

“MIRKAT” OOD
Corporate financial statements
31 December 2010

CONTENT

	Page
Statement of financial position	2
Statement of financial position	3
Income statement	4
Statement of cash flows (indirect method)	5
Statement of changes in equity	6
Notes to financial statements	7

Statement of financial position as at 31.12.2010

	Notes	2010 BGN'000s	2009 BGN'000s
Assets			
Non-current			
Property, plant and equipment	4	7189	6828
Intangible assets	5	56	53
Long - term receivables	6	25550	34285
Deferred tax assets	7	396	166
		33191	41332
Current			
Inventories	8	9307	11294
Trade receivables	9	13876	13198
Related parties receivables	28.3	93	16
Tax receivables	10	405	405
Other receivables	11	2961	2230
Cash and cash equivalents	12	1689	1343
Prepaid expenses	13	254	162
		28585	28648
Total assets		61776	69980

Prepared by: Fincomex Auditing OOD
Date: 21.02.2011

Manager: E. Anganakis

Audited by: Lilia Nikolova

Date of certification:

Statement of financial position as at 31.12.2010

	Notes	2010 BGN'000s	2009 BGN'000s
Equity			
Share capital	14.1	165	165
Revaluation reserve	14.2	207	207
Other reserves		95	95
Retained earnings		10941	13148
Total equity		11408	13615
Liabilities			
Non-current			
Long-term financial liabilities	15	11841	8398
Employee benefits	20.3	25	23
Other non-current liabilities	16	4	4
		11870	8425
Current			
Short-term financial liabilities	17	16753	29100
Trade payables	18	461	667
Related parties payables	20.3	20449	17130
Tax liabilities	19	190	344
Payables to employees and social security institutions	20	114	145
Other payables	21	531	554
		38498	47940
Total liabilities		50368	56325
Total equity and liabilities		61776	69980

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Date of certification:

The notes on pages 7 to 30 are an integral part of the financial statements

Statement of comprehensive income for the year ended at 31.12.2010

	Notes	2010 BGN'000s	2009 BGN'000s
Sales revenue:	22	12431	13372
Goods for resale		10726	11534
Services		679	693
Other		1026	1145
Cost of materials	0	(467)	(217)
Hired services expenses	24	(3477)	(4068)
Employee benefit expenses	20.1	(1242)	(1504)
Depreciation, amortization and impairment of non-financial assets	4,5	(599)	(1236)
Other expenses	25	(365)	(94)
Cost of sold goods and other assets		(9138)	(8844)
Operating result		(2857)	(2591)
Finance income	26	2306	2664
Finance expenses	26	(1866)	(1817)
Net finance expense		440	847
Profit (loss) for the year before tax		(2417)	(1744)
Profit before income tax	27	231	169
Net profit (loss) for the period		(2186)	(1575)
Total comprehensive income for the period		(2186)	(1575)

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Statement of cash flows (indirect) method for the year ended at 31.12.2010

	Notes	2010 BGN'000s	2009 BGN'000s
Operating activities			
Result for the year before tax		(2417)	(1744)
Adjustments		159	393
Increase/ decrease in inventories		2029	536
Increase/ decrease in trade and other receivables		7155	6904
Increase/ decrease in trade and other payables		3588	(5411)
Taxes paid		-	(74)
Net cash flows from operating activities		10514	604
Investing activities			
Purchase of property, plant and equipment		(1372)	(2080)
Proceeds from sale of property, plant and equipment		409	91
Purchase of intangible assets		-	-
Interest received		1525	1973
Net cash flows from investing activities		562	(16)
Financing activities			
Proceeds from bank loans		6826	9694
Repayment of bank loans		(15730)	(8473)
Payment of bank charges		(78)	(69)
Interest paid		(1746)	(1711)
Net cash flows from financing activities		(10728)	(559)
Cash and cash equivalents, beginning of year		1343	1317
Exchange gains/(losses) on cash and cash equivalents		(2)	(3)
Net increase/(decrease) in cash and cash equivalents		346	26
Cash and cash equivalents, end of year	12	1689	1343

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Statement of changes in equity for the year ended at 31.12.2010

