bulgarian accounting legislation and IAS 27 *Consolidated and Separate Financial Statements*.

These consolidated financial statements have been prepared on accrual basis and going concern assumption.

2.2. Applying new and revised IFRS

2.2.1. Standards and interpretations adopted with no effect on the financial statements

The following new and revised standards and interpretations have been adopted for the first time in these financial statements. Their adoption has not had any significant impact on the presented information in these financial statements but it may have in the future.

Amendment to IFRS 1 *First-time Adoption of IFRS*	Amendments relating to oil and gas assets and determining whether an arrangement contains a lease
Amendment to IFRS 2 *Share-based Payment*	Amendments relating to group cash-settled share-based payment transactions
Amendments resulting from April 2009 Annual Improvements to IFRSs	Amendments relating to: Scope of IFRS 2 *Share-based Payment* and revised IFRS 3 *Business Combinations*; IFRS 5 *Non-current Assets Held for Sale and Discontinued operations* - disclosures of noncurrent assets classified as held for sale or discontinued operations; IAS 1 *Presentation of Financial Statements* - current/non-current classification of convertible instruments; IAS 7 *Statement of Cash Flows* – classification of expenditures on unrecognized assets; IAS 17 *Leases* – classification on leases of land and buildings; IAS 18 *Revenue* – determining whether an entity is acting s a principal or as an agent; IAS 36 *Impairment of assets* – unit of accounting for goodwill impairment test; IAS 38 *Intangible assets* – measuring the fair value of an intangible asset acquired in a business combination; IAS 39 *Financial Instruments: Recognition and Measurement* – treating loan prepayments penalties as closely related embedded derivatives, scope exemption for business combination contracts and cash flow accounting; IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* – restriction on the entity that can hold hedging instruments/

2.2.2. Standards and interpretations issued but not yet adopted

Changes in IFRS and interpretations adopted by IASB and IFRIC and approved by the Commission as of the date of the financial statements, but effective for annual periods beginning on or after February 1, 2010.

Standard or interpretation, effective date	Title of the standard or interpretation
IFRS 1 (Revised), effective for annual periods, beginning on or after July 1, 2010	First-time Adoption of International Financial Reporting Standards
Amendments to IAS 32, effective for annual periods, beginning on or after February 1, 2010	Financial instruments: Presentation

2.2.2. Standards and interpretations issued but not yet adopted (continued)

Changes in IFRS and interpretations, adopted by IASB and IFRIC, but not approved by the Commission as of the date of the financial statements.

Standard or interpretation, effective date	Title of the standard or interpretation
IFRS 9, effective for annual periods beginning on or after January 1, 2013	Financial Instruments
Amendments to IFRIC 14, effective for annual periods beginning on or after January 1, 2011	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 19, effective for annual periods beginning on or after July 1, 2010	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IFRS 1, effective for annual periods beginning on or after January 1, 2010	First-time Adoption of International Financial Reporting Standards
IAS 24 (Revised) effective for annual periods beginning on or after January 1, 2011	Related Party Disclosures

Most of the standards and interpretations stated above are not applicable to the Group's activity. Therefore, they will have no material effect on the financial statements.

2.3. Functional and presentation currency of the consolidated financial statements

Functional currency is the currency of the primary economic environment in which an entity operates and in which it primary generates and expends cash. An entity's functional currency reflects the major transactions, events and conditions that are significant to the Group.

The Group keeps its records and prepares its financial statements in the national currency of the Republic of Bulgaria - the Bulgarian Lev, which is adopted by the Group as its functional currency. Effective January 1, 1999, the Bulgarian Lev is fixed to the EUR at the rate of BGN 1.95583 = EUR 1.

These consolidated financial statements are presented in thousand Bulgarian Levs.

2.4. Foreign currency

Transactions in foreign currency are initially recorded at the official rate of exchange of the Bulgarian National Bank (BNB) as of the date of the transaction. The foreign exchange rate differences, arising upon the settlement of these monetary positions or at restatement of these positions at rates, different from those when initially recorded, are reported in profit or loss for the period in which they arise.

The monetary positions denominated in foreign currency as of March 31, 2010 and December 31, 2009 are stated in these consolidated financial statements at the closing exchange rate of BNB. The closing exchange rates of BGN against USD for the respective reporting period of the consolidated financial statements are as follows:

March 31, 2010:	1 USD = BGN 1.45102
December 31, 2009:	1 USD = BGN 1.36409

2.5. Subsidiary companies and consolidation

The consolidated financial statements incorporate the financial statements of the Parent company and its subsidiaries. A subsidiary is an entity that is controlled by the Parent company. Control is the power to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities.

For consolidation purposes, the separate financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, equity, income and expenses.

For consolidation purposes all intragroup balances as at March 31, 2010 and December 31, 2009 and intragroup transactions, as well as all intragroup profits and losses, including unrealised profits and losses as of March 31, 2010 and 2009 are eliminated in full.

The carrying amount of the investments in each subsidiary, held by the Parent company or any of the subsidiaries and the Parent company's portion of equity of each subsidiary are eliminated.

The results of subsidiaries, which have been acquired or disposed by the Group during the reporting period, are included in the consolidated statement of comprehensive income from the date of the acquisition, till the date at which control ceases.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Non-controlling interest is represented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. In each business combination the acquirer measure any non-controlling interest in the acquiree either at fair value or by the proportional share of the non-controlling interest in the identifiable net assets of the acquiree. Profit or loss or any component of the other comprehensive income is attributed to the owners of the Parent Company and non-controlling interests. The total comprehensive income is attributable to the owners of the Parent Company and non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.6. Associates

An associate is an enterprise over which the Group has significant influence. Significant influence is the right of participation in, but not control over, the financial and operating policy decisions of the investee.

Investments in associates are presented in the statement of financial position in accordance with IAS 28 *Investments in Associates*, using the equity method of accounting, according to which the investment is recorded initially at cost and adjusted by post-acquisition changes in the investor's share in the net assets of the associate.

