PETROL AD

SEPARATE ANNUAL REPORT ON ACTIVITY
FOR YEAR 2014

ACCOMPANIED BY

INDEPENDENT AUDITORS' REPORT
AND
SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

RSM BX LTD
42 G. S. Rakovski Str.
1202 Sofia, Bulgaria
T: +359 (0) 2 491 86 30 F: +359 (0) 2 987 09 34
www.rsmbx.bg

INDEPENDENT AUDITORS' REPORT

TO

THE SHAREHOLDERS OF

PETROL AD

Report on the Separate Financial Statements

We have audited the accompanying financial statements of PETROL AD, which comprise the statement of financial position as of December 31, 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, accepted by the Commission of the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualification

As at December 31, 2014 the Company reports current and non-current liabilities under loan notes totaling BGN 38 911 thousand. As per the loan notes terms, the Company should inform the note holders' agent of the event that occurred in year 2014, namely of the change in ownership in equity shares regarding certain majority shareholders, where the note holders have the right to demand from the loan note issuer to repurchase loan notes issued. According to the requirements of IAS 1 *Presentation of Financial Statements*, when an event referring to long term arrangement occurs prior to year end, resulting in a debt becoming redeemable on demand, that debt/liability is to be classified as current. Irrespective of the fact whether after the reporting date the borrower has announced or not its receivables as early-maturing loans, our opinions is that a reclassification must be made. As a result of the above, we believe that as at December 31, 2014 non-current liabilities in the amount of BGN 36,073 thousand should have been reclassified and presented as current liabilities.

Qualified Opinion

In our opinion, except for the possible effects if the matter described in Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of PETROL AD as of December 31, 2014, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards, accepted by the Commission of the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that we were not assigned auditors of the entity prior to or on December 31, 2014 and therefore we were not able to observe the stock take process at the beginning and the end of the reporting year of Property, plant and Equipment and of Inventory. We have confirmed by alternative procedures the closing balances of Property, Plant and Equipment and of Inventory as of December 31, 2014. Respective quantities were also confirmed by alternative audit procedures.

During the current reporting period significant impairment allowances were made, which significantly contributed to the negative financial result. Without qualifying our opinion, we draw attention to the disclosure notes 11, 17 and 19 to the Company's separate financial statements for the year ending on December 31, 2014.

Other matters

The separate financial statements of Petrol AD for the year ending on December 31, 2013 is audited by KPMG Bulgaria OOD, and a modified audit opinion was issued thereon.

Report on Other Legal and Regulatory Requirements

Under the requirements of article 38, paragraph (4) of the Bulgarian Accountancy Act we should also express an opinion on the Annual Management Report. We took into consideration the contents of the applied unconsolidated Annual Management Report for the period ending on December 31, 2014 prepared by the Management of PETROL AD.

The Annual Management Report is prepared in accordance with the stipulations of article 33, paragraphs (1) and (2) of the Bulgarian Accountancy Act. Management is responsible for the preparation of this Report.

In our opinion the unconsolidated financial information presented in the Annual Management Report as of December 31, 2014 corresponds in all material respects to the financial information presented in the individual financial statements of the Company for the same reporting period, prepared in accordance with International Financial Reporting Standards, accepted by the Commission of the European Union.

Specialized Audit Enterprise: RSM BX OOD

Manager:

IZABELA DZHALAZOVA

Registered Auditor in charge:

IZABELA DZHALAZOVA

09 April 2015
Sofia, Bulgaria

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №130
"РСМ Би Екс" ООД

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31 DECEMBER 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended December 31

	Note	2014 BGN'000	2013 BGN'000
Revenue from sales	*5*	758,088	584,367
Other income	*6*	1,480	3,919
Cost of goods sold	*7*	(693,824)	(521,588)
Materials and consumables	*8*	(4,001)	(4,449)
Hired services	*9*	(32,958)	(31,183)
Personnel expenses	*10*	(17,807)	(17,943)
Depreciation and amortisation expenses	*15,16*	(2,817)	(3,709)
Impairment losses	*11*	(271,254)	(2,167)
Other expenses	*12*	(2,820)	(2,206)
Finance income	*13*	7,047	20,713
Finance costs	*13*	(26,116)	(16,093)
Profit (loss) before tax		(284,982)	9,661
Income tax expense	*14*	26,915	(5,309)
Profit (loss) for the year		**(258,067)**	**4,352**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurements of defined benefit liability	*26*	(12)	(23)
Other comprehensive income for the year, net of tax		(12)	(23)
Total comprehensive income for the year		**(258,079)**	**4,329**
Basic net earnings (loss) per share (BGN)	24	**(2.36)**	**0.04**

These financial statements were approved on behalf of Petrol AD by:

Georgi Tatarski	**Milko Dimitrov**	**Rostislava Markova**
Executive Director	**Executive Director**	**Chief Accountant**

7 April 2015

Заверил съгласно одиторски доклад.
09 APR 2015
РСМ Би Екс ООД
Управител
Регистриран одитор
RSM BX Ltd

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. № 130
"РСМ Би Екс" ООД

(The notes on pages 14 to 52 are an integral part of these separate financial statements)

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2014 BGN'000	31 December 2013 BGN'000
Non-current assets			
Property, plant and equipment	*15*	25,181	33,051
Intangible assets	*16*	310	527
Investments in subsidiaries	*17*	139,526	364,846
Loans granted	*19*	22,609	62,009
Deferred tax assets	*14*	27,679	764
Total non-current assets		215,305	461,197
Current assets			
Inventories	*18*	20,712	18,342
Loans granted	*19*	11,437	10,764
Trade and other receivables	*20*	53,377	52,252
Refundable income taxes	*21*	499	499
Cash and cash equivalents	*22*	6,543	10,755
Total current assets		92,568	92,612
Total assets		**307,873**	**553,809**

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STATEMENT OF FINANCIAL POSITION (continued)

	Note	31 December 2014 BGN'000	31 December 2013 BGN'000
Equity			
Share capital	*23*	109,250	109,250
General reserves		18,696	18,696
Retained earnings		(10,770)	247,309
Total equity		117,176	375,255
Non-current liabilities			
Loans and borrowings	*25*	117,222	101,096
Obligation for defined benefit retirement compensations	*26*	383	384
Total non-current liabilities		117,605	101,480
Current liabilities			
Trade and other payables	*27*	70,254	57,156
Loans and borrowings	*25*	2,838	19,918
Total current liabilities		73,092	77,074
Total liabilities		190,697	178,554
Total equity and liabilities		**307,873**	**553,809**

These financial statements were approved on behalf of Petrol AD by:

Georgi Tatarski
Executive Director

Milko Dimitrov
Executive Director

Rostislava Markova
Chief Accountant

7 April 2015

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STATEMENT OF CHANGES IN EQUITY

	Registered capital	General reserves	Retained earnings	Total
	BGN' 000	BGN' 000	BGN' 000	BGN' 000
Balance at January 1 2013	**109,250**	**18,696**	**242,980**	**370,926**
Comprehensive income for the year				
Profit for the year	-	-	4,352	4,352
Other comprehensive income	-	-	(23)	(23)
Total comprehensive income	**-**	**-**	**4,329**	**4,329**
Balance at December 31, 2013	**109,250**	**18,696**	**247,309**	**375,255**
Comprehensive income for the year				
Loss for the year	-	-	(258,067)	(258,067)
Other comprehensive income	-	-	(12)	(12)
Total comprehensive income for the year	**-**	**-**	**(258,079)**	**(258,079)**
Balance at December 31, 2014	**109,250**	**18,696**	**(10,770)**	**117,176**

These financial statements were approved on behalf of Petrol AD by:

Georgi Tatarski
Executive Director

Milko Dimitrov
Executive Director

Rostislava Markova
Chief Accountant

7 April 2015

Заверил съгласно одиторски доклад.
09 APR 2015
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СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
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(The notes on pages 14 to 52 are an integral part of these separate financial statements)

