THRACE-IPOMA AD

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	2012 BGN '000	2011 BGN '000
Revenue	3	35 667	35 960
Cost of sales	4	(30 776)	(31 352)
		4 891	4 608
Write-down of inventories	5	(19)	(45)
Gross profit		**4 872**	**4 563**
Other operating income/(losses)	6	166	129
Distribution and selling costs	7	(983)	(907)
Administrative expenses	8	(1 690)	(1 648)
Other operating expenses	10	(128)	(94)
Profit from operations		**2 237**	**2 043**
Finance costs	11	(227)	(229)
Profit before income tax		**2 010**	**1 814**
Income tax expense	12	(218)	(196)
Net profit for the year		**1 792**	**1 618**
Other comprehensive income		-	-
Total comprehensive income for the year		**1 792**	**1 618**

The accompanying notes on pages 5 to 64 form an integral part of these financial statements.

Executive Director:
Dimitar Ditchev

Financial Director:
Dora Minkovska

Chief Accountant (preparer):
Gergana Vodenicharova

AUDITED BY AFA
12.03.2013

This is a translation from Bulgarian of the financial statements of Thrace-Ipoma AD for year 2012.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

	Notes	31/12/2012 BGN '000	31/12/2011 BGN '000
ASSETS			
Non-current assets			
Property, plant and equipment	13	16 225	16 097
Intangible assets	14	7	10
Other non-current assets	15	16	16
		16 248	**16 123**
Current assets			
Inventories	16	8 519	6 541
Trade receivables	17	3 293	2 795
Receivables from related parties	28	1 601	4 547
Other current assets	18	116	145
Cash and cash equivalents	19	1 837	1 209
		15 366	**15 237**
TOTAL ASSETS		**31 614**	**31 360**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		3 226	3 226
Reserves		586	586
Retained earnings		15 920	14 128
	20	**19 732**	**17 940**
LIABILITIES			
Non-current liabilities			
Long-term bank loans	22	2 487	1 298
Long-term loans from related parties	28	-	554
Deferred tax liabilities	21	659	632
Retirement benefit obligations	23	96	87
		3 242	**2 571**
Current liabilities			
Trade payables	24	3 414	1 750
Trade payables to related parties	28	2 751	3 906
Current portion of long-term loans from related parties	28	555	515
Current portion of long-term bank loans	22	1 555	423
Payables to the parent company for invalidated shares	28	-	3 006
Short-term bank loans	25	-	864
Tax payables	26	73	90
Other current liabilities	27	292	295
		8 640	**10 849**
TOTAL LIABILITIES		**11 882**	**13 420**
TOTAL EQUITY AND LIABILITIES		**31 614**	**31 360**

The accompanying notes on pages 5 to 64 form an integral part of these financial statements.

The financial statements on pages 1 to 64 were approved for issue by the Board of Directors and signed on its behalf on 12 February 2013 by:

Executive Director:
Dimitar Ditchev

Financial Director:
Dora Minkovska

Chief Accountant (preparer):
Gergana Vodenicharova

This is a translation from Bulgarian of the financial statements of Thrace-Ipoma AD for year 2012.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Notes	2012 BGN '000	2011 BGN '000
Cash flows from operating activities			
Cash receipts from customers		37 595	35 280
Cash paid to suppliers		(28 325)	(28 902)
Cash paid to employees and for social security		(3 594)	(3 560)
Taxes paid (except income taxes)		(1 566)	(1 744)
Income taxes paid		(170)	(156)
Interest and bank charges paid		(102)	(116)
Other proceeds/(payments), net		(144)	(18)
Net cash flows from operating activities		**3 694**	**784**
Cash flows from investing activities			
Purchases of property, plant and equipment		(811)	(2 359)
Proceeds from sale of plant and equipment		19	-
Purchases of intangible assets		-	(4)
Net cash flows used in investing activities		**(792)**	**(2 363)**
Cash flows from financing activities			
Proceeds from long-term bank loans		3 741	859
Repayments of long-term bank loans		(1 416)	(257)
Proceeds from short-term bank loans		1 608	2 264
Repayments of short-term bank loans		(2 471)	(1 401)
Repayments of long-term loans from related parties		(515)	(478)
Payments for invalidated shares		(3 006)	(332)
Interest and bank charges paid on investment-purpose loans		(215)	(191)
Payments of finance lease liabilities		-	(6)
Net cash flows (used in)/from financing activities		**(2 274)**	**458**
Net increase/(decrease) in cash and cash equivalents		**628**	**(1 121)**
Cash and cash equivalents at 1 January		1 209	2 330
Cash and cash equivalents at 31 December	19	**1 837**	**1 209**

The accompanying notes on pages 5 to 64 form an integral part of these financial statements.