2.7. Goodwill

Goodwill, arisen in business combination, is recognized as an asset at the date when control over the company, subject to business combination, is acquired. Goodwill represents the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree over the net acquisition date amounts of the identifiable assets acquired and the liabilities assumed. When the acquisition cost is lower than the fair value of the net assets acquired by the Group, the acquirer should reassess the identification and measurement of the acquiree's identifiable assets, liabilities and the cost of the business combination and any excess remaining after that reassessment should be recognized immediately in profit or loss.

Subsequent to its initial recognition goodwill is not amortized, in compliance with IFRS 3 *Business combinations*, applicable for reporting periods after March 31, 2004. At the end of each reporting period a test for impairment is performed (see also note 4).

2.8. Accounting estimates and reasonable assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain accounting estimates and reasonable assumptions that affect some of the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on the best estimate of management, taking into account historical experience and analysis of all factors of significance in the circumstances as of the date of the consolidated financial statements. The actual results could differ from those estimates, presented in these consolidated financial statements.

3. Definition and valuation of the statement of financial position and the statement of comprehensive income items

3.1. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are initially carried at acquisition cost, including the purchase price, import duties and non-refundable taxes, as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, property, plant and equipment and intangible assets are stated at cost less accumulated depreciation/amortization and impairment loss, if any (see also note 3.2).

When property, plant and equipment include significant items having various useful lives, such items are reported as separate assets.

Subsequent costs, including costs for replacement of components of property, plant and equipment are capitalized in the amount of the asset, if they satisfy the recognition principle. The carrying amount of the replaced item is derecognized in accordance with the requirements of IAS 16 *Property, Plant and Equipment*. All other subsequent costs are recognized as expenses for the period as incurred.

Depreciation and amortization are charged over the estimated useful lives, using the straight-line method.

3.1. Property, plant and equipment and intangible assets (continued)

The assets' estimated useful lives are as follows:

Useful life	2010	2009
Administrative and trade buildings	25 years	25 years
Property, plant and equipment	2 - 25 years	2 - 25 years
Vehicles	4 - 10 years	4 - 10 years
Office equipment	7 years	7 years
Intangible assets	2 - 7 years	2 - 7 years

Depreciation of an asset begins in the month following the month in which it is available for use and ceases at the earlier of the date that the asset is classified as held for sale, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and the date that the asset is derecognized.

Land, assets under construction and fully depreciated assets are not depreciated.

3.2. Impairment of property, plant and equipment, intangible assets and goodwill

As of the end of each reporting period, the Group's management estimates if there are indications for impairment of property, plant and equipment, intangible assets and goodwill. If such indication exists, the recoverable amount of the asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit, to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell the asset and its value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Impairment loss is recognized for a cash-generating unit to which goodwill was allocated if and only if the recoverable amount is lower than its carrying amount. The impairment loss reduces the carrying amount of the assets in the cash-generating unit, first the carrying amount of goodwill is reduced and then, the carrying amount of other assets in the unit, pro rata on the basis of the carrying amount of each asset to the total amount of the unit. The impairment loss of goodwill could not be reversed.

3.3. Inventories

Inventories are stated at lower of cost and net realizable value. Cost comprises purchase price, transportation, customs duties and other similar costs. Net realizable value represents the estimated selling price less all estimated costs to be incurred in selling.

Upon consumption, the cost of inventories is calculated using the following methods:

Petroleum	Specific identification price of each delivery
Fuel and other goods	Weighted average cost
Materials	Weighted average cost

3.4. Financial instruments

A financial instrument is a contract that gives rights to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets/liabilities are recognized in the statement of financial position only when the Group becomes a party to the contractual provisions of the instrument. Financial assets are removed from the statement of financial position after the contractual rights for receiving cash flows have expired or the asset is transferred and the transfer meets the derecognition requirements under IAS 39 *Financial Instruments: Recognition and Measurement*. Financial liability is removed from the statement of financial position when, and only when, it is extinguished – that is when the obligation specified in the contract is discharged, cancelled, or expires..

On initial recognition financial assets/liabilities are measured at fair value. Transaction costs, which are directly attributable to the acquisition or issue of the financial assets/liabilities are included in their value, except when the financial assets/liabilities are measured at fair value through profit or loss.

For the purposes of subsequent measurement, in accordance with the requirements of IAS 39 *Financial Instruments: Recognition and Measurement*, the Group classifies the financial assets and liabilities as financial assets (liabilities) measured at fair value through profit or loss, loans granted and receivables and financial liabilities at amortized cost. The Group does not apply this classification of the assets and liabilities for the purposes of their presentation in the statement of financial position.

3.4.1. Financial assets (liabilities), measured at fair value through profit or loss

After their initial recognition these financial assets measured at fair value though profit or loss are measured at fair value as of the end of the reporting period and all the differences from this value are recognized in profit or loss for the period in which they originate.

3.4.2. Loans granted and receivables

Loans granted and receivables are non-derivative financial assets with fixed or determinable terms for settlement, which are not quoted on an active market. The assets from this category are presented in the statement of financial position of the Group as receivables on interest loans, trade and other receivables and cash.

Receivables on interest-bearing loans, trade and other receivables

After initial recognition, trade receivables and receivables on interest bearing loans are measured at amortized cost by using the effective interest rate method, less impairment loss, if any. Current receivables are not subject to amortization. Impairment loss is accrued if any objective evidence exists, such as significant financial difficulties of the borrower, probability the borrower to be entered into liquidation and other (see also note 3.4.3).

Cash

For the purposes of the statement of cash flows preparation, cash comprise cash in hand, cash at banks and cash in transfer, with the exception of restricted cash, which the Group temporarily has no right to use.

3.4.3. Impairment of financial assets

As of the end of the reporting period, the management reviews whether there is any indication for impairment of all financial assets, except for financial assets measured at fair value through profit or loss. Financial assets are impaired only when there is any objective evidence that as a result of one or more events occurred after their initial recognition, the expected cash flows have declined.