STATEMENT OF CASH FLOWS
for the year ended December 31

	2014 BGN'000	2013 BGN'000
Cash flows from operating activities		
Receipts from customers	982,159	764,257
Payments to suppliers	(931,959)	(698,688)
VAT paid to the budget	(8,606)	(5,305)
Payments related to personnel	(17,317)	(16,759)
Other payments	-	(1,571)
Cash flows from operating activities	24,277	41,934
Withholding tax on debenture loan	(64)	(4,843)
Net cash flows from operating activities	24,213	37,091
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(3,538)	(3,192)
Proceeds from sale of property, plant and equipment	10	4
Interest-bearing loans granted	(3,266)	(2,173)
Interest received	479	2,787
Net cash flows investing activities	(6,315)	(2,574)
Cash flows from financing activities		
Loans and borrowings repaid	(11,634)	(20,390)
Interests and commissions paid	(10,934)	(13,271)
Net cash flows from financing activities	(22,568)	(33,661)
Net increase in cash for the year	**(4,670)**	**856**
Cash at the beginning of the year	**10,755**	**9,922**
Effect of foreign exchange rate changes	8	(23)
Cash at the end of the year (see also note 22)	**6,093**	**10,755**

These financial statements were approved on behalf of Petrol AD by:

Georgi Tatarski	**Milko Dimitrov**	**Rostislava Markova**
Executive Director	**Executive Director**	**Chief Accountant**

Заверил съгласно одиторски доклад.
09 APR 2015
СМ Би Екс ООД
Управител
Регистриран одитор
RSM BX Ltd

Специализирано одиторско предприятие
София
Рег. № 130
"РСМ Би Екс" ООД

7 April 2015

(The notes on pages 14 to 52 are an integral part of these separate financial statements)

NOTES

TO THE SEPARATE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

1. Legal status and main activity

Petrol AD (the Company) was registered in Bulgaria in 1990. The Company is registered with the Commercial Register at the Bulgarian Registry Agency with ID code 831496285. The address of registration of the Company is 12 Targovska Street, Lovech Hotel, Lovech. As at the end of the reporting period the shareholders of the Company are legal entities, the State – through the Ministry of Economics and Energy, and individual shareholders (see also note 23).

The main activity of the Company is retail trade with petroleum products and non-petroleum goods and services.

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

2.1. General

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The financial statements have been prepared on a historical cost basis, except for the defined benefit obligation recognised at present value of the expected future payments. These are separate financial statements, the preparation of which is required by the accounting and tax legislation of the Republic of Bulgaria.

Petrol AD is going to prepare consolidated financial statements, in which it will consolidate the financial position of its subsidiaries as at December 31, 2014, their financial results and cash flows for the year ended that date (see note 17).

2.2. Application of new and revised IFRS

2.2.1. Standards and interpretations effective and applied during the current reporting period

Some new standards, amendments and interpretations have been effective for reporting periods beginning on or after January 1, 2014, and have been applied in the preparation of these financial statements.

- IFRS 10 *Consolidated Financial Statements* shall be applied, at latest, as from the beginning of the first financial year starting on or after January 1, 2014. IFRS 10 introduces a single control model to determine whether an investee should be consolidated. The Company does not expect the Standard to have any impact on the separate financial statements.
- IFRS 11 *Joint Arrangements* shall be applied, at latest, as from the beginning of the first financial year starting on or after January 1, 2014. The Company does not expect IFRS 11 to have material impact on the financial statements.
- IFRS 12 *Disclosures of Interests in Other Entities* shall be applied, at latest, as from the beginning of the first financial year starting on or after January 1. 2014. The Company does not expect the Standard, at its initial application, to have a material impact on the level of disclosure in the separate financial statements.
- IAS 27 *Separate Financial Statements* (2011) which supersedes IAS 27 (2008) shall be applied, at latest, as from the beginning of the first financial year starting on or after January 1, 2014. The Company does not expect the amendments to the new Standard will have a material impact on the financial statements.

2.2.1. Standards and interpretations effective and applied during the current reporting period (continued)

- IAS 28 *Investments in Associates and Joint Ventures* (2011) which supersedes IAS 28 (2008) shall be applied, at latest, as from the beginning of the first financial year starting on or after January 1, 2014. The Company does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.
- Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* shall be applied, at latest, as from the beginning of the first financial year starting on or after January 1, 2014. The Company does not expect the Amendments to have any impact on the financial statements since the Company does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* shall be applied for annual periods beginning on or after January 1, 2014. The Company does not expect the Amendments to have any impact on the financial statements since the Company does not correspond to the definition of investment entity.
- Amendments to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets* shall be applied for annual periods beginning on or after January 1, 2014. The Company expects that the first time adoption of the amendments will have certain effect on the disclosures in the financial statements. The entity is not in a position to prepare an analysis of the effects of the amendments before the actual first time application.
- Amendments to IAS 39 – *Novation of Derivatives and Continuation of Hedge Accounting* shall be applied for annual periods beginning on or after January 1, 2014. The entity does not expect the Amendment to have any impact on the financial statements, since the entity does not apply hedge accounting.
- IFRIC 21 Levies effective for periods beginning on or after 17 June 2014. Earlier adoption is permissible. Requirements are applied on a retrospective basis.

2.2.2. New standards and interpretation, not yet adopted

The following standards, modifications and clarifications are adopted by the European Commission as at the date of issue of these financial statements, but are not endorsed

- *Annual improvements in IFRS Period 2011-2013* – IFRS 3, IFRS 13, IAS 40 – effective 01 July, 2014, where earlier application is permitted.

Management chose not to adopt these standards prior to the date of their formal endorsement. Management does not expect these standards to have a significant impact on these financial statements in the period of their initial adoption.

Standards, and interpretations and, already issued by the International Accounting Standards Board (IASB), not yet endorsed for adoption by the European Commission

Management believes that it is appropriate to disclose that the following new or revised standards, new interpretations and amendments to current standards, which are already issued by the International Accounting Standards Board (IASB), are not yet endorsed for adoption by the European Commission, and therefore are not taken into account in preparing these financial statements. The actual effective dates for them will depend on the endorsement decision by the EC.

2.2.2. New standards and interpretation, not yet adopted (continued)

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- IFRS 9 *Financial Instruments* - effective from January 1, 2018 will be applied retrospectively, earlier application is permitted.
- IFRS 14 *Regulatory deferral accounts* - in force for the first year of preparation of financial statements beginning on or after January 1, 2016, with earlier application permitted.
- IFRS 15 *Revenue from contracts with customers* - - effective from January 1, 2017 will be applied retrospectively, earlier application is permitted.
- Amendments to IAS 1 *Disclosure Initiative* - effective from January 1, 2016. Earlier application is permitted.
- Changes in IFRS 10 and IAS 28: *Sale or contribution of assets between the investor and its associate or joint venture* - effective from January 1, 2016, will be applied prospectively, with earlier application permitted.
- Amendments to IAS 27 - *Equity method in the separate financial statements* - effective from January 1, 2016 will be applied retrospectively, earlier application is permitted.
- Amendments to IAS 16 and IAS 41 - *Fruit bearing plants* - effective from January 1, 2016, with earlier application permitted.
- Amendments to IAS 16 and IAS 38 - *Explanation of methods allowed for depreciation* - effective from January 1, 2016, with earlier application permitted.
- Amendments to IFRS 11 - *Accounting for interests in joint aetivities* - effective from January 1, 2016, will be applied prospectively, with earlier application permitted.
- Amendments to IAS 19 - *Defined benefit plans*: Contributions of employees - effective from July 1, 2014, will be applied retrospectively, earlier application is permitted. The changes were approved by the European Commission after the reporting date.
- *Annual Improvements to IFRSs 2010-2012 period*: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 24 - effective from July 1, 2014, with carlier application permitted. The changes were approved by the European Commission after the reporting date.
- *Annual Improvements to IFRSs 2012-2014 period* - IFRS 5, IFRS 7, IAS 9, IAS 34 - effective from July 1, 2016, with earlier application permitted.

Management expects these standards will not have a significant effect on the Company's financial statements in the period of initial application.

2.3. Functional and presentation currency of the separate financial statements

Functional currency is the currency of the primary economic environment, in which the Company operates and primarily generates and disburses cash. It reflects the main transactions, events and conditions considered significant for the Company.

These separate financial statements are presented in BGN, which is the Company's functional currency. All amounts represented have been rounded to the nearest thousands, except when otherwise indicated.