All amounts presented in BGN'000's	Share Capital	Premium reserve	Revaluation reserve	Retained earnings	Total Equity
Balance 1 January 2009	165	95	207	14698	15165
Other changes in equity	-	-	-	25	25
Total comprehensive income for the period	-	-	-	(1575)	(1575)
Balance 31 December 2009	165	95	207	13148	13615
Balance 1 January 2010	165	95	207	13148	13615
Other changes in equity	-	-	-	(21)	(62)
Total comprehensive income for the period	-	-	-	(2186)	(2182)
Balance 31 December 2010	165	95	207	10941	11408

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Date: 21.02.2011

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Date of certification:

Notes to the financial statements

1 General information

“MIRKAT” OOD is registered as a limited liability company at the Sofia City Court under company case file No. 13448/1993, with a domicile and a registered office located at: No.22 Petrohan street, City of Sofia, Republic of Bulgaria. The Company is managed and represented by Elefterios Anganakis.

The principal activity of the Company consists of:

- sales and leasing of cars and motorcycles of the SUZUKI trade mark
- sales and leasing of trucks of the FORD trade mark
- sales and leasing of tractors of the Mc Cormick trade mark
- sales of electricity generators, propeller engines for motorboats of the SUZUKI trade mark etc.

The financial report as of 31 December 2010 (including the comparative information as of 31 December 2009) was approved and endorsed by the Managing Director of the Company on 22 February 2011.

2 Basis for the preparation of the financial statements

The financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) as developed and published by the International Accounting Standards Board (IASB) and applied in European Union. As at 31.12.2010 IAS include International Accounting Standards (IAS), International Financial Reporting Standards (IFRSs), International Financial Reporting Interpretation Committee (IFRIC). The company has been considered all related standards and interpretations as at the date of preparing its financial statement. The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The owner of 99 % of “Mirkat” Ltd.’ s share capital is the Greek company “Sfakianakis” A.E.B.E. The company owner has been prepared a consolidated financial statement which includes the subsidiary company “Mirkat” Ltd.

The notes on pages 7 to 30 are an integral part of the financial statements

3 Significant accounting policy

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and certain financial assets and liabilities. The measurement bases are more fully described in the accounting policies below. All financial information presented in BGN for the year 2009 and 2010 has been rounded to the nearest thousand.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3.2 Foreign currency translation

The separate elements of the financial statements of the Company are in the currency of the main economic environment in which it carries out its activities (“functional currency”). Company’s financial statements are presented in Bulgarian Leva (BGN), which is also is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognized in the income statement.

The Currency Board was introduced in Bulgaria on 01 July 1997 following the recommendations by the International Monetary Fund (IMF) and fixed the value of the BGN against the DEM in ration 1:1. Following the introduction of the EURO, the BGN was fixed to the EURO at rate 1 EURO = 1.95583 BGN. On 31 December 2010 the closing exchange rate of the BGN in relation to the Japanese Yen was 100 JPY = BGN 1.80694, in relation to the US Dollar – 1USD = BGN 1.47276, and in relation to the pound sterling – 1GBP = BGN 2.27369.

3.3 Income and expense recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates, allowed by the Company. In case of similar assets with similar values are exchanged, the transaction is not recognized as generating income.

Revenue from sale of goods is recognized, provided all of the following conditions are satisfied:

The notes on pages 7 to 30 are an integral part of the financial statements

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- The value of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the enterprise;
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is recognized, when the outcome of the transaction can be measured reliably.

Operating expenses are recognized in the income statement upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized. Interest income and expenses are reported on an accrual basis. Dividends received, other than those from investments in associates, are recognized at the time of their distribution.

3.4 Borrowing costs

All borrowing costs are expensed as incurred. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

3.5 Intangible assets

Intangible fixed assets are measured initially at cost. If an intangible asset is acquired separately, the cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition.

After initial recognition, according to the benchmark treatment, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the current period income statement.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognized as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance; and this expenditure can be measured and attributed to the asset reliably. If these two conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

Amortization is calculated using the straight-line method over the estimated useful life of individual assets as follows:

	2010	2009
• software	2 years	2 years
• others	4-7 years	4-7 years

Careful judgment by Company’s management is applied when deciding whether the recognition requirements for development costs have been met. Judgments are based on the best information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by Company’s management.

The recognition threshold, selected by the Company for intangible fixed assets amounts to BGN 700.

3.6 Property, plant and equipment

With the IFRS implement for a first time, the company has chose to execute the model of revaluation of the position “Buildings” from the entry “Estate, machinery and equipment”, as an accepted value.