If any such evidence exists regarding assets measured at cost, the impairment loss is determined as the difference between the carrying amount and the present value of expected future cash flows discounted by the present market interest rate for similar assets.

Impairment loss on loans granted and receivables carried at amortized cost is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted by the financial asset's original effective interest rate. Impairment loss is immediately recognized in profit or loss. It is recovered if a subsequent increase of the recoverable amount could be objectively tied to the occurrence of an event after the date on which the impairment loss was recognized.

3.4.4. Financial liabilities at amortized cost

After their initial recognition, the Group measures all financial liabilities at amortized cost except for the financial liabilities, reported at their fair value through profit or loss; financial liabilities, that arise when the transfer of an asset does not meet the derecognition requirements; contracts for finance guarantee, arrangements for granting credit with interest rate lower than the market interest rate. These liabilities are presented in the Group's statement of financial position as trade and other payables and payables on loans.

Trade and other payables

Trade and other payables incur as a result from purchased goods or services. Current liabilities are not amortized.

Interest bearing loans

Interest bearing loans are initially recognized at fair value, determined from the cash proceeds less transaction costs. After initial recognition, interest bearing loans are measured at amortized cost, as any difference between the initial value and the value at maturity is recognized in profit or loss over the loan period, using the effective interest rate method. If no transaction costs have been incurred in negotiating an interest bearing loan, the loan is not subject to amortisation. The same applies to bank overdrafts, where the borrower is entitled to utilize or repay the borrowed funds many times within the pre-determined overdraft limit.

Finance costs, including direct costs for obtaining the loan, are accounted for on an accrual basis using the effective interest rate method, except for transaction costs on bank overdrafts, which are recognized in profit or loss on a straight line basis over the overdraft period.

3.4.4. Financial liabilities at amortized cost (continued)

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or proceeds through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, except for anticipated future impairment losses. The calculation includes all fees, transaction costs, premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

Interest bearing loans are classified as current when they are expected to be settled within twelve months after the end of the reporting period.

3.4.5. Share capital and purchased own shares

The share capital of the Parent company is presented at historical cost as of the date of its registration.

When at the end of the reporting period the Group - through Parent company or subsidiary - has reacquired shares of the Parent company, their par value is presented as decrease of share capital, and the difference below or above the par value – in retained earnings, according to IAS 32 *Financial Instruments: Disclosure and Presentation*.

3.5. Retirement benefits obligations

The Government of the Republic of Bulgaria is liable to provide pensions according to defined retirement benefits schemes. Costs related to payment of contributions under these schemes are recognized by the Group in profit or loss in the period they occur.

In accordance with the Labour Code, the Group has an obligation to pay retirement benefits to its employees, based on length of service, age and labour category. In accordance with the requirements of IAS 19 *Employee benefits* and its provisions, the Group recognizes the present amount of the benefits as a liability. All actuarial gains and losses and past service cost is recognized immediately in profit or loss.

3.6. Income tax

Income tax expense comprises current income tax and deferred tax.

The tax currently payable is based on the combined taxable profit (tax loss) for the year of each company within the Group, as reported in their separate corporate tax returns, applying the effective tax rate according to the tax legislation as of the date of the financial statements. Deferred tax is the income tax expected to be payable (recoverable) on taxable (deductible) temporary differences. Temporary difference is the difference between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred income taxes are calculated using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets are recognized for deductible temporary differences, only to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

3.6. Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on the information that the Company is provided for as of the date of the issuance of the financial statements. Deferred tax is recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, either in other comprehensive income or directly in equity. In this case the tax is also recognized outside profit or loss either in other comprehensive income or directly in equity.

Although income tax in Bulgaria is not calculated on a consolidation basis, the Group has adopted the policy of accruing deferred tax assets (liabilities) on all temporary differences, arising from the elimination of unrealized intra-group income from sale of property, plant and equipment, which are treated as temporary differences. These temporary differences are reversed by the subsequent adjustments to depreciation expenses by the acquiring company or upon disposal of the respective assets by the Group, when the profit on sale is realized for the Group.

The carrying amount of deferred tax assets is reviewed by the Group at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or a part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are reported on a net basis when they are subject to a unified tax regime.

In accordance with the tax legislation enforceable for 2010 and 2009, the tax rates applied for the calculation of current tax liabilities of the Group is 10%, respectively. For the calculation of the deferred tax assets and liabilities as of March 31, 2010 and December 31, 2009 the Group has used a tax rate of 10%.

3.7. Revenue and expenses recognition

3.7.1. Revenue from sales of goods, services and other income

Revenues and expenses are accounted for on an accrual basis, regardless of cash receipts and payments. They are reported in compliance with the matching concept.

Revenue is recognized at the fair value of the consideration received or receivable, less any discounts allowed and includes the gross economic benefits received by or due to the Group. The amounts gathered on behalf of third parties such as sales taxes, like value added tax, are excluded from the income. Revenue generated from sale of fuel is reported on its gross amount with the excise due, which is considered an integral part of the price of the goods.

Revenue from sales of goods is recognized when:
- The significant risks and rewards of ownership of the goods are transferred to the buyer;
- The Group retains neither continuing managerial involvement nor effective control over the goods sold;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The amount of revenue and costs incurred in respect of the transaction can be reliably measured.

When the outcome of a transaction involving rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. When the outcome of a transaction cannot be estimated reliably revenue is recognized only to the extent that the expenses recognized are recoverable.

Gain or loss from sales of property, plant and equipment, intangible assets and materials is reported as other income or other expense.

3.7.2. Finance income and finance costs

Borrowing costs that may be directly attributed to the acquisition, construction or production of an asset, when it takes significant time before it is ready for use or sale, should be capitalized as part of the asset's cost. All other finance income and finance costs are accrued through profit or loss measured at amortized cost by using the effective interest rate method.

3.8. Deferred expenses and income

The Group has recognized in the statement of financial position as deferred income and deferred expenses, income and expenses that are paid in the current, but refer to future reporting periods – guarantees, insurances, subscriptions, rents and other.