2. 2.4. Foreign currency

Transactions in foreign currency are initially recorded at amounts denominated in BGN at the official exchange rate of the Bulgarian National Bank as of the date of the transaction. Foreign exchange rate differences arising from settlement of foreign exchange positions or from reporting these positions at rates different from those of the initial recording, are reported in profit and loss for the respective period.

Since January 1, 1999 the Bulgarian Lev has been fixed against the Euro at rate 1.95583 BGN for 1 Euro.

The monetary positions denominated in foreign currency as at December 31, 2014 and 2013 are stated in the present separate financial statements at the closing exchange rate of the Bulgarian National Bank. The closing exchange rates of the BGN against USD as at the end of current and prior reporting periods are as follows:

31 December 2014:	1 USD = 1.60841 BGN
31 December 2013:	1 USD = 1.41902 BGN

2.5. Accounting assumptions and estimates

The application of IFRS requires that the Management makes certain reasonable assumptions and accounting estimates in the preparation of these financial statements, in order to determine the value of some assets, liabilities, revenue and expenses. These estimates and assumptions are based on the best estimate of the Management, taking into consideration the historical experience and analysis of all factors impacting the circumstances as of the date of preparation of the financial statements. The actual results could differ from the estimates presented in these separate financial statements.

Assumptions made by Management when applying IFRS regarding fair value estimates with a material effect on the financial statements or the accounting estimates, which may lead to significant adjustments in future periods, are disclosed in Note 4.

Information about the uncertainties of assumptions and estimates, that have a significant risk of resulting in a material adjustments within the next financial year are included in the following notes:

- Note 16 – regarding the estimate of investments in subsidiaries

2.6. Suhsidiaries

Subsidiary is a company which is controlled by the Parent company. Control is the power to govern thc financial and operating policy of a subsidiary in order to benefit from it.

In the preparation of these separate financial statements investment in subsidiaries are accounted at acquisition cost less possible impairment losses. Earlier, the Company also accounted the investments at cost applying the exception for subsequent measurement of financial assets held for sale for investments in equity instruments for which there is no quoted price on the active market and which cannot be measured reliably. For this reason, the change will not have an effect on the separate financial statements of the Company.

2.7. Going concern assumption

As at thc date of issue of these financial statements the management has made an assessment of the applicability of the going concern concept for the Company. While making this assumption, all available information for the near future was taken into account, which is not necessarily restricted to twelve months from the end of the reporting period. This suggests that the Company will be able to repay regularly its bond liabilities, trade payables, loans and interest due in accordance with the contractual agreements.

The Management of the Company confirms its understanding and the validity of the assumption that these separate financial statements have been prepared under the going concern assumption.

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

3.1. Property, plant and equipment and intangihle assets

Property, plant and equipment and intangible assets are measured initially at acquisition cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets.

After initial recognition property, plant and equipment and intangible assets are carried at cost less depreciation and amortisation and any impairment losses (see also note 3.4.2.).

Subsequent costs including replacement of asset's components are capitalised in the cost of the asset, only when it is probable that future economic benefits associated with the expenditure will flow to the Company.. The carrying amount of the replaced items are derecognised in accordance with the requirements of *IAS 16 Property, Plant and Equipment*. All other subsequent costs are expensed in the period when incurred.

Gains or losses on disposal of property, plant and equipment (determined as a difference between the proceeds from disposal with the carrying amount of the asset) are recognised net within other income/ expenses in profit or loss for the period.

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

When the use of a property, plant and equipment changes from owner-occupied to investment property, the property is reclassified as investment property.

Depreciation and amortisation are recognised over the estimated useful lives applying the straight-line method. Depreciation and amortisation are recognised in profit or loss of the current period. Land, assets under construction and fully depreciated assets are not depreciated/ amortised.

The estimated useful lives for the current and comparative periods are as follows:

Administrative and commercial buildings	25 years
Machinery, plant and equipment	2–25 years
Vehicles	4-10 years
Office equipment	7 years
Intangible assets	2-5 years

Depreciation/amortisation commences from the beginning of the month following the month when the asset is available for use, and ceases at the earlier of the date when 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 of its derecognition.

As of the end of the reporting period, the Company's management reviews the useful life and the depreciation method of property, plant and equipment and intangible assets. If any difference between expectations and previous accounting estimates exists, then relevant changes are made.

3.2. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, transportation costs, customs duties, excise duties and other similar costs. Net realisable value represents the estimated selling price less estimated selling expenses.

Upon consumption, the cost of inventories is calculated using the weighted average cost method.

3.3. Financial instruments

The Company classifies non-derivative financial assets into the loans and receivables category.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

3.3.1. Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.3.2. Non-derivative financial assets – measurement

Loans granted and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less any impairment loss. Current receivables are not amortised.

Cash

In the statement of cash flows, cash comprises cash in hand, cash at banks and cash in transit. Cash in transit comprises cash collected from petrol stations as at the end of the reporting period but actually received in the bank accounts of the Company in the beginning of the next reporting period.

3.3.3. Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

3.4. Impairment

3.4.1. Non-derivative financial assets

Financial assets, not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is an objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security;
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets carried at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investments in securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.4.1. Non-derivative financial assets (continued)

3.4.2. Non-financial assets

The carrying amounts of the Company's non-financial assets (other than inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite useful lives or that are not yet available for use are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5. Registered capital

The registered capital of the Company is presented at historical cost as of the date of its registration.

3.6. Deferred income and deferred expenses

Deferred income and deferred expenses in the statement of financial position comprises revenue and expenses prepaid in the current period but relating to future periods, such as guarantees, insurance, subscriptions, rent, etc.

3.7. Employment benefits

Defined contribution plans

The Government of the Republic of Bulgaria is responsible for providing pensions under a defined benefit pension plan. Costs related to payment of contributions under these schemes are recognised in the profit or loss in the period they are incurred.

Defined benefit plans

In accordance with the Labour Code, the Company has an obligation to pay retirement benefits to its employees upon retirement, based on the length of service, age and labour category. Since these benefits qualify for defined benefits plan in accordance with *IAS 19 Employee benefits,* in accordance with the requirements of this standard the Company recognises the present amount of the benefits as a liability.

The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted.

The calculation is performed annually by a qualified actuary using the projected unit credit method. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The projected unit credit method presents a liability that may arise in future, based on a number of assumptions. From this point of view, the method is sensitive to assumptions of values of main parameters, on which the obligation and the due amount are dependent. The main assumptions on which the amount of the obligation is dependent are based on demographic, financial and other assumptions.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses and are recognised in OCI. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss as personnel expenses.

Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.8. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In accordance with the tax legislation enforceable for the years ended 2014 and 2013 the tax rate applied in calculation of the tax payables of the Company is 10%. For the calculation of the deferred tax assets and liabilities as at December 31, 2014 and 2013 a tax rate of 10% has been used.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.9. Revenue and expenses recognition

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

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue is recognised at the fair value of the consideration received or receivable net of any granted discounts and including the gross economic benefits received by or due to the Company. The amounts gathered on behalf of third parties such as sales taxes (value added tax) are excluded from revenue. Revenue generated from sale of fuel is reported at its gross amount with the excise due, which is considered an integral part of the price of the goods.

When the result of a transaction for services rendering 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 reliably estimated, the revenue is recognised to the extent that the expenses recognised are recoverable.

Gain (loss) from the sale of property, plant and equipment, and intangible assets and materials are presented as other income (expenses).

When economic benefits are expected to arise in several financial periods and their relation to revenue can only be generally or indirectly estimated, expenses are recognised in profit or loss based on procedures for systematic and rational distribution.

In exchange of assets, revenue/ (expense) is reported as a result of the exchange transaction to the amount of the difference between the fair value of the received asset and the carrying amount of the exchanged asset.

3.9.2. Finance income and finance costs

Finance income comprises interest income, income from dividends, foreign currency gains, etc.

Finance costs comprise interest expense on borrowings, foreign currency losses, bank fees, commissions and other finance costs.

Borrowing costs, which may be directly attributable to the acquisition, construction or production of an asset before it is ready for the intended use or sale, shall be capitalised in the cost of the asset.
All other finance income and costs are accrued through profit or loss for all instruments measured at amortised cost using the effective interest rate method.

3.9.2. Finance income and finance costs (continued)

Due to the lack of guidance and clarification in the adopted IFRS as at the reporting date, that specifically address the accounting treatment of transactions related to in-kind contribution in the equity of subsidiaries, the Management decided to account the result from in-kind contribution transactions as finance expense or income.