An item of property, plant and equipment is initially measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent to initial recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses according to benchmark treatment. Impairment losses are recognized in the current period income statement.

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized in the financial statements is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as an expense in the period in which it is incurred.

Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract in shorter.

Depreciation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

	2010	2009
• Buildings	25 years	25 years
• Machines	3-4 years	3-4 years

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• Vehicles	10 years	3-4 years
• Fixtures & Fittings	6-7 years	6-7 years
• IT equipment	2 years	2 years
• Others	6-7 years	6-7 years

The recognition threshold, selected by the Company for tangible fixed assets amounts to BGN 700.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Adjustments are treated as changes in the estimation and enter into force as at the date changing.

Development expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

3.7 Leases

In the Lessee's Statements

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.

The related asset is recognized at the time of inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs.

Assets acquired under the terms of finance lease are depreciated in accordance with IAS 16 Property, plant and equipment or IAS 38 Intangible assets.

All other leases are treated as operating lease agreements. Operate lease payments are recognized as an expense on a straight-line basis. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

The notes on pages 7 to 30 are an integral part of the financial statements

In the Lessor's Statements

Assets subject to operating lease agreements are presented in the balance sheet and are depreciated in accordance with the lessor's normal depreciation policy for similar assets. The depreciation charge are calculated on the basis set out in IAS 16, Property, plant and equipment and IAS 38 Intangible assets. Lease income is recognized on a straight line basis in the Income statement for the period of the lease agreement.

Assets held under a finance lease agreement are presented in the balance sheet as a receivable at amount equal to the net investment in the lease. The sales revenue from assets is recognized in the current year Income statement. The spreading of the financial income, through the whole term of the leasing contract has been performed on the systemic and rational base. The recognition of the financial income has been based on such model that is affecting a constant percent of returnability over the net investment.

3.8 Impairment testing of goodwill, other intangible assets and property, plant and equipment

The Company's assets are subject to impairment testing at every balance sheet date, other intangible assets and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation.

Impairment losses recognized for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

3.9 Financial assets

Company's financial assets include cash and financial instruments other than hedging instruments. They can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, held-to-maturity investments and

The notes on pages 7 to 30 are an integral part of the financial statements

available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are initially recognized at cost plus related transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in the Income statement.

Trade receivables are provisioned when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the carrying amount of the asset and the present value of estimated future cash flows.

3.10 Inventories

Inventories comprise raw materials and supplies, purchased goods. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. At the balance sheet date, inventories are carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. In case inventories have already been impaired to their net realizable value and in the following period the impairment conditions are no longer present, than a new net realizable value is determined up to the initial value prior impairment. The inventory recovery amount is accounted for as decrease in inventory expenses for the period in which the recovery takes place.

The costs of inventories are assigned by using the concrete identification of the value of inventories.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

3.11 Accounting for income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claim from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to

The notes on pages 7 to 30 are an integral part of the financial statements

current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax basis. However, in accordance with the rules set out in AS 12, no deferred taxes are recognized in conjunction with goodwill. This applies also to temporary differences associated with shares in subsidiaries and joint ventures if the Company can control reversal of these temporary differences and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets. Deferred tax asset in relation to carried forward losses is recognized to the extent that the realization of the related tax benefits through the future taxable profits is probable.

Deferred tax liabilities are always recognized in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be offset against future taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged directly to equity (such as the re-evaluation of land) are debited or credited directly to equity.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as current bank accounts, short term or highly liquid investments which can easily be turned into money and contain insignificant risk of change in value.

3.13 Equity

The company capital of “Mirkat” OOD reflects the nominal value of the shares.

The revaluation reserve consists of profits and losses related to the revaluation of certain categories of buildings.

Retained earnings include all current and prior period results as determined in the income statement.

The notes on pages 7 to 30 are an integral part of the financial statements

3.14 Pension obligations and short term employee benefits

The Company reports short-term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short term payables to personnel include wages, salaries and related social security payments.

Definitive retirement incomes - According to the Labour Code as at the date of employee retirement, the Company effect compensation at the amount of two gross salaries if the length of working period in the company in less than ten years. If the employee has been working more than 10 years in the company then the amount of the compensation is at the amount of six gross salaries. The current value of the liability has been calculated on the base of the actuarial valuation from independent experts.