3.9. Lease

3.9.1. Finance lease

Finance lease is a lease agreement which substantially transfers all risks and rewards incidental to the ownership of an asset.

Assets acquired under finance lease are recognized at the lower of their fair value as of the date of acquisition or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Group's statements of financial position as obligations under finance leases.

Lease payments are divided in interest payments and payments on principal so that a constant interest rate of the residual lease liability is obtained.

Finance lease causes depreciation expense for depreciable assets as well as finance expense for each reporting period. The depreciation policy for depreciable leased assets is consistent with the same for owned depreciable assets.

For the purpose of presenting the financial instruments in categories, defined in accordance with IAS 39 *Financial Instruments: Recognition and measurement*, liabilities under finance lease are classified as financial liabilities at amortized cost.

3.9.2. Operating lease

Costs incurred for assets leased under the operating lease contracts are recognized in profit or loss over the terms of the contracts under the straight-line method.

Revenue realized from assets under operating lease contracts is recognized in profit or loss on a straight-line basis over the term of the lease contract. Initial costs directly related to the signing of the lease contract are capitalized in the cost of the asset and recognized as expenses on a straight-line basis over the term of the lease contract.

3.10. Segment reporting

Operating segments data in these consolidated financial statements is presented likewise the operating reports submitted to Group's management. Based on these reports decisions are taken in respect of the resources to be allocated to the segment and the results of its activity are evaluated.

4. Critical accounting estimates and key sources of estimation uncertainty

In the application of the adopted accounting policy, management makes certain estimates (other than the disclosed in note 2.8), which have significant effect on these consolidated financial statements. Such estimates, by definition, may differ from actual results. Due to their nature, they are subject to constant review and update, and comprise the historical experience and other factors, including expectation of future events, which the management believes are reasonable under the present circumstances.

A critical accounting estimate, which includes significant risk of considerable adjustments to the carrying amount of assets and liabilities in subsequent reporting periods, is the test for impairment of goodwill, arising from business combination. As of the end of the reporting period review of the carrying amount of the goodwill was performed and as a result no necessity of impairment of goodwill was determined (see note 17).

5. Segments reporting

The Group has identified the following operating segments based on the reports presented to the Group's management which are used in the process of strategic decision making:

- ***Wholesale of fuels*** – wholesale of oil products in Bulgaria in own storage facilities of the Group; fuel bunkering abroad;
- ***Retail of fuels*** – retail of oil and other products in network of own petrol stations; servicing of petrol stations and the belonging commercial objects;
- ***Other activities*** – transportation of fuel with own and hired vehicles; rental income and other activities.

March 31, 2010	**Wholesale of fuels BGN'000**	**Retail of fuels BGN'000**	**All other segments BGN'000**	**Consolidated BGN'000**
Total segment revenue	224,972	109,909	912	335,793
Inter-group revenue	89,645	5,919	483	96,047
Revenue from external customers	**135,327**	**103,990**	**429**	**239,746**
Adjusted EBITDA	**1,565**	**5,543**	**458**	**7,566**
Depreciation/amortization	640	3,037	240	3,917
Impairment	-	-	-	-

March 31, 2009	**Wholesale of fuels BGN'000**	**Retail of fuels BGN'000**	**All other segments BGN'000**	**Consolidated BGN'000**
Total segment revenue	192,556	104,013	828	297,397
Inter-group revenue	88,533	2,853	422	91,808
Revenue from external customers	**104,023**	**101,160**	**406**	**205,589**
Adjusted EBITDA	**(2,406)**	**3,566**	**560**	**1,720**
Depreciation/amortization	1,301	3,291	393	4,985
Impairment	2	-	-	2

5. Segments reporting (continued)

The policies for recognition of intra-group sales and sales to external clients for the purposes of the reporting by segments are not differing from these applied by the Group for revenue recognition in the consolidated statement of comprehensive income.

The Management of the Group evaluates the results and assesses the performance of the segments on the basis of the adjusted EBITDA. In the calculation of the adjusted EBITDA is not taken into account the effect of impairment of assets.

The reconciliation of the adjusted EBITDA and the loss before tax is presented below:

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Adjusted EBITDA reporting segments	7,108	1,160
Adjusted EBITDA all other segments	458	560
Depreciation/amortization	(3,917)	(4,985)
Impairment	-	(2)
Finance expense, net	(7,235)	(2,912)
Share of profit of associates	106	189
Loss before tax	**(3,480)**	**(5,990)**

Revenue from external sales of segment Wholesale of fuels during the first quarter of 2010 and 2009 includes sales to the largest customer in the segment at the amount of BGN 46,438 thousand and BGN 39,996 thousand, which represents respectively 34% and 38% from the total external sales of the segment.

6. Revenue

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Sale of goods	233,968	201,320
Sale of services	4,653	2,645
	238,621	**203,965**

7. Other income

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Surplus of assets	503	64
Income from penalties	269	110
Gain from sales of property, plant and equipment, incl.	130	1,265
Income from sales	*162*	*1,548*
Carrying amount	*(32)*	*(283)*
Insurance claims	65	10
Other	158	175
	1,125	**1,624**

8. Materials and consumables

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Fuels and lubricants	1,208	829
Electricity and heating	881	863
Spare parts	124	103
Office consumables	116	206
Advertising materials	64	31
Water	30	19
Working clothes	18	23
Other	65	67
	2,506	**2,141**

9. Hired services

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Commissions	1,309	1,969
Rents	1,110	945
Consulting and training	591	559
Transport	547	591
Security	516	510
Holding fee	489	490
State and municipal fees	473	89
Maintenance and repairs	450	437
Communications	396	371
Software licenses	377	375
Insurances	293	239
Cash collection expense	248	267
Advertising	150	331
Other	171	280
	7,120	**7,453**

10. Employee benefits expenses

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Wages and salaries	4,387	4,743
Social security contributions and benefits	856	988
	5,243	**5,731**