Income for equity interests is recognised when the Company is entitled to receive the income.

Foreign currency gains and losses are reported on a net basis.

3.10. Leases

3.10.1. Operating lease

Costs incurred for assets leased under operating lease contracts are recognised in profit or loss under the straight-line method over the contract term.

Revenue realised from assets under operating lease contracts is recognised in profit or loss on a straight-line basis for the contract term. Initial costs directly related to agreement conclusion are capitalized in the cost of the asset and are recognised as expenses on a straight-line basis for the operating lease contract term.

3.10.2. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.11. Government grants

The Company recognizes government grants initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Company for an asset are recognized in profit or loss as other income on a systematic basis in the course of the useful life of the asset.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

44. Determination of fair values (continued)

The significant unobservable inputs and valuation adjustments are reviewed regularly. If third party information, such as broker quotes or pricing services is used to measure fair values, then the valuation team assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Management of the Company.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the inputs in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 28 – Financial instruments.

5. Revenue from sales

	2014 BGN'000	2013 BGN'000
Sales of goods	754,819	581,082
Sales of services	3,269	3,285
	758,088	**584,367**

Revenue from sales of goods comprises:

	2014 BGN'000	2013 BGN'000
Fuels	723,974	551,402
Lubricants and other goods	30,845	29,680
	754,819	**581,082**

6. Other income

	2014 BGN'000	2013 BGN'000
Payables written-off	458	271
Surpluses of assets	345	3,037
Government Grants	142	31
Gain from sales of property, plant and equipment, including:	60	15
Income from sales	*64*	*16*
Carrying amount	*(4)*	*(1)*
Fees and penalties	50	44
Insurance claims	38	45
Gain from sales of materials, including:	-	84
Income from sales	-	*168*
Carrying amount	-	*(84)*
Other	387	392
	1,480	**3,919**

Revenue from government grants is received under the Operational Programme "Development of Human Resources".

7. Cost of goods sold

	2014 BGN'000	2013 BGN'000
Fuels	667,863	496,928
Lubricants and other goods	25,961	24,660
	693,824	**521,588**

8. Materials and consumables

	2014 BGN'000	2013 BGN'000
Electricity and heating	2,016	2,343
Fuels and lubricants	535	558
Office consumables	474	493
Working clothing	416	105
Spare parts	205	238
Water supply	109	111
Advertising materials	88	485
Other	158	116
	4,001	**4,449**

9. Hired services

	2014 BGN'000	2013 BGN'000
Rent	18,444	18,328
Commissions	6,938	5,448
Consulting and training	1,303	1,284
Maintenance and repairs	1,164	1,119
Cash collection expenses	877	892
Communications	723	745
Advertising costs	694	438
Commodity control	498	280
Insurances	436	583
Software licenses	428	402
Security	383	493
State and municipal fees	264	131
Transportation	127	50
Holding fee	-	485
Other	679	505
	32,958	**31,183**

Rental costs include BGN 16,056 thousands (2013: BGN 16,056 thousand) rent of petrol stations, owned by a subsidiary and rented back under an operating lease contract.

10. Personnel expenses

	2014 BGN'000	2013 BGN'000
Wages and salaries	14,748	14,609
Social security contributions and benefits	2,987	3,272
Expenses related to defined benefit plans	72	62
	17,807	**17,943**

11. Impairment losses

	31 December 2014 BGN'000	31 December 2013 BGN'000
Recognised impairment loss on financial assets, including:	271,297	2,310
Impairment loss on investment in subsidiaries	*228,311*	-
Impairment loss on interest-bearing loans granted	*40,807*	*841*
Impairment loss on trade receivables	*2,179*	*1,469*
Reversed impairment loss on financial assets, including:	(43)	(143)
Reversed impairment loss on trade receivables	*(43)*	*(143)*
	271,254	**2,167**

At the year- end the company has made a detailed review of the collectability of trade and other receivables and loans granted. As a result of the review, due to difficulties in repayments and payments, it was considered reasonable to charge current year profit or loss account with impairment loss expenses of Trade and other receivables in the amount of BGN 2,167 thousand and of Borrowings in the amount of BGN 25,394.

In the process of preparation of these financial statements, with a view to reduced trading volumes of one of the subsidiaries and its impending restructuring, the company has judged that the carrying amount of investment exceeds its recoverable amount. In view of the conclusions of the examination an impairment loss on investments in subsidiaries was recognized in the amount of BGN 228,311 thousand. Impairment loss in the amount of BGN 15,425 thousand was also recognized on a loan granted to the same subsidiary, which represents the outstanding amount of the loan to the date of preparation of these financial statements.

12. Other expenses

	2014 BGN'000	2013 BGN'000
Scrap, shortages and written off assets	827	1,168
Loss on sale of PPE, incl.:	634	-
Sale proceeds	*(2,735)*	-
Carrying value	*3,369*	-
Entertainment expenses and sponsorship	563	348
Local taxes and taxes on expenses	442	330
Penalties and indemnities	168	64
Business trips	80	93
Expenses for insurance claims	40	17
Receivables written-off	4	73
Other	62	113
	2,820	**2,206**

13. Finance income and costs

	2014 BGN'000	2013 BGN'000
Finance income		
Interest income, including	6,634	7,556
Interest income on loans granted	*6,146*	*7,058*
Interest income on trade receivables	*476*	*488*
Other interest income	*12*	*10*
Income from dividends	413	9,287
Foreign exchange gains, net	-	3,857
Other finance income	-	13
	7,047	***20,713***
Finance costs		
Interest costs, including:	(13,445)	(16,033)
Interest expenses on trade loans	*(7,798)*	*(9,627)*
Interest expenses on debenture loans	*(3,227)*	*(3,322)*
Interest expenses on trade and other payables	*(2,420)*	*(3,084)*
Interest expenses on bank loans	-	-
Loss on PPE contributed to a subsidiary's equity	(2,410)	-
Negative exchange differences, net	(10,206)	-
Bank fees, commissions and other finance costs	(55)	(60)
	(26,116)	***(16,093)***
Finance income, net	**(19,069)**	**4,620**

14. Taxation

14.1. Tax expenses

Tax expense recognised in profit or loss includes the amount of current and deferred income tax expenses in accordance with IAS 12 *Income taxes.*

	2014 BGN'000	2013 BGN'000
Current tax expense (benefit)	-	(5,193)
Change in deferred tax, including:	26,915	(116)
Temporary differences recognised during the year	*27,113*	*193*
Temporary differences arisen during the year	*(198)*	*(309)*
Total tax expense	**26,915**	**(5,309)**

14.2. Effective tax rate

Reconciliation between accounting profit and tax expense and calculation of the effective tax rate as ofDecember 31, 2014 and 2013 is presented in the table below:

	2014 BGN'000	2013 BGN'000
Accounting profit (loss) for the year	284,982	(9,661)
Applicable tax rate	10%	10%
Tax expense (benefit) at the applicable tax rate	28,498	(966)
Tax effect of:		
Permanent differences	(38)	781
Adjusted tax asset in the current period, arisen in prior periods		69
Unrecognised tax asset in the current year, arisen in the current period	(1,545)	-
Correction of tax asset in the current year, arisen in previous periods	-	(5,193)
Tax expense	**26,915**	**(5,309)**
Effective tax rate	**9.4%-**	**54.9%**

14.2. Effective tax rate (continued)

The respective tax periods of the Company may be subject to inspection by the tax authorities until the expiration of 5 years from the end of the year in which a declaration was submitted, or should have been submitted. Consequently additional taxes or penalties may be imposed in accordance with the interpretation of the tax legislation. The Company's management is not aware of any circumstances which may give rise to a contingent additional liability in this respect.

The last tax audit of the Company commenced in December 2014 and encompasses social security's and personal income tax for the period December 2008 till December 2013, corporate income tax and value added tax for year 2013. As at the date of approval of these financial statements the tax audit has not been finalised.