3.15 Financial liabilities

The Company's financial liabilities include bank loans and overdrafts, trade and other payables and financial lease liabilities.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the Income statement.

Bank loans are raised for support of long - term funding of the Company's operations. They are recognized at proceeds received, net of direct issue costs. Financial charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividend distributions to shareholders are included when the dividends are approved by the shareholders' meeting.

3.16 Other provisions, contingent liabilities and contingent assets

Provisions, representing current obligations of the Company arising from past events, the settlement of which is expected to result in an outflow of resources, are recognized as liabilities. A provision is recognized only when the following conditions are present:

- The Company has a present obligation as a result of a past event;

The notes on pages 7 to 30 are an integral part of the financial statements

- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. In reaching the best estimate of the provision, the Company takes into account the risks and uncertainties that inevitably surround many events and circumstances as well as the effect of the time value of the money, when it is material.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The Company does not recognize contingent assets in the financial statements as possible obligations arise, whose existence is not yet confirmed or this may result in the recognition of income that may never be realized.

3.17 Determination of fair value

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. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivatives financial liabilities

The fair values which are determined for disclosure purposes is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. For a financial leasing the market interest rate is estimated according to similar contracts.

The notes on pages 7 to 30 are an integral part of the financial statements

4 Property, plant and equipment

	Land	Buildings	Machines Equipment	Vehicles	Other	Total
	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s	BGN'000s
At 1 January 2009						
Cost or valuation	3051	702	115	3744	461	8073
Accumulated depreciation	-	(284)	(74)	(1155)	(69)	(1582)
Net book amount	3051	418	41	2589	392	6491
Year ended 31 December 2009						
Opening net book amount	3051	418	41	2589	392	6491
Additions	45	35	284	1580	136	2080
Disposals (at net book value)	-	-	(72)	(475)	(403)	(950)
Depreciation charge	-	(30)	36	(793)	(6)	(793)
Closing net book amount	3096	423	289	2901	119	6828
At 31 December 2009						
Cost or valuation	3096	737	327	4849	194	9203
Accumulated depreciation	-	(314)	(38)	(1948)	(75)	(2375)
Net book amount	3096	423	289	2901	119	6828
Year ended 31 December 2010						
Opening net book amount	3096	423	289	2901	119	6828
Additions	-	16	27	1225	56	1324
Disposals (at net book value)	-	-	-	(1049)	(78)	(1127)
Depreciation charge	-	(39)	(27)	254	(24)	164
Closing net book amount	3096	400	289	3331	73	7189
At 31 December 2010						
Cost or valuation	3096	753	354	5025	172	9400
Accumulated depreciation	-	(353)	(65)	(1694)	(99)	(2211)
Net book amount	3096	400	289	3331	73	7189

With the IFRS implement for a first time, the company performs the revalued amount model, according to the previous Generally Accepted Accounting Principles, as an accepted value of the position “Buildings” on the date of the first IFRS implementing. The value of the building before the revaluation was performed was in the amount of 462 thousand BGN. The revalued value of the building includes a revaluation reserve in the

The notes on pages 7 to 30 are an integral part of the financial statements

amount of 207 thousand BGN, which is not intended to be distributed among the shareholders of the Company

5 Intangible assets

	Acquired software licenses	Right of use	Other	Total
	BGN'000s	BGN'000s	BGN'000s	BGN'000s
At 1 January 2009				
Cost	7	71	107	185
Accumulated amortization and impairment	(6)	(53)	(42)	(101)
Net book amount	1	18	65	84
Year ended 31 December 2009				
Opening net book amount	1	18	65	84
Disposals	(7)	-	(5)	(12)
Amortization	6	(14)	(11)	(19)
Closing net book amount	-	4	49	53
At 31 December 2009				
Cost	-	71	102	173
Accumulated amortization and impairment	-	(67)	(53)	(120)
Net book amount	-	4	49	53
Year ended 31 December 2010				
Opening net book amount	-	4	49	53
Additions	48	-	-	48
Amortization	(18)	(4)	(23)	(45)
Closing net book amount	30	-	26	56
At 31 December 2010				
Cost	48	71	102	221
Accumulated amortization and impairment	(18)	(71)	(76)	(165)
Net book amount	30	-	26	56

The notes on pages 7 to 30 are an integral part of the financial statements

6 Long-term receivables

	2010 BGN'000s	2009 BGN'000s
Long-term trade receivables	9752	8202
Finance lease receivables	15798	26083
	25550	34285

6.1 Financial leasing.

As at 31 December 2010, the Company has receivables in connection with assets made available to be used under financial lease contracts concluded. The lease contracts envisage fixed lease payments and an option for acquisition of the asset at the end of the term of the lease. The lease contracts are irrevocable but they contain no other limitations.