11. Other expenses

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Shortages and written-off assets	356	298
Loss on liquidation of non-current assets, including:	223	-
Income from liquidation	-	-
Carrying amount	*223*	-
Penalties and indemnities	275	127
Taxes and charges	151	541
Business trips	94	133
Scrapped assets	62	-
Entertainment expenses and sponsorship	42	56
Impairment of assets	-	2
Other	81	77
	1,284	**1,234**

12. Finance income and costs

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Finance income		
Interest income on loans granted	1,200	776
Interest income on trade and other receivables	178	226
Other interest income	7	13
Gain from dealings with derivatives, including:	-	1,184
Gains on transactions	-	*979*
Revaluations at fair value	-	*205*
	1,385	*2,199*
Finance costs		
Interest expenses on debenture loans	(4,452)	(4,555)
Interest expenses on bank loans	(182)	(127)
Interest expenses on obligations under finance lease	(49)	(120)
Interest expenses on trade loans	(44)	-
Other interest expenses	(16)	(16)
Foreign exchange rate losses, net	(3,303)	(57)
Bank fees, commissions and other costs financial expenses	(574)	(236)
	(8,620)	*(5,111)*
Finance costs, net	**(7,235)**	**(2,912)**

13. Taxation

Tax expense recognized in profit or loss comprises the amount of current and deferred income tax in accordance with the requirements of IAS 12 *Income taxes*.

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Current tax expense	1,645	287
Change in deferred taxes, incl.:	(1,679)	(814)
Temporary differences recognized during the year	*(938)*	*172*
Temporary differences originated during the year	*(741)*	*(986)*
Total tax benefit	**(34)**	**(527)**

The reconciliation between accounting loss and tax benefit is presented in the table below:

	March 31, 2010 BGN'000	March 31, 2009 BGN'000
Accounting loss	(3,480)	(5,990)
Applicable tax rate	10%	10%
Tax expense (benefit) at the applicable tax rate	(348)	(599)
Aggregate tax effect from permanent differences	75	(64)
Tax effect from unrecognized during the current year temporary difference originated during the current period	3	-
Tax effect from adjustments during the current year of tax liability originated in prior period	-	12
Recognized tax assets originated in prior periods	(6)	-
Tax effect from consolidation adjustments	242	124
Tax expense (benefit)	**(34)**	**(527)**

The deferred tax asset (liability) presented in the consolidated statement of financial position arises as a result of income tax charges on deductible temporary differences, the effect of which is as follows:

13. Taxation (continued)

	March 31, 2010		December 31, 2009	
	Temporary difference BGN'000	Tax effect BGN'000	Temporary difference BGN'000	Tax effect BGN'000
Balance at the beginning of the period				
Property, plant and equipment	(22,594)	(2,261)	(22,603)	(2,260)
Tax loss carry forward	1,231	123	2,718	272
Unused paid leave and retirement compensations	2,087	210	2,459	247
Subsequent measurement of assets	-	-	206	20
Excess of interest payments	30,532	3,053	815	81
Investments in associates	(16,869)	(1,687)	(16,869)	(1,687)
Impairment of assets	4,107	411	6,793	680
Other	1,052	106	3,501	350
	(454)	**(45)**	**(22,980)**	**(2,297)**
Originated during the period				
Property, plant and equipment	174	18	(138)	(15)
Tax loss carry forward	332	33	494	49
Unused paid leave and retirement compensations	69	7	1,062	107
Excess of interest payments	6,819	682	29,717	2,972
Impairment of assets	-	-	9	1
Other	15	1	56	6
	7,409	**741**	**31,200**	**3,120**
Recognized during the period				
Property, plant and equipment	10,580	1,058	735	73
Tax loss carry forward	-	-	(1,981)	(198)
Unused paid leave and retirement compensations	(276)	(28)	(1,434)	(144)
Subsequent measurement of assets	-	-	(206)	(20)
Impairment of assets	-	-	(2,695)	(270)
Other	(918)	(92)	(2,505)	(250)
	9,386	**938**	**(8,086)**	**(809)**
Adjustments				
Property, plant and equipment	-	-	(588)	(59)
Subsequent measurement of assets	-	-	-	-
	-	**-**	**(588)**	**(59)**
Balance at the end of the period				
Property, plant and equipment	(11,840)	(1,185)	(22,594)	(2,261)
Tax loss carry forward	1,563	156	1,231	123
Unused paid leave and retirement compensations	1,880	189	2,087	210
Excess of interest payments	37,351	3,735	30,532	3,053
Investments in associates	(16,869)	(1,687)	(16,869)	(1,687)
Impairment of assets	4,107	411	4,107	411
Other	149	15	1,052	106
	16,341	**1,634**	**(454)**	**(45)**