14.3. Recognised deferred tax assets and liabilities

The Company has recognised deferred tax assets and liabilities and respective movement attributable to the following positions:

	Asset (liability) as at January 1, 2013 BGN'000	Recognised in profit and loss BGN'000	Asset (liability) as at December 31, 2013 BGN'000	Recognised in profit and loss BGN'000	Asset (liability) as at December 31, 2014 BGN'000.
Property, plant and equipment	(621)	23	(598)	(111)	(709)
Impairment of receivables	1,372	(126)	1,246	27,082	28,328
Provisions for unused paid leave and other provisions	112	(15)	97	(37)	60
Other temporary differences, including unpaid benefits to individuals	17	2	19	(19)	-
	880	**(116)**	**764**	**26,915**	**27,679**

The Company has the right to carry forward tax loss arisen in 2011 amounting to BGN 14,304 thousands and in 2012 amounting to BGN 5,167 thousands, in the next reporting periods to 2017 inclusive. Tax loss incurred in year 2014 amounts to BGN 15,453 thousand and can be carried forward till year 2019 incl.

15. Property, plant and equipment

	Land	Buildings	Plant and equipment	Vehicles	Other	Assets under constr.	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost							
Balance at January 2013	**9,896**	**12,214**	**30,924**	**828**	**6,713**	**266**	**60,841**
Additions	250	27	512	15	517	1,928	3,249
Transfers	-	-	166	-	5	(391)	(220)
Disposals	(211)	(50)	(4,251)	(2)	(680)	(17)	(5,211)
Balance at December 2013	**9,935**	**12,191**	**27,351**	**841**	**6,555**	**1,786**	**58,659**
Additions	68	52	579	1	110	2,704	3,514
Transfers	-	689	2,691	-	287	(3,667)	-
Disposals	(2,239)	(4,360)	(7,031)	(151)	(1,748)	(1)	(15,530)
Balance at December 2014	**7,764**	**8,572**	**23,590**	**691**	**5,204**	**822**	**46,643**
Accumulated depreciation							
Balance at January 2013	-	**4,606**	**17,534**	**730**	**4,876**	-	**27,746**
Accumulated	-	466	1,610	52	487	-	2,615
Disposals	-	(37)	(4,068)	(2)	(646)	-	(4,753)
Balance at December 2013	-	**5,035**	**15,076**	**780**	**4,717**	-	**25,608**
Additions	-	470	1,595	17	465	-	2,547
Transfers	-	-	(2)	-	2	-	-
Disposals	-	(1,481)	(3,646)	(151)	(1,415)	-	(6,693)
Balance at December 2014	-	**4,024**	**13,023**	**646**	**3,769**	-	**21,462**
Carrying amount at 1 January 2013	**9,896**	**7,608**	**13,390**	**98**	**1,837**	**266**	**33,095**
Carrying amount at 31 December 2013	**9,935**	**7,156**	**12,275**	**61**	**1,838**	**1,786**	**33,051**
Carrying amount at 31 December 2014	**7,764**	**4,548**	**10,567**	**45**	**1,435**	**822**	**25,181**

Property, plant and equipment with carrying amount of BGN 7,079 thousand (2013: BGN 7,103 thousand) were mortgaged as collateral under bank loans granted to the Controlling company until November 2013 and to third not related parties (see also notes 30 and 31).

Assets under construction include expenses in relation to reconstruction of construction sites.

16. Intangible assets

	Software	Licenses	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Cost				
Balance at January 2013	**172**	**3,114**	**707**	**3,993**
Additions	3	3	-	6
Transfers	220	-	-	220
Disposals	(28)	(1)	(5)	(34)
Balance at December 2013	**367**	**3,116**	**702**	**4,185**
Additions	-	43	10	53
Transfers	-	-	-	-
Disposals	(7)	(111)	-	(118)
Balance at December 2014	**360**	**3,048**	**712**	**4,120**
Accumulated depreciation				
Balance at January 2013	**122**	**2,126**	**349**	**2,597**
Accumulated	125	865	104	1,094
Disposals	(28)	(1)	(4)	(33)
Balance at December 2013	**219**	**2,990**	**449**	**3,658**
Accumulated	120	43	107	270
Disposals	(7)	(111)	-	(118)
Balance at December 2014	**332**	**2,922**	**556**	**3,810**
Carrying amount at 1 January 2013	**50**	**988**	**358**	**1,396**
Carrying amount at 31 December 2013	**148**	**126**	**253**	**527**
Carrying amount at 31 December 2014	**28**	**126**	**156**	**310**

17. Investments in subsidiaries

Subsidiary	Activity	31 December 2014 BGN '000.	31 December 2014 Share (%)	31 December 2013 BGN '000.	31 December 2013 Share (%)
Elit Petrol AD	Asset Management	70,915	99.99	70,915	99.99
Naftex Petrol EOOD	Wholesale of fuels	40,000	100	268,311	100
Varna Storage EOOD	Trade with petrol and petrol products	18,749	100	18,749	100
BPI EAD	Real estate management and other	5,364	100	5,364	100
Petrol Zapad EOOD	Trade with petrol products	2,991	100	-	-
Petrol Trans Express EOOD	Transport services	996	100	996	100
Petrol Gas EOOD	Wholesale of fuels	451	100	451	100
Petrol Technika EOOD	Service and maintenance of petrol stations	50	100	50	100
Petrol Properties EOOD	Real Estate and Moveable Property Trade	5	100	5	100
Petrol Eco Tour Invest EOOD	Consultancy and engineering services	5	100	5	100
		139,526		**364,846**	

In September 2012, the Governing Council met the decision to establish a 100% subsidiary named Petrol Eco Invest EOOD. The newly incorporated company is inscribed in the Commercial Register and in January, 2014 it name was changed to Petrol Eco Tour Invest EOOD.

In November, 2014 the Company established a 100% subsidiary Petrol Zapad EOOD by a non-monetary equity installment of property, plant and equipment and other tangible and intangible assets pertaining the 10 fuel stations total valued at BGN 2,992 thousand with carrying amount of BGN 5,402 thousand. As a result from the equity installment, loss of BGN 2,410 thousand was accumulated.

In 2014 the Company recognizes loss from impairment of investments in subsidiaries in the amount of BGN 228,311 thousand because of the reduced trading volumes in one of its subsidiaries and its forthcoming restructuring (see also Note 11).

All subsidiaries are domiciled in Bulgaria.

18. Inventories

	31 December 2014 BGN'000	31 December 2013 BGN'000
Goods, including:	18,831	16,202
Petrol products	*12,407*	*9,615*
Other goods	*6,424*	*6,587*
Materials	1,881	2,140
	20,712	**18,342**

19. Loans granted

	31 December 2014 BGN'000	31 December 2013 BGN'000
Long-term loans		
Loans granted to related parties, including	22,609	40,975
Initial value	*38,034*	*41,063*
Allowance for impairment	*(15,425)*	*(88)*
Loans granted to third parties, including	-	21,034
Initial value	*21,034*	*21,859*
Allowance for impairment	*(21,034)*	*(825)*
	22,609	**62,009**
Short-term loans		
Loans granted to related parties, including	10,627	2,444
Initial value	*16,133*	*7,862*
Allowance for impairment	*(5,506)*	*(5,418)*
Loans granted to third parties, including	810	8,320
Initial value	*5,999*	*8,336*
Allowance for impairment	*(5,189)*	*(16)*
	11,437	**10,764**
	34,046	**72,773**

Receivables from loans granted to related parties are disclosed in note 30.

In 2014 the company recognised an impairment loss on receivables from the related party that was a controlling entity till November 2013 on loans granted and interest receivable in the amount of BGN 25,382 thousand. Impairment loss was recognised because insolvency proceedings were initiated and difficulties in collecting the receivables were experienced.

Management performed an analysis of loans granted in order to determine their fair values and their respective level in the fair value hierarchy. Management considers that the carrying amounts of granted loans in the statement of financial position are reasonable approximations of their fair value as at December 31, 2014 and 2013 within Level 3 category. The Company also recognised impairment loss on a loan to a subsidiary to the amount of the outstanding loan receivables as at the date of preparation of these financial statements coming up to BGN 15,425 thousand (see note 11).

The Company's exposure to credit and currency risks and impairment losses related to granted loans is disclosed in note 28.