Future minimum lease receivables as per 31 December 2009 are as follows:

	Up to 1 year BGN'000s	1 to 5 years BGN'000s	More than 5 years BGN'000s	Total BGN'000s
Lease payments	9730	20201	61	29995
Discounts	1269	2625	18	3912
Net present value	8461	17579	43	26083

Future minimum lease receivables as per 31 December 2010 are as follows:

	Up to 1 year BGN'000s	1 to 5 years BGN'000s	More than 5 years BGN'000s	Total BGN'000s
Lease payments	9256	8796	37	18089
Discounts	1280	1006	5	2291
Net present value	7976	7790	32	15798

6.2 Operative leasing

Future minimum lease receivables related to operating leasing are as follows:

	Up to 1 year BGN'000s	1 to 5 years BGN'000s	More than 5 years BGN'000s	Total BGN'000s
As at 31.12.2009	678	1133	-	1811
As at 31.12.2010	750	166	-	916

The notes on pages 7 to 30 are an integral part of the financial statements

The Contracts for operating leasing do not content clauses for payments under conditions, renewal or post buying.

7 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses under the liability method, using a principal tax rate of 2010 10%, (2009 10%) (2008 10%), can be summarized as follows:

	2010 Deferred tax asset BGN'000s	2010 Deferred tax liability BGN'000s	2009 Deferred tax asset BGN'000s	2009 Deferred tax liability BGN'000s
Non current assets				
Tax depreciation	-	21	-	19
Tax loss	404	-	168	-
Non-current liabilities				
Retirement indemnity	2	-	2	-
Current liabilities				
Unused paid leaves of the personnel and other employee obligations	11		15	
	417	21	185	19

Please also refer to note 27 for information on the Company's tax expense.

8 Inventories

	2010 BGN'000s	2009 BGN'000s
Goods	9307	11294
	9307	11294

No reversal of previous write-downs was recognized as a reduction of expense in 2010.

The notes on pages 7 to 30 are an integral part of the financial statements

9 Trade receivables

	2010 BGN'000s	2009 BGN'000s
Trade receivables - dross	14143	13212
Impairment of receivables	(286)	(22)
Trade receivables - net	13857	13190
Advance payments	19	8
	13876	13198

All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognized resemble a large number of receivables from various customers.

Under a Contract for Loan line with Alpha Bank AD, the company has been established a pledge over current and future receivables under leasing contracts.

10 Tax receivables

	2010 BGN'000s	2009 BGN'000s
Corporate tax	405	405
	405	405

11 Other receivables

	2010 BGN'000s	2009 BGN'000s
Other debtors	2065	1602
Advances to employees	9	12
Awarded receivables	887	616
	2961	2230

The receivables from other debtors are receivables for insurance policies, taxes, fees etc. for automobiles made available under financial lease contracts.

12 Cash and cash equivalents

	2009 BGN'000s	2009 BGN'000s
Cash at bank	1181	811
Cash in hand	508	532
	1689	1343

The notes on pages 7 to 30 are an integral part of the financial statements

13 Prepaid expenses

	2010 BGN'000s	2009 BGN'000s
Insurance	129	149
Advertisement	101	-
Other	24	13
	254	162

Prepaid property insurance of Company assets.

14 Equity

14.1 Share capital

The capital of the Company consists of 3 303 shares with a par value of BGN 50 each.

The list of the main partners with shares in the Company was presented as follows:

	2010 number of shares	2010 %	2009 Number of shares	2009 %
Sfakianakis A.E.B.E	3300	99.91	3300	99.91
Stavros Taki	3	0.09	3	0.09
	3303	100	3303	100

14.2 Revaluation reserve

As a result of the performed revaluation until 2001 of the book value of the building, the Company formed a revaluation reserve in the amount of BGN 207 thousand.