Executive Director:
Dimitar Ditchev

Financial Director:
Dora Minkovska

Chief Accountant (preparer):
Gergana Vodenicharova

12/02/20

This is a translation from Bulgarian of the financial statements of Thrace-Ipoma AD for year 2012.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Notes	Share capital BGN'000	Statutory reserves BGN'000	Retained earnings BGN'000	Total equity BGN'000
Balance at 1 January 2011		3 226	586	12 510	16 322
Changes in equity for 2011					
Total comprehensive income for the period		-	-	1 618	1 618
Balance at 31 December 2011	20	3 226	586	14 128	17 940
Changes in equity for 2012					
Total comprehensive income for the period		-	-	1 792	1 792
Balance at 31 December 2012	20	3 226	586	15 920	19 732

The accompanying notes on pages 5 to 64 form an integral part of these financial statements.

Executive Director:
Dimitar Ditchev

Financial Director:
Dora Minkovska

Chief Accountant (preparer):
Gergana Vodenicharova

12/02/2013

This is a translation from Bulgarian of the financial statements of Thrace-Ipoma AD for year 2012.

AUDIT
FINANCE
ACCOUNTING
TAX
LAW

INDEPENDENT AUDITOR'S REPORT

TO
THE SHAREHOLDERS
OF THRACE - IPOMA AD

Report on the Financial Statements

We have audited the accompanying financial statements of Thrace - Ipoma AD (the Company), which comprise the statement of financial position as at 31 December 2012, and the statement of 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 and information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the Independent Financial Audit Law and the professional requirements of 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Thrace - Ipoma AD as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, accepted by the Commission of the European Union.

Other Matter

We have performed an audit under International Standards on Auditing of the Company's consolidation financial reporting package for 2012, prepared in accordance with the Group policies for the purposes of the consolidation of Thrace – Plastics S.A, Greece and have issued a separate unmodified Interoffice Auditor's Report dated 12 February 2013.

Report on Other Legal and Regulatory Requirements

Annual Report on the activities of Thrace - Ipoma AD under the Bulgarian Accountancy Act (Art. 33)

Pursuant to the requirements of the Bulgarian Accountancy Act (Art. 38, para 4), we have read the Annual Report of the management on Thrace - Ipoma AD activities for the reporting year 2012. This Report is not a part of the annual financial statements for the same period. The management of the Company is responsible for the preparation of this Annual Report on the activities dated 12 February 2013. The historical financial information presented in the Annual Report on the activities is consistent, in all material respects, with the information disclosed in the Company's financial statements as at 31 December 2012, prepared in accordance with International Financial Reporting Standards, accepted by the Commission of the European Union.

AFA OOD

Registered Specialised Audit Firm

Renny Georgieva Iordanova

General Manager

Valia Iordanova Iordanova

Registered CPA in charge of the audit

12 February 2013

38, Oborishte Street
1504-Sofia, Bulgaria

This is a translation from Bulgarian of the Independent Auditor's Report on the Financial Statements of Thrace – Ipoma AD for the year ended 31 December 2012.

CONTENTS

1. BACKGROUND CORPORATE INFORMATION

Thrace-Ipoma AD is a joint-stock company established in February 1997 by virtue of a Privatisation Sale Agreement concluded between the Ministry of Industry and Trierina Trading Limited, Cyprus. The Company has its registered office and address of management at 7, Nedelcho Bonchev Str., Sofia. It was registered in court in 1989 by Decision No 394 / 1989 of Sofia City Court. On 13 June 2006, by a court decision Company's name was changed from Ipoma AD to Thrace-Ipoma AD.

Ownership and management

At 31 December 2012, the structure of Company's share capital was as follows:

- Trierina Trading Limted, Cyprus 99,887%
- Republic of Bulgaria through the Ministry of Economy and Energy 0,001%
- Physical persons 0,112%

The Company is a part of the group of Thrace Plastics Co. SA, Greece, being the owner of Trierina Trading Limited, Cyprus.

Thrace-Ipoma AD has one-tier management system with a 5-member Board of Directors (BD). As at 31 December 2012, Konstantinos Stavros Halioris, a Greek citizen, was the Chairman of the Board of Directors. The Company is represented and managed by the Executive Director Dimitar Ivanov Ditchev.

The total number of Company's personnel as at 31 December 2012 was 222 workers and employees (31 December 2011: 227 workers and employees).

Principal activities

The principal activities of the Company for 2012 included the following types of transactions and deals:

- production of crates for non-alcoholic drinks, beer, bread and agriculture produce;
- production and trade in multiple- and single-use buckets;
- production of plastic Big Bags;
- production and sales of garden furniture;
- coordination and cooperation in the area of the production, distribution, sales and marketing of plastic articles.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE COMPANY

2.1. Basis for the preparation of the financial statements

The financial statements of Thrace-Ipoma AD have been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January 2012 and have been accepted by the Commission of the European Union.

For the current financial year the Company has adopted all new and/or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) and respectively, by the International Financial Reporting Interpretations Committee (IFRIC), which have been relevant to its activities.

The adoption of these standards and/or interpretations, effective for annual periods beginning on 1 January 2012, has not resulted in changes in Company’s accounting policies, except for expanding of already existing disclosures, however, not resulting in other changes in the classification or valuation of individual reporting items and transactions.

These standards and interpretations include:

- *IFRS 7 (amended) "Financial Instruments: Disclosures" – regarding transfer of financial assets (in force for annual periods beginning on or after 1 July 2011 – endorsed by EC as from 1 July 2011; for the Republic of Bulgaria – practically applicable as from 1 January 2012).* These amendments are related to enhanced disclosure requirements for data regarding transfer transactions of financial assets, including depending on the circumstances whether the reporting entity has continuing involvement in and responsibility to the respective financial asset at the reporting date by assuming certain risks, rights and benefits and regardless of whether the transferred assets are derecognised from the statement of financial position or not;
- *IAS 12 (amended) "Income Taxes" (in force for annual periods beginning on or after 1 January 2012 – endorsed by EC).* The amendment clarifies explicitly that the assessment of deferred tax (asset or liability) on the underlying asset should be based on the manner in which the respective

entity intends to recover the investment in the carrying amount of the asset – though sale or through continuing use. It sets out specific rules for cases of non-current assets measured by applying the revaluation model in IAS 16 but mostly for investment properties measured by applying the fair value model in IAS 40, including those acquired in a business combination, i.e. a rebuttable presumption is introduced that deferred tax should be determined on the basis that the carrying amount will normally be recovered through sale.

At the date of approval of these financial statements for issue, there are several new standards, amended/revised standards and interpretations issued but not yet in force for annual periods beginning on 1 January 2012, which have not been adopted by the Company for early application. Some of them are accepted as effective for 2012 but for annual periods starting after 1 January 2012 while others – for annual periods beginning on or after 1 January 2013.

The management has judged that out of them the following are likely to have a potential impact in the future for changes in the accounting policies and the classification and values of reporting items in the financial statements of the Company for subsequent periods, namely:

A. Endorsed for periods beginning after 1 January 2012

- *IAS 1 (amended) "Presentation of Financial Statements" (in force for annual periods beginning on or after 1 July 2012 – endorsed by EC).* The management has done research and has concluded that the amendment affects presentation only and has no impact on Company's financial position and performance;

B. Endorsed for periods beginning at least on 1 January 2013

- *IAS 32 (amended) "Financial Instruments: Presentation" (in force for annual periods beginning on or after 1 January 2014 – endorsed by EC) – regarding the offsetting of financial assets and financial liabilities.* These amendments relate to a clarification as to the application of the rules on offsetting financial instruments. They are mainly in four directions: (a) clarification of the meaning of 'current legally enforceable right of set-off'; (b) the application of the simultaneous realisation and settlement criterion; (c) offsetting of cash provided as collateral; (d) the unit of account for the application of the offsetting requirements. The management has done research and has concluded that these amendments would have an impact on the accounting policy for analysis and determining the composition and the value of Company's assets and liabilities, subject to offsetting, and do not affect its performance;

- *IFRS 7 (amended) "Financial Instruments: Disclosures" – regarding the offsetting of financial assets and financial liabilities (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC).* These amendments are related to the enhanced disclosures for all financial instruments, which will be netted (offset) in accordance with IAS 32 (par. 42) as well as additional arrangements for offsetting outside the scope of IAS 32. The management has done research and has concluded that these amendments would have an impact for expanding the disclosures regarding all financial instruments that will be offset in accordance with IAS 32 (par. 42).
- *IAS 19 (amended) "Employee Benefits" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC).* The amendment changes the accounting for defined benefit plans and termination benefits. The fundamental change is the elimination of the 'corridor' approach and the introduction of the rule that all subsequent remeasurements (referred to so far as actuarial gains or losses) of defined benefit obligations and plan assets shall be recognised when occurred in a component of 'other comprehensive income', as well as the accelerated recognition of past service costs. The management has done research and has concluded that these amendments affect Company's accounting policies and the value and classification of its assets, liabilities, transactions and performance with regard to the recognising of subsequent remeasurements directly in other comprehensive income (equity component) and not in the income statement as well as prior period restatements for such subsequent remeasurements reported through the income statement.

Additionally, with regard to the stated below new standards, amended/revised standards and new interpretations that have been issued but not yet in force for annual periods beginning on 1 January 2012, the management has judged that they are unlikely to have a potential impact resulting in changes in the accounting policies and the financial statements of the Company:

- *IFRS 7 (amended) "Financial Instruments: Disclosures" – regarding the relief from the requirement to restate comparatives and the related thereto disclosures when applying IFRS 9 (in force for annual periods beginning on or after 1 January 2015 – not endorsed by EC);*
- *IFRS 9 "Financial Instruments: Classification and Measurement" (in force for annual periods beginning on or after 1 January 2015 – not endorsed by EC);*

- *IAS 27 (as revised in 2011) "Separate Financial Statements" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application, at the latest, for annual periods beginning on or after 1 January 2014);*
- *IAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application, at the latest, for annual periods beginning on