20. Trade and other receivables

	31 December 2014 BGN'000	31 December 2013 BGN'000
Receivables from related parties	23,554	23,135
Initial value	*29,297*	*29,014*
Allowance for impairment	*(5,743)*	*(5,879)*
Receivables from clients, including	25,828	26,998
Initial value	*25,895*	*27,065*
Allowance for impairment	*(67)*	*(67)*
Advances granted	1,218	628
Initial value	*2,267*	*1,677*
Allowance for impairment	*(1,049)*	*(1,049)*
Guarantees for participation in tender procedures	1,477	883
Deferred expenses	109	124
Litigations and writs	45	108
Initial value	*345*	*408*
Allowance for impairment	*(300)*	*(300)*
Other	1,146	376
Initial value	*2,568*	*665*
Allowance for impairment	*(1,422)*	*(289)*
	53,377	**52,252**

Receivables from related parties are disclosed in note 30.

In accordance with the adopted policy, the Company grants to its customers a credit period after the expiry of which penalty interest for overdue payment is accrued on the unsettled balance to the amount set in each individual contract.

As at the end of each reporting period the Company performs a detailed review and analysis of overdue trade receivables, as a result of which receivables evaluated as uncollectable are impaired. Other trade receivables usually overdue by more than 360 days are completely impaired, since the historical experience indicates they are not recoverable.

Management performed an analysis of the trade receivables in order to determine their fair values and their level in the fair value hierarchy. The Management considers that the carrying values of the trade and other receivables in the statement of financial position are reasonable approximations of their fair value as at December 31, 2014 and 2013 within Level 3 category.

The Company is of the opinion that unimpaired overdue receivables are collectible based on historical information about payments, guarantees received and a detailed analysis of the credit risk and collaterals of its customers.

The Company's exposure to credit, currency and impairment losses related to loans provided is disclosed in note 28.

21. Current income tax

The excess of corporate taxes paid during the current and prior periods above tax payables at the amount of BGN 499 thousand as at December 31, 2014 and 2013 is presented in the statement of financial position as refundable income tax.

22. Cash and cash equivalents

	31 December 2014 BGN'000	31 December 2013 BGN'000
Cash at banks	3,167	3,453
Cash in transit	2,855	7,254
Cash on hand	71	48
Cash and cash equivalents in Statement of Cash Flows	**6,093**	**10,755**
Blocked cash amount	450	-
Cash and cash equivalents in the Statement of Financial Position	**6,543**	**10,755**

The amount of BGN 450 thousand is presented as blocked cash amount and it represents an amount held at a bank account that is blocked as a bank guarantee under a bank loan agreement to serve as a security for a public tender.

Cash in transit comprises cash collected from fuel stations as at the end of the reporting period but actually received in the bank accounts of the Company in the beginning of the next reporting period.

23. Registered capital

The registered capital is presented at its nominal value in accordance with the court decision for registration. As at December 31, 2014 and 2013 The fully paid-in capital to the amount of BGN 109,250 thousand is distributed in 109,249,612 registered shares with a nominal value of BGN 1 each.

As of the end of the reporting period, the shareholders in the Company are as follows:

Shareholder	**31 December 2014**	**31 December 2013**
Alfa Capital AD	28.85%	28.85%
Julinor EOOD	23.11%	-
VIP Properties EOOD	18.31%	-
Correct Pharm EOOD	18.31%	18.31%
Corporate Commercial Bank AD	5.51%	7.96%
The Ministry of Economy and Energy of the Republic of Bulgaria	0.65%	0.65%
Naftex Petrol EOOD	0.34%	41.85%
Varna Storage EOOD	0.04%	0.04%
Other minority shareholders	4.88%	2.34%
	100.00%	**100.00%**

In January 2014, Naftex Petrol EOOD sells 45,349,000 of Petrol AD's shares on the regulated exchange market, representing 41.51% of the share capital. The main buyers are Julinor EOOD (25,244,585 shares) and VIP Properties EOOD (20,000,000 shares).

The order of distribution of profits and covering of losses is set out in the Commercial Act and the Articles of Association of the Company. The Company retains at least 1/10 of the profit in fund "Reserves" until it reaches 1/10 of the capital.

24. Basic net earnings (loss) per share

Earnings (loss) per share is calculated on the basis of net profit (loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period.

	31 December 2014	**31 December 2013**
Weighted average number of shares (in thousands)	109,250	109,250
Profit (loss) in thousands of BGN	(258,067)	4,352
Earnings (loss) per share (BGN)	**(2.36)**	**0.04**

25. Loans and borrowings

	31 December 2014 BGN'000	31 December 2013 BGN'000
Non-current liabilities		
Trade loans from related parties	81,149	65,194
Debenture loans	36,073	35,902
	117,222	**101,096**
Current liabilities		
Trade loans from related parties	-	17,080
Debenture loans	2,838	2,838
	2,838	**19,918**
	120,060	**121,014**

The loans received from related parties are disclosed in note 30.

In December 2014 the Company signed an Annex to loan agreement with a related party, where the loan currency was changed from USD to BGN.

In October, 2006 the Company issued 2,000 registered transferable debenture notes 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 bond. The principal is due in one payment at the maturity date. At the general meetings of the note holders conducted in the end of year 2011, it was decided to extend the term of the issue until January 26, 2017.

The issue is secured by the Company's receivables on granted loans to the Controlling Company until November 2013 and by a corporate guarantee issued by a subsidiary. Interest is paid once a year. The annual effective interest rate after the extension is 8.7%. The purpose of issue is providing of working capital, financing in investment projects and restructuring of a previous Company's debt.

In 2013 the Company redeemed a principal of the bond with a face value EUR 13,213 thousand. As at the date of these financial statements, the face value of the bond liability is EUR 18,659 thousand.

The bond liabilities are presented in the statement of financial position at amortised cost.

The fair value of the bond liability as at December 31, 2014 is BGN 36,494 thousand. (2013: BGN 36,494 thousand) calculated at an interest rate of 9.12% (2013: 9.12%).

26. Obligation for defined benefit retirement compensations

As at December 31, 2014 the Company accrued retirement benefits to the amount of BGN 383 thousand. The liability is determined on the basis of an actuarial valuation grounded on assumptions for mortality, disability, employment turnover, salary increases, etc. The present value of the liability is calculated using a discount factor of 3.5% (2013: 4%).

Movement in the present value of the defined benefit retirement compensations:

	2014 BGN'000	2013 BGN'000
Present value of defined benefit obligations at 1 January	**384**	**351**
Benefits paid by the plan	(85)	(52)
Current service cost	52	48
Interest expense	13	14
Past service cost	7	-
Expenses recognized in profit or loss	**72**	**62**
Remeasurements of defined benefit retirement compensations recognised in other comprehensive income	12	23
Present value of defined benefit obligations at 31 December	**383**	**384**

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	31 December 2014	31 December 2013
Discount rate at 31 December	3.5%	4%
Future salary increases	4%	4%

Assumptions regarding mortality growth presents the probability employees to live to a certain age giving them right to a pension. It is calculated for each employee separately based on their gender and their current age at the moment of performing the valuation. As at December 31, 2014 and December 31q 2013 a table was used indicating mortality and average longevity of Bulgarian population for the period 2008-2010 of the National Statistical Institute.

The following table presents a sensitivity analysis against the main mortality assumptions as at December 31, 2014 based on a method which extrapolates the effect on the retirement benefit obligations with a reasonable change in the main assumptions as at the end of the reporting period.

26. Obligation for defined benefit retirement compensations (continued)

Main assumptions	Change with one point	Effect BGN'000
Discount rate	1%	(26)
Discount rate	-1%	29
Staff turnover, annually	-1	27
Staff turnover, annually	1	(27)
Salary growth	1%	19
Salary drop	-1%	(19)
Mortality (probability for dying by age)	-50%	17
Mortality (probability for dying by age)	50%	(16)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

27. Trade and other payables

	31 December 2014 BGN'000	31 December 2013 BGN'000
Payables to suppliers	38,111	11,977
Payables to related parties	27,402	39,510
Payables to personnel and social security funds	1,346	2,050
Withholding and other tax payables	1,219	1,695
Advances received	883	58
Deferred income	329	307
Other provisions	-	279
Other	964	1,280
	70,254	**57,156**

Related party payables are disclosed in note 30.