15 Long-term financial liabilities

	2010 BGN'000s	2009 BGN'000s
Long-term bank loans	11841	8398
	11841	8398

Fair values of these long term financial liabilities are as follows:

	2010 BGN'000s	2009 BGN'000s
Long-term bank loans:		
-Societe Generale Express Bank AD	5817	8398
-Alfa Bank AD – under limit A	385	-
-Alfa Bank AD – under limit B	5639	-
	11841	8398

The notes on pages 7 to 30 are an integral part of the financial statements

The revolving line agreement for turnover funds with Societe Generale Expressbank AD has been signed on 11.03.2008 for the amount of Euro 7 000 or the equivalence in BGN 13 691. Under Additional agreement dated 20.11.2009 the line agreement has been continued till 11.04.2014. The interest rate is equal to the one- month EURIBOR plus a mark up of 3.25 %. The contract collateral is a special pledge of present and further liabilities combination, originated from leasing contracts of the Borrower. A corporate guarantee has been provided by Sfakianakis S.A. -Greece.

16 Other non-current liabilities

	2010 BGN'000s	2009 BGN'000s
Other loans	4	4
	4	4

17 Short-term financial liabilities

	2010 BGN'000s	2009 BGN'000s
Short-term bank loans:		
-Societe Generale Express Bank AD - short-term part	2581	2347
-Alfa Bank AD – under limit A	4459	-
-Alfa Bank AD – under limit B	2183	-
-Alfa Bank AD – under limit C	7530	17202
-UniCredit Bulbank AD	-	9060
-UniCredit Bulbank AD - short-term part	-	491
	16753	29100

The contract for a revolving line of credit with Alpha Bank AD was signed on 13 December 2001 for the amount of EUR 6 000 thousand or BGN 11 735 thousand. The interest rate is specified as the sum of: the three-month EURIBOR plus a mark-up of 3%. The loan must be repaid by 30 April 2010. The Company has made a special pledge in favour of the bank of its future receivables under lease contracts. A corporate guarantee has been provided by Sfakianakis A.E.B.E.-Greece.

The contract for a revolving line of credit with Alpha Bank AD was signed on 13 February 2007 for the amount of EUR 6 000 /six thousand/ or BGN 11 735 /thousand/. The interest rate is specified as the sum of: the three- month EURIBOR plus a mark- up of 3 %. The loan must be repaid by 30 April 2010. A corporate guarantee has been provided by “Sfakianakis A.E.B.E”, Greece.

On the date 29.07.2010 between the companies “Alpha Bank” AD and “Mirkat” Ltd. has been signed an additional agreement related to a Credit agreement № 045/ 2001, which agreement states that the amount of the credit limit is increased till the amount of 11 750 thousand euro and shall be divided into different “under-limits”, as follows:

The notes on pages 7 to 30 are an integral part of the financial statements

- Under-limit A – at the amount of 3 427 thousand euro with term of payment till 05.01.2012 and interest at the amount of 12 month EURIBOR plus 4.25 %;
- Under-limit B – at the amount of 3 464 thousand euro with term of payment till 05.07.2014 and interest at the amount of 12 month EURIBOR plus 5.50 %;
- Under-limit C – at the amount of 3 858 thousand euro with term of payment till 31.01.2011 and interest at the amount of 12 month EURIBOR plus 5.50 %

“Sfakianakis A.E.B.E.” has been provided a corporate guarantee, representing a pledge over a receivable at the amount of 3 500 thousand euro at the bank account of “Sfakianakis A.E.B.E.” and a pledge over current and future receivables under leasing contracts.

The contract for a revolving line of credit with UniCredit Bulbank AD was signed on 7 August 2007 and renegotiated with a new one No. 29 16.02.2009 for the amount of EUR 4 682 000 or BGN 9 157 000. The interest rate is specified as the sum of: the one- month EUROBOR plus a mark- up of 4, 5 %. The Loan should be fully paid till 10.06.2010. The collateral for the contract is a bank guarantee from Bayerische Hypo- und Vereinsbank AG, Athens.

Contract No.2 for a foreign currency bank loan with UniCredit Bulbank AD was signed on 21 October 2005 for the amount of EUR 1 853 thousand or BGN 3 624 thousand. The loan must be repaid by 30 August 2010. The interest rate is equal to the three-month EURIBOR plus a mark-up of 1.9%. The collateral for this contract are the lease contracts financed by the bank and a special pledge of 22 automobiles. Loans were fully repaid.