14. Property, plant and equipment and intangible assets

	Land	Buildings	Plant and equipment	Vehicles	Other assets	Assets under construction	Intangible assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost								
Balance at January 1, 2009	**37,901**	**46,503**	**135,267**	**25,084**	**11,545**	**9,613**	**1,803**	**267,716**
Additions	28	597	577	29	208	2,366	3	3,808
Transfers	-	-	262	-	-	(262)	-	-
Disposals	-	(2)	(298)	-	(40)	-	(1)	(341)
Balance at March 31, 2009	**37,929**	**47,098**	**135,808**	**25,113**	**11,713**	**11,717**	**1,805**	**271,183**
Additions	48	65	982	129	430	11,595	680	13,929
Transfers	-	2,817	9,108	71	1,460	(13,386)	(70)	-
Transfers from assets held for sale	1,027	908	2,601	-	151	-	6	4,693
Disposals	(149)	(254)	(1,138)	(561)	(226)	(145)	(6)	(2,479)
Balance at December 31, 2009	**38,855**	**50,634**	**147,361**	**24,752**	**13,528**	**9,781**	**2,415**	**287,326**
Additions	-	29	224	-	-	1,778	-	2,031
Transfers	-	1,085	4,637	-	499	(6,252)	31	-
Disposals	(3)	(58)	(863)	(710)	(108)	(2)	-	(1,744)
Balance at March 31, 2010	**38,852**	**51,690**	**151,359**	**24,042**	**13,919**	**5,305**	**2,446**	**287,613**
Accumulated Depreciation/ Amortization								
Balance at January 1, 2009	-	**18,008**	**57,449**	**15,888**	**7,433**	-	**1,600**	**100,378**
Charged for the period	-	423	3,509	705	323	-	25	4,985
Disposals	-	-	(221)	-	(36)	-	-	(257)
Balance at March 31, 2009	-	**18,431**	**60,737**	**16,593**	**7,720**	-	**1,625**	**105,106**
Charged for the period	-	1,047	9,025	2,019	1,058	-	77	13,226
Transfers	-	-	-	19	-	-	(19)	-
Transfers from assets held for sale	-	536	1,613	-	151	-	6	2,306
Disposals	-	(126)	(660)	(515)	(181)	-	(3)	(1,485)
Balance at December 31, 2009	-	**19,888**	**70,715**	**18,116**	**8,748**	-	**1,686**	**119,153**
Charged for the period	-	365	2,610	607	293	-	42	3,917
Disposals	-	-	(694)	(699)	(34)	-	-	(1,427)
Balance at March 31, 2010	-	**20,253**	**72,631**	**18,024**	**9,007**	-	**1,728**	**121,643**
Carrying amount at January 1, 2009	37,901	28,495	77,818	9,196	4,112	9,613	203	167,338
Carrying amount at March 31, 2009	37,929	28,667	75,071	8,520	3,993	11,717	180	166,077
Carrying amount at December 31, 2009	38,855	30,746	76,646	6,636	4,780	9,781	729	168,173
Carrying amount at March 31, 2010	38,852	31,437	78,728	6,018	4,912	5,305	718	165,970

14. Property, plant and equipment and intangible assets (continued)

As of March 31, 2010 property, plant and equipment with carrying amount of BGN 10,743 thousand serves as collaterals under bank loans extended to the Group, the Controlling Company and other related parties (see also note 32.2).

15. Investments in associates

As of March 31, 2010, December 31, 2009 and March 31, 2009 the group reports as investment in associates the ownership of 36.92% from the equity of Eurocapital Bulgaria AD.

	March 31, 2010 BGN'000	December 31, 2009 BGN'000	March 31, 2009 BGN'000
Investment at the beginning of the period	**15,299**	**15,776**	**15,776**
Group's share in the profit of the associate	106	289	189
Share of distributed dividends from associate	-	(766)	-
Investment at the end of the period	**15,405**	**15,299**	**15,965**

The total amount of assets, liabilities, income and financial results of associates as of March 31, 2010, December 31, 2009 and March 31, 2009 are as follows:

	March 31, 2010 BGN'000	December 31, 2009 BGN'000	March 31, 2009 BGN'000
Assets	92,895	92,829	95,064
Liabilities	(30,420)	(30,641)	(31,073)
Net assets	62,475	62,188	63,991
Income	561	5,779	1,111
Profit for the period	287	782	511
Group's share in the profit of the associate	106	289	189

16. Investments in other companies

As of March 31, 2010 and December 31, 2009 the Group owns 6.92% of the equity of Capital 3000 AD. The investment in Capital 3000 AD has been fully impaired in prior reporting periods.

17. Goodwill

Goodwill with carrying amount of BNG 18,297 thousand as of March 31, 2010 and December 31, 2009 has arisen as a result of the acquisition of the subsidiary Naftex Petrol EOOD.

A review for impairment of the carrying amount of goodwill originated as a result of the acquisition of Naftex Petrol EOOD is performed as of March 31, 2010 and the method of discounted net cash flows is used. The method is based on the cash flows forecasts prepared by the subsidiary's management for four-year period after March 31, 2010. The assumption that the net cash flows after the last forecast period will be constant is used. The used discount rate of 12% is calculated as subsidiary's weighted average cost of capital. The result of the applied method shows that the amount of the investment in the subsidiary exceeds the total amount of net assets and goodwill as of March 31, 2010 and therefore no impairment loss on goodwill is recognized.

18. Loans granted

	March 31, 2010 BGN'000	December 31, 2009 BGN'000
Non-current receivables		
Loans to related parties	21,034	21,034
	21,034	**21,034**
Current receivables		
Loans and deposits to related parties	42,287	35,910
Loans to third parties	51	51
	42,338	**35,961**
	63,372	**56,995**

Receivables on loans granted to related parties are disclosed in note 31.

19. Inventories

	March 31, 2010 BGN'000	December 31, 2009 BGN'000
Goods, including:	64,027	53,137
Fuels	*51,366*	*45,358*
Lubricants and other goods	*12,661*	*7,779*
Materials	2,673	2,765
	66,700	**55,902**

As of March 31, 2010 available fuels are pledged as collateral under utilized by the Group bank loans (see also note 24).

20. Trade and other receivables

	March 31, 2010 BGN'000	December 31, 2009 BGN'000
Receivables from customers, incl.	58,706	61,342
Initial cost	*60,810*	*63,446*
Allowance for doubtful debts	*(2,104)*	*(2,104)*
Receivables from related parties	6,128	5,742
Guarantees for tender participation	3,567	3,844
Litigations and writs	2,916	2,904
Initial cost	*2,933*	*2,921*
Allowance for doubtful debts	*(17)*	*(17)*
Advances granted	794	994
Refundable taxes, incl.	113	281
VAT	*108*	*277*
Other taxes	*5*	*4*
Other	2,709	3,139
	74,933	**78,246**

Group's management believes that the carrying amount of trade and other receivables approximates their fair value as of as of March 31, 2010 and December 31, 2009.

Receivables from related parties are disclosed in note 31.

As of December 31, 2009 a company within the Group has receivables at the amount of BGN 35,261 thousand, which are provided as collateral under utilized bank loans (see also note 24).

21. Cash

	March 31, 2010 BGN'000	December 31, 2009 BGN'000
Cash at banks	9,387	13,890
Cash in transit	2,262	4,085
Cash on hand	112	143
Cash as of statement of cash flows	**11,761**	**18,118**
Restricted cash	4	431
Cash as of statement of financial position	**11,765**	**18,549**

Cash in transit is cash collected from the petrol stations as of the end of the reporting period which is to be received on the Group's accounts in the beginning of the next reporting period.