27. Trade and other payables (continued)

The Company accrues unused paid leave provision of employees in compliance with *IAS 19 Employee Benefits*. The movement in the provision for the period is as follows:

	31 December 2014 BGN'000	31 December 2013 BGN'000
Balance at the beginning of the year	343	500
Accrued during the year	165	173
Utilised during the year	(208)	(330)
Balance at the end of the year, including:	**300**	**343**
Paid leaves	*243*	*291*
Social security on paid leaves	*57*	*52*

The balance at the end of the year is presented in the statement of financial position together with current payable to personnel.

Management performed an analysis of trade payables in order to determine their fair values and their level in the fair value hierarchy. Management considers that the carrying amounts of the current payables in the statement of financial position are reasonable approximations of their fair value as at December 31, 2014 and 2013 within Level 3 category.

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 28.

28. Financial instruments and risk management

28.1. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for current financial instruments for which Management believes that their carrying amount in the statement of financial position is a reasonable approximation of fair value.

31 December 2014, BGN'000	*Note*	Financial assets and liabilities		Total	Fair value, Level 3
		Loans granted and receivables	Other financial liabilities		
Financial assets					
Loans granted (short-term and long-term)	*19*	34,046	-	34,046	34,046
Trade and other receivables, net	*20*	49,427	-	49,427	
Cash and cash equivalents	*22*	6,543	-	6,543	
		90,016	-	**90,016**	**34,046**
Financial liabilities					
Trade and other payables	*27*	-	(59,667)	(59,667)	
Loans received (short-term and long-term)	*25*	-	(120,060)	(120,060)	(117,222)
		-	**(179,727)**	**(179,727)**	**(117,222)**

28.1. Accounting classifications and fair values (continued)

31 December 2013, BGN'000	Note	Financial assets and liabilities		
		Loans granted and receivables		Loans granted and receivables
Financial assets				
Loans granted (short-term and long-term)	19	72,773	-	72,773
Trade and other receivables, net	20	51,374	-	51,374
Cash and cash equivalents	22	10,755	-	10,755
		134,902	**-**	**134,902**
Financial liabilities				
Trade and other payables	27	-	(52,767)	(52,767)
Loans received (short-term and long-term)	25	-	(121,014)	(121,014)
		-	**(173,781)**	**(173,781)**

28.2. Measurement of fair values

Trade and other receivables

Determining the fair value of trade and other receivables includes the following:
- analysis of analytical trail balances and reporting of internal transformations;
- differentiation between receivables and payables, excluding the presumption of future offsetting of receivables from different customers;
- valuation of receivables based on their collectability;
- revaluation of receivables in foreign currencies at the respective rates as at the date of the financial statements.

Debenture loan

The fair value of the debenture liability is determined on the basis of a quotable price as at the date of the financial statement, in case the instrument is quoted at an active market. In case it is not actively traded, the fair value is determined on the basis of alternative valuation techniques. The valuation techniques used include analysis of discounted cash flows through expected future cash flows and discount level in relation with the market, the credit rating of the issuer, etc. The fair value is determined only for disclosure purposes.

Trade and other payables

Determining the fair value of trade and other payables includes the following:
- complete review of payables as at the date of valuation;
- identification of overdue payables and determination of interests and penalties due;
- revaluation of payables in foreign currencies at rates as at the date of the financial statements.

Receivables and payables in relation with trade loans

Fair values of received and granted trade loans are determined for the purposes of disclosure and are calculated on the basis of the present value of future cash flows of principals and interest discounted at a market interest rate as at the date of the financial statements.

28.3. Financial risk management

28.3.1. Risk management framework

The use of financial instruments exposes the Company to market, credit and liquidity risk. In the present note information about the purposes, policies and procedures in risk management and equity management is presented.

As a result of the global financial and economic crisis, the Bulgarian economy has been experiencing a continuing decline in its development which affects a wide range of industries. This leads to a noticeable deterioration in cash flows and reduction in income and eventually - to a significant deterioration of the economic environment in which the Company operates. In addition, there is a significant increase in price risk, market risk, credit risk, interest rate risk, liquidity risk and other types of financial risks to which the Company is exposed.

As a result, there has been an increase in uncertainty about the customers' ability to repay their obligations in accordance with the agreed terms. Therefore, the amount of impairment losses on loans granted, sales receivables and on the values of other accounting estimates, might differ substantially in future reporting periods from the reported ones in these separate financial statements. The Management of the Company applies the necessary procedures to manage these risks.

28.3.2. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Because of the nature of its activity, the Company is exposed to price, currency and interest rate risk.

Currency risk

The Company performs transactions in a currency other than its functional currency then it is exposed to risk related to potential foreign exchange rate fluctuations. Such risk arises mainly from the fluctuations of the of the US dollar, since the Company perform purchases and has received loans denominated in US dollars. Transactions primarily denominated in euro do not expose the Company to currency risk, since the Bulgarian lev is fixed to the euro effective January 1, 1999.

Financial assets and liabilities denominated in US dollars are presented in the following table:

28.3.2. Market risk (continued)

	31 December 2014		31 December 2013	
	USD'000	BGN'000	USD'000	BGN'000
Financial assets				
Cash and cash equivalents	10	16	12	17
	10	**16**	**12**	**17**
Financial liabilities				
Liabilities on interest -bearing loans	-	-	(57,980)	(82,275)
	-	-	**(57,980)**	**(82,275)**

The sensitivity analysis to currency risk is calculated based on an 6% fluctuation in the exchange rate of the US dollar towards the Bulgarian lev. The Management considers that it is a reasonably possible fluctuation on the basis of statistical data for the dynamics of fluctuations in the exchange rate in the previous period based on the daily deviation calculated for 250 days. If as at December 31, 2014 the rate of the US dollar had decreased/ increased by 6% assuming that all other variables remained constant, the profit after tax would have increased/decreased by BGN 1 thousand, mainly as a result of exchange rate differences from revaluation of bank loans in US dollars. Profit after tax in 2014 is less sensitive to fluctuations in the foreign exchange rates compared to profit in 2013 due to decreased exposure on bank loans in USD. The latter resulted from a change in the borrowing currency form USD to BGN on a loan from a related party.

Interest rate risk

As at the date of these separate financial statements the structure of the interest-bearing financial instruments is as follows:

Instruments with fixed interest rate	**31 December 2014 BGN'000**	**31 December 2013 BGN'000**
Financial assets	29,083	69,431
Financial liabilities	(115,857)	(117,394)
	(86,774)	**(47,963)**

The Company constantly monitors and analyses the main interest rate exposures and develops different optimization scenarios such as refinancing, renewing existing loans, alternative financing (sale and leaseback contracts of assets) and calculates the impact of the fluctuation of the interest rate on the financial result.

Price risk

The Company is exposed to a risk of frequent and sharp fluctuations in fuels prices and other tradable goods. In order to decrease sensitivity to fluctuations in the prices of fuels, the Company updates its selling prices on a daily basis in accordance with the geographic region and the selling prices of its main competitors.
The Company maintains relatively high inventories turnover. Inventories are sold and replaced for approximately 9 days, which limits the Company's exposure to price risk.

28.3.3. Credit risk

Credit risk is the risk that one of the parties on the financial instrument will fail to perform its obligation, thus causing loss in the other party. Financial assets, which potentially expose the Company to credit risk, are mostly receivables on sales and loans granted.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk the Company is exposed to. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	31 December 2014 BGN'000	31 December 2013 BGN'000
Loans granted	19	34,046	72,773
Trade and other receivables	20	49,427	51,374
Cash and cash equivalents	22	6,472	10,707
		89,945	**134,854**

Trade and other receivables

The Company is mainly exposed to credit risk in case its customers do not meet their payment obligations. The policy of the Company regarding credit risk is to sell goods and services only to customers with appropriate credit standing and to use adequate collaterals as a means of reducing the risk of financial losses. The creditworthiness of customers is estimated by taking into consideration financial position, past experience and other factors. Credit limits have been stipulated and their compliance is regularly monitored. Retail sales are settled in cash predominantly or by credit cards.

Impairment of trade and other receivables

The aging of trade and other receivables overdue at the reporting date that were not impaired was as follows:

	31 December 2014 BGN'000	31 December 2013 BGN'000
Less than 30 days	774	1,888
31 - 120 days	663	1,007
121 - 210 days	195	532
211 - 360 days	135	633
Over 360 days	3,860	3,860
	5,627	**7,920**

28.3.3. Credit risk (continued)

The Company considers that overdue amounts that have not been impaired are collectable on the basis of historical information for payments, guarantees granted and a detailed analysis of credit risk and collaterals from the respective clients. Until the reporting date 32% of the overdue amounts were collected.