18 Trade payables

	2010	2009
	BGN'000s	BGN'000s
Trade payables	157	422
Advances from customers	304	245
	461	667

The fair values of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the balance sheet to be a reasonable approximation of their fair value.

19 Tax Liabilities

	2010	2009
	BGN'000s	BGN'000s
VAT	190	344
	190	344

20 Employee compensation

20.1 Employee benefit expenses

Expense recognized for employee benefits is analyzed below:

	2010 BGN'000s	2009 BGN'000s
Wages and salaries	1099	1299
Social security	141	182
Expenses for retirement compensations plans	2	23
	1242	1504

20.2 Compensation for employees

	2010 BGN'000s	2009 BGN'000s
Compensation liabilities for retirement plans	25	23
	25	23

According to Art 222 from the Labour Code as at the date of employee retirement, the Company is obliged to effect compensation at the amount of two gross salaries if the length of working period in the company is less than ten years. If the employee has been working more than 10 years in the company then the amount of the compensation is at the amount of six gross salaries.

The Company for a first time performs retirement plans compensations and the current value of the liability has been calculated on the base of the actuarial valuation from independent experts.

20.3 Pensions and other employee obligations

	2010 BGN'000s	2009 BGN'000s
Unused paid holiday	114	145
	114	145

21 Other payables

	2010 BGN'000s	2009 BGN'000s
Insurances	392	383
Interest payables	21	7
Other creditors	118	164
	531	554

The notes on pages 7 to 30 are an integral part of the financial statements

22 Incomes from sales

Incomes include:

	2010	2009
	BGN'000s	BGN'000s
Sales of goods	10726	11534
Provided services	679	693
Other income	1026	1145
	12431	13372

23 Costs for materials

Costs include:

	2010	2009
	BGN'000s	BGN'000s
Costs for electricity	26	17
Costs for fuel and oils	81	73
Costs for basic materials	37	78
Costs for spare parts	277	5
Costs for office materials	18	23
Costs for sanitary and hygienic materials	1	1
Other costs:	27	20
	467	217

24 Costs for services

Costs include:

	2010	2009
	BGN'000s	BGN'000s
Costs for transport	36	21
Costs for advertisement	1376	2035
Telephones, couriers	51	65
Consultancy services	277	381
Audit services	8	8
Costs for routine repairmen	352	92
Costs for one-off tax payments	102	60
Insurances	386	396
Security	77	63
State and court fees	3	5
Subscription	15	26
Rental	598	601
Other	197	315
	3477	4068

The notes on pages 7 to 30 are an integral part of the financial statements

25 Other costs

Costs include:

	2010 BGN'000s	2009 BGN'000s
Costs for business trips	22	32
Costs for representatives purposes	10	10
Impairment of receivables	286	22
Marriage of inventory and assets	34	-
Defaults costs	-	20
Other costs	13	10
	365	94

26 Financial incomes/costs

	2010 BGN'000s	2009 BGN'000s
Incomes bank deposits' interests	6	16
Incomes trade loans' interests	11	-
Incomes from leasing contracts interests	2289	2648
Finance incomes	2306	2664
Costs for bank loans interests	1782	1716
Costs for bank fees	82	98
Incomes/costs resulted from changes in the exchange rate	2	3
Finance costs	1866	1817
Total	440	847

27 Income tax expense

The relationship between the expected tax expense based on the effective tax rate of The Company at 10 % (2009: 10 %) and the tax expense actually recognized in the income statement can be reconciled as follows:

	2010 BGN'000s		2009 BGN'000s	
Profit/(loss) for the year before tax		(2417)		(1744)
Tax rate		10 %		10 %
Expected tax expense		-		111
	Base amount	Tax effect at 10 %	Base amount	Tax effect at 10 %
Adjustment for tax exempt income				
- tax deductible depreciation	(959)	(96)	(1808)	(181)
-unrecognized amounts for accumulated unused vacation time	(45)	(5)	(59)	(6)

The notes on pages 7 to 30 are an integral part of the financial statements

-other	-	-	-	-
Adjustment for non-deductible expenses				
-depreciation expenses	930	93	1821	182
-recognized amounts for accumulated unused vacation time	14	1	75	6
- retirement indemnity	2	-	23	2
-other	74	7	10	1
Current tax expense		-		-
Deferred tax income/(expense), resulting from				
- origination and reversal of temporary differences		231		169
Actual tax expense, net		231		169

Please refer to note 7 for information on the entity’s deferred tax assets and liabilities.