22. Share capital

The share capital of the Group is presented at its nominal value, according to the court decision for registration. In 2009 the Group, through one of its subsidiary, performed block transactions on the Bulgarian Stock Exchange and acquired and sold own shares. The acquired own shares are not subject to legal cancelation. As a result of these transactions the Group realized net profit amounting to BGN 585 thousand in 2009, which is recorded in accordance with IAS 32 *Financial Instruments: Disclosure and Presentation* directly in equity against retained earnings.

As of March 31, 2010 and December 31, 2009 the shareholders of the Parent company are as follows:

Shareholders	**March 31, 2010 % of share capital**	**December 31, 2009 % of share capital**
Petrol Holding AD	55.47%	55.47%
Naftex Petrol EOOD	41.82%	41.82%
Ministry of Economics	0.70%	0.70%
Other minority shareholders	2.01%	2.01%
	100%	**100%**

23. Reserve from adoption of IFRS

The reserve from adoption of IFRS as of March 31, 2010 and December 31, 2009 amounts to BGN 9,364 thousand and BGN 20,657 thousand, respectively, and has been formed as a result of a revaluation of property, plant and equipment and intangible assets, carried out in the period 1998 – 2001, as well as of revaluation as of December 31, 2002, in relation to the first time adoption of IFRS in the preparation of Parent company's separate financial statements.

24. Borrowings

	March 31, 2010 BGN'000	**December 31, 2009 BGN'000**
Non-current liabilities		
Loans from financial institutions	3,689	3,822
Debenture loans	191,840	191,683
	195,529	**195,505**
Current liabilities		
Loans from financial institutions	10,545	10,895
Debenture loans	7,136	3,100
Trade loans from related parties	1,295	1,295
	18,976	**15,290**
	214,505	**210,795**

24. Borrowings (continued)

The average effective interest rate on loans from financial institutions is within the range of 3.5% to 7%. Goods, cash in current accounts, receivables and promissory notes are pledged as collateral for the loans.

In October 2006 the Parent company issued 2,000 registered, transferable bonds with fixed annual interest rate of 8.375% and issue value – 99.507% of the face value, which is determined at EUR 50,000 per one bond. The term of the bond issue is 5 years and the maturity date is in October 2011. The principal is due in one payment at the maturity date. The issue is secured by Group's receivables under loans, granted to related parties and a corporate guarantee, issued by a subsidiary. The transaction costs for the bond issue amount to BGN 3,049 thousand. Interest is paid once a year. The annual effective interest rate is 8.955%. The purpose of the issue is working capital financing, financing of investment projects and restructuring of the Company's debt.

The liabilities to related parties are disclosed in note 31.

25. Obligations under finance lease

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2010 BGN'000	**December 31, 2009 BGN'000**	**March 31, 2010 BGN'000**	**December 31, 2009 BGN'000**
Amounts payable under finance leases				
Within one year	1,861	1,916	1,707	1,746
From one to two years	1,584	1,669	1,489	1,560
From three to five years	2,114	2,488	2,019	2,375
Less: Interest payable				
Within one year	(154)	(170)	-	-
From one to two years	(95)	(109)	-	-
From three to five years	(95)	(113)	-	-
Present value of finance lease obligations	**5,215**	**5,681**	**5,215**	**5,681**
Less: Present value of finance lease obligations with maturity less than 1 year			**(1,707)**	**(1,746)**
Present value of finance lease obligations with maturity over 1 year			**3,508**	**3,935**

Assets acquired by the Group under finance leases comprise of vehicles. The lease term of the contracts is between 3 to 6 years.

Management believes that the fair value of the obligations under finance leases does not differ significantly from their carrying amount.

Liabilities under finance lease agreements are secured by promissory notes issued by the Group in favour of the lessors and expire at the termination date of the respective agreements.

26. Retirement benefits obligations

The Group accrues liabilities for retirement benefits at the amount of BGN 240 thousand (BGN 35 thousand as short-term portion and BGN 205 thousand as long-term portion). The amount of the liabilities is based on an actuary valuation, taking into consideration assumptions for mortality, disability, employment turnover, salaries' growth, etc. The present value of the liability is calculated by applying a discount factor of 4%.

27. Trade and other payables

	March 31, 2010 BGN'000	December 31, 2009 BGN'000
Payables to suppliers	87,665	78,070
Tax payables, incl.:	48,093	39,461
VAT	*14,292*	*13,036*
Excise duties and other taxes	*33,801*	*26,425*
Related party payables	33,907	41,743
Payables to personnel and social security funds	3,126	4,186
Advances received	632	2,032
Deferred income	168	209
Other	4,159	5,994
	177,750	**171,695**

Related party payables are disclosed in note 31.

The Group accrues liabilities for unused annual paid leave of employees in compliance with IAS 19 *Employee Benefits*. The movement of these liabilities for the reported periods is as follows:

	March 31, 2010 BGN'000	December 31, 2009 BGN'000
Balance at the beginning of the period	1,568	1,798
Accrued during the period	69	906
Utilized during the period	(276)	(1,135)
Other changes	-	(1)
Balance at the end of the period, including:	**1,361**	**1,568**
Paid leave	*1,118*	*1,297*
Social security contributions	*243*	*271*

The balance at the end of the period is presented in the statement of financial position together with the current liabilities for employee benefits.

The management believes that the carrying amount of the current liabilities, presented in the consolidated statement of financial position, approximates their fair value.

28. Current income tax payable

Current income tax includes corporate income tax accruals for the current period and prior periods up to the amount, which is not settled at the end of the reporting period.