Receivables not overdue and not impaired amount to BGN 47,641 thousand as at December 31, 2014. (2013: BGN 44,208 thousand).

Cash and cash equivalents

The cash and cash equivalents are held with financial institutions, which ratings are as follows: Fitch Ratings: BBB+ и BBB, Moody's: B1, BACR: BB+ and B+.

Guarantees

The Company presents guarantees mainly for participation in tender procedures under the Public Procurement Act. Petrol AD is exposed to credit risk relating to payables to related and third parties (see also note 31).

28.3.4. Liquidity risk

Liquidity risk is the risk that the Company will fail to meet its financial liabilities when due. The policy regarding liquidity risk is focused on holding enough liquid resources to serve the Company's liabilities when they become due, including emergency and unpredicted situations.

The following table represents the contractual maturities of financial liabilities based on the earliest date, on which the Company may be obliged to settle them. The table shows undiscounted cash flows, including principals and interest, excluding the impact of netting agreements:

31 December 2014, BGN'000	**Carrying amount**	**Contracted cash flows**	**Up to 1 year**	**From 1 to 5 years**
Debenture loans	38,911	45,663	3,057	42,606
Trade loans	81,149	99,046	9,130	89,916
Trade and other payables	59,667	59,667	59,667	-
	179,727	**204,376**	**71,854**	**132,522**

31 December 2013, BGN'000	**Carrying amount**	**Contracted cash flows**	**Up to 1 year**	**From 1 to 5 years**
Debenture loans	38,740	48,785	3,122	45,663
Trade loans	82,274	103,680	23,908	79,772
Trade and other payables	52,767	52,767	52,767	-
	173,781	**205,232**	**79,797**	**125,435**

The Company does not expect cash flows included in the table to arise significantly earlier, or at significantly different amounts.

Equity management

In accordance with the requirements of art. 252 of the Commercial law the Company shall maintain its net assets above the value of registered capital. As at December 31, 2014 and 2013 the Company meets these requirements, since its net assets are BGN 336,538 thousand and BGN 375,255 thousand, respectively, and the registered capital is BGN 109,250 thousand.

29. Operating lease

The Company is a lessee under an operating lease contract with a subsidiary company. As at December 31, 2014 in relation with the operating lease contract the Company recognised expenses in profit or loss amounting to BGN 16,056 thousand. (2012: BGN 16,056 thousand), which represent lease of petrol stations contributed in-kind in a subsidiary and leased back under an operating lease contract.

30. Disclosure of related parties and related parties transactions

Related parties which the Company controls and over which it exercises significant influence are disclosed in note 17.

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

Related Party	
Naftex Petrol EOOD	Subsidiary
Naftex Security EAD	Subsidiary of Naftex Petrol EOOD
Jurex Consult AD	Subsidiary of Naftex Petrol EOOD
Eurocapital Bulgaria AD	Subsidiary of Naftex Petrol EOOD
Petrol Trans Express EOOD	Subsidiary
Petrol Technika EOOD	Subsidiary
BPI EAD	Subsidiary
Petrol Gas EOOD	Subsidiary
Petrol Properties EOOD	Subsidiary
Elit Petrol AD	Subsidiary
Petrol Eco Invest EOOD	Subsidiary
Varna Storage EOOD	Subsidiary
Petrol Zapad EOOD	Subsidiary

The performed transactions mainly relate to:

- purchase and sale of liquid fuels;
- loans grants and receipts;
- purchase and sale of property, plant and equipment;
- rental fees and other services.

30. Disclosure of related parties and related parties transactions (continued)

The volume of transactions with related parties for 2014 and 2013 is as follows:

Related party	**2014 BGN'000 Sales of goods and services**	**2013 BGN'000 Sales of goods and services**	**2014 BGN'000 Purchase of goods and services**	**2013 BGN'000 Purchase of goods and services**
Controlling company and Parent company until November 2013	-	189	-	485
Subsidiaries	4,155	3,400	217,507	459,270
Subsidiaries of Naftex Petrol EOOD	36	27	439	668
Companies under common control until November 2013	-	265	-	1,247
	4,191	**3,881**	**217,946**	**461,670**

Related party	**2014 BGN'000 Finance income**	**2013 BGN'000 Finance income**	**2014 BGN'000 Finance costs**	**2013 BGN'000 Finance costs**
Controlling company and Parent company until November 2013	-	2,070	-	245
Subsidiaries	4,508	14,275	10,126	11,781
Subsidiaries of Naftex Petrol EOOD	-	5	-	-
Companies under common control until November 2013	-	35	-	-
	4,508	**16,385**	**10,126**	**12,026**

As at December 31, 2014 and 2013 outstanding balances with related parties are as follows:

Related party	**31 December 2014 BGN'000 Receivables**	**31 December 2013 BGN'000 Receivables**	**31 December 2014 BGN'000 Payables**	**31 December 2013 BGN'000 Payables**
Subsidiaries, including	59,054	69,255	108,551	121,744
Long-term loans	*22,609*	*40,975*	*81,149*	*65,194*
Short-term loans	*10,627*	*2,444*	-	*17,080*
Receivables from dividends	*23,470*	*23,057*	-	-
Subsidiaries of Naftex Petrol EOOD	10	9	-	40
Key management personnel	-	1,153	-	-
	59,064	**70,417**	**108,551**	**121,784**

In December 2011 the Company received a long-term loan from a subsidiary in relation with the repurchase of issued bonds at the amount of USD 80,400 thousand, with the Bulgarian leva equivalent of the principal as at December 31, 2014 amounting to BGN 79,784 thousand. (2013: BGN 81,492thousand), at nominal interest rate 9.6% and with maturity date November 25, 2018. During 2014 the currency of the loan was changed from USD to BGN.

30. Disclosure of related parties and related parties transactions (continued)

In October, 2014 the Company granted a loan to a subsidiary in the amount of BGN 2,500 thousand at nominal interest rate 9.6% and with maturity date September, 30, 2015.

The loans granted and trade receivables from related parties were not secured.

The total amount of key management personnel remuneration of the Company included in the personnel expenses amounts to BGN 1,190 thousand. (2013: BGN 1,111 thousand).

31. Contingent liabilities

As at December 31, 2014 the Company has contingent liabilities including guaranteed promissory notes amounting to BGN 15 thousands, guaranteed promissory notes to third parties for liabilities of related parties to the amount of BGN 18,629 thousand, and promissory notes for mortgages on plant, machinery and equipment in relation with bank loans granted to third parties and related parties with a total carrying amount of BGN 7,079 thousand. The Company is a co-debtor for lease obligations of related parties amounting to BGN 4,890 thousand and a guarantor of a subsidiary under a frame credit limit for amounts up to BGN 109,372 thousand, and a guarantor of another subsidiary for the amount of BGN 24,533 thousand.

The Company has pledged inventory in the amount of BGN 5,467 thousand. The Company has pledged its own trademarks as a guarantee to loans to a third party.

In order to secure its liabilities under the Public Procurement Act the Company has set up bank guarantees amounting to BGN 1,786 thousand as at the end of the reporting period. The Company has also set up a bank guarantee in favour of a third party for fuel delivery amounting to BGN 50,000 thousand.

32. Subsequent events

At the beginning of the month of January 2015, a decision on the sale of the investment in the subsidiary Petrol Zapad EOOD to a third party was met. The agreed price was BGN 2,992 thousand, which is settled on the day of the signing of the contract for the disposal of the subsidiary.

In February 2015, the company has purchased 99% of the equity of Petrol Technologies EOOD for BGN 495, which was subsequently renamed to Petrol Finance OOD.

In February 2015 the company has entered into a cession with a third party that transfers receivables from a related to the company party originating from a loan agreement with a principal of BGN 3,050 thousand for selling price of BGN 840 thousand.

In March, 2015 the Company passed its entire equity holding in Varna Storage EOOD (100% subsidiary) to another subsidiary for a selling price of BGN 51,600 thousand. As at the date of signing the equity disposal contract, the agreed price was settled in full.