28 Related parties transactions

None of the transactions incorporate special terms and conditions and no guarantee was given or received.

28.1 Transactions with owners

	2010 BGN'000s	2009 BGN'000s
Purchases of goods and services	5017	6246
- purchases of goods from SFAKIANAKIS S.A	5017	6246

28.2 Transactions with group entities

	2010 BGN'000s	2009 BGN'000s
Interests income	10	-
- Ergotrak Bulgaria Ltd. - leasing	2	-
- Ergotrak Bulgaria Ltd – trade	8	-

28.3 Balances at the end of the year

	2010 BGN'000s	2009 BGN'000s
Payables to:	20449	17130
- owners	20449	17130

The notes on pages 7 to 30 are an integral part of the financial statements

Receivables from the group entities	93	16
- Ergotrak Bulgaria Ltd - principal	79	-
- Ergotrak Bulgaria Ltd - interests	8	-
- Ergotrak Bulgaria Ltd – leasing contract	6	16

28.4 Key managing deals

	2010	2009
	BGN'000s	BGN'000s
Short term benefits		
- salaries	144	144
- costs for social insurance	4	4
- total	148	148

29 Contingent assets and contingent liabilities

Various guarantees and legal claims were filed by and against the Company during the year. Part of the Company's claims against third parties has been closed with Court resolutions in favour of Mirkat Ltd and the amounts are collected. Over another part from the Company's claims against third parties there are no deducted Court resolutions yet. The management of the Company is of the opinion that the claims files against the Company are unwarranted and ungrounded and that the probability that they will result in a settlement request is very low. This assessment by the management is supported by the opinion of an independent legal consultant.

30 Going concern

The financial statement is performed on the principle of the going concern which assumes that the Company shall continue its activity in the near future. The company does not have intentions and doesn't need to terminate its activity or to reduce the working volume.

The Company activity creates assertions for currency, credit and interests risk. The company does not use financial instruments for the risk level reducing.

31 Risk management objectives and policies

The Company is exposed to a variety of financial risks, which result from both its operating and investing activities. The Company does not use financial instruments to decrease the level of financial risks.

The notes on pages 7 to 30 are an integral part of the financial statements

31.1 Foreign currency risk

The Company has received loans in foreign currency from financial institutions. As a result, the Company is imposed to a risk, related to the possible change in the exchange rates. The exchange rate changes for the last year were in favour of the Company.

31.2 Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Company's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

The credit risk arises, because the clients or the partners may do not want or they are maybe not able to execute the agreed obligations. The company is performing credit capacity analysis over an each client and requires insurance for its receivables as set forth in the financial leases with financial risk policy of the leading market insurance companies. In the case of an insured event, the insurance company covers all the losses or buys the receivable at the market prices.

31.3 Cash flow and fair value interest rate risks

The interest risk is the risk that the value of the Company's interest – bearing loans might vary as a consequence of the changes in the market interest rates.

The interest's margins may increase from these changes, but they also may be reduced or to perform losses if an unexpected movements have arise, in accordance from the level of inaccuracy in the revaluation of the interests. In this case the Management has limited the allowed level for the inaccuracy in the revaluation of the interests percents.

31.4 Risk from the activity

The risk from the activity, resident in all economic companies, brings the potential for financial losses and economical instability, consequence of a bad internal control, process activities or their supporting systems. The aim of the management of the activity risk is to balance the costs and the risk in the frames of the limits, till the potential benefits

31.5 Equity managing

The Company policy is focused to hold a strong capital base that could keep the investors, creditors and market trust and to ensure business activity development.

Management's aims related to the equity managements are as follows:

- to ensure the company forward its activity as a going concern in way that could return the capital to the shareholders

The notes on pages 7 to 30 are an integral part of the financial statements

- to ensure as well appropriate earnings capacity to the shareholders by adequately determination of its products and services prices as its investment projects in accordance with the different risk level.
- To follow the capital structure and to perform necessary adjustments in accordance with the changes in the economical environment.

32 Post Balance sheet events

The management of the Company declares that for the period after the balance sheet date until the date of the preparation of the financial statements no significant and/or material non-adjusting events took place concerning the activities of the Company, the non-disclosure of which could influence the truthful and fair presentation in the financial statements.

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Date: 21.02.2011

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