	March 31, 2010 BGN'000	December 31, 2009 BGN'000
Income tax payable as of January 1	698	1,193
Accrued corporate income tax	1,645	1,403
Corporate income tax paid	(837)	(7,472)
Offsetting against other tax payables (receivables)	(1)	5,574
Income tax payable at the end of the period	**1,505**	**698**

29. Earnings (loss) per share

Earnings (loss) per share are calculated by dividing the net distributable profit (loss) for the period by the weighted average number of ordinary shares held during the reporting period. The Parent company has not issued any potential ordinary shares.

	March 31, 2010	March 31, 2009
Weighted average number of shares	63,566	63,463
Profit (loss) (BGN'000)	(3,446)	(5,463)
Weighted average number of shares	**(0.05)**	**(0.09)**

Weighted average number of shares in circulation in 2010 and 2009 is as follows:

	March 31, 2010	March 31, 2009
Number of shares at the beginning of the period	63,566	63,471
Effect from redeemed own shares	-	(8)
Weighted average number of shares	**63,566**	**63,463**

30. Subsidiaries

The subsidiaries, included in the consolidation, over which the Group has control as of March 31, 2010 and December 31, 2009 are as follows:

Subsidiary	Main activity	Investment as of March 31, 2010	Investment as of December 31, 2009
Naftex Petrol EOOD	Wholesale with fuels	100%	100%
Petrol Trans Express EOOD	Transport services	100%	100%
Petrol Technika EOOD	Service and maintenance of fuel stations	100%	100%
Petrol Gas OOD	Wholesale with fuels	90%	90%
Petrol Properties EOOD	Real estate and moveable property trade	100%	100%
Elite Petrol EAD	Real estate advisory and intermediation services	100%	100%

31. Related party disclosures

The related parties which the Parent company controls and has significant influence on are disclosed in notes 30 and 15.

The Parent company is controlled by Petrol Holding AD.

The following transactions with related parties have been performed during the reporting period:

Related party	
Petrol Holding AD	Controlling company
Naftex Security EAD	Subsidiary of Petrol Holding AD
Interhotel Bulgaria Burgas EOOD	Subsidiary of Petrol Holding AD
Jurex Consult AD	Subsidiary of Petrol Holding AD
Transcard AD	Subsidiary of Petrol Holding AD
Transat AD	Subsidiary of Petrol Holding AD
BPI EAD	Subsidiary of Petrol Holding AD
Varna Business Services EOOD	Subsidiary of Petrol Holding AD
Eurocapital Bulgaria AD	Subsidiary of Petrol Holding AD
Trans Telecom AD	Associate of Petrol Holding AD
PSFC Chernomoretz AD	Subsidiary of Petrol Holding AD
SOCCRAT EAD	Subsidiary of Petrol Holding AD
Naftex Trade EOOD	Subsidiary of Petrol Holding AD
Petrol Trade EOOD	Subsidiary of Petrol Holding AD

31. Related party disclosures (continued)

The transactions performed relate primarily to:

- purchase and sale of liquid fuels;
- granting and receiving loans;
- purchase and sale of property, plant and equipment;
- Holding fees and services.

In first three months of 2010 and 2009 transactions with related parties are as follows:

Related parties	**March 31, 2010 BGN'000 Sale of goods, services and non-current assets**	**March 31, 2009 BGN'000 Sale of goods, services and non-current assets**	**March 31, 2010 BGN'000 Purchase of goods, services and non-current assets**	**March 31, 2009 BGN'000 Purchase of goods, services and non-current assets**
Controlling company	53	63	911	1,033
Companies under common control	849	703	36,676	59,524
Associates	1	2	66	13
	903	**768**	**37,653**	**60,570**

Related parties	**March 31, 2010 BGN'000 Finance income**	**March 31, 2009 BGN'000 Finance income**	**March 31, 2010 BGN'000 Finance cost**	**March 31, 2009 BGN'000 Finance cost**
Controlling company	1,200	785	-	16
Companies under common control	5	9	45	-
	1,205	**794**	**45**	**16**

31. Related party disclosures (continued)

The outstanding balances with related parties as of March 31, 2010 and December 31, 2009 are as follows:

Related parties	March 31, 2010 BGN'000 Receivables	December 31, 2009 BGN'000 Receivables	March 31, 2010 BGN'000 Payables	December 31, 2009 BGN'000 Payables
Controlling company, including:	65,932	59,075	2,505	1,452
Interest-bearing loans –non-current portion	*21,034*	*21,034*	-	-
Interest-bearing loans – current portion	*42,287*	*35,910*	-	-
Companies under common control, including:	3,500	3,599	31,287	40,154
Associates	17	12	115	137
Key management staff	-	-	1,295	1,295
Interest-bearing loans – current portion	-	-	*1,295*	*1,295*
	69,449	**62,686**	**35,202**	**43,038**

32. Contingent assets and liabilities

32.1. Contingent assets

In 2006 the Group invoiced and recognized income from penalties at the amount of BGN 8,196 thousand which were accrued to counterparty due to quantitative non-execution of a contract for fuel supply. As of December 31, 2006 this recorded income was reversed as the management estimated that the criteria for income recognition in compliance with IAS 18 *Revenue* were not met. In this relation a contingent receivable at the amount of BGN 8,196 thousand occurred for the Group because the receivable from the Counterparty is not recognized in the financial statements.

32.2. Contingent liabilities

As of March 31, 2010 the Group has contingent liabilities on issued promissory notes in relation to loan contracts and finance lease agreements at the amount of BGN 98,057 thousand, promissory notes guaranteed to third parties under obligations of related parties at the amount of BGN 12,264 thousand, issued corporate guarantees serving as collateral for bank loans of related parties at the amount of BGN 36,275 thousand, issued bank guarantees in favor of the Customs Agency for deferred payment of excise at the amount of BGN 6,525 thousand, issued bank guarantees serving as collateral for delivery of fuel at the amount of BGN 150 thousand and on issued bank guarantees for good execution of commercial contracts at the amount of BGN 60 thousand.

As of March 31, 2010 assets with a carrying amount of BGN 112,844 thousand are mortgaged and pledged as collateral on bank and trade loans, granted to the Group, Controlling company and other related parties (see also notes 14, 19 and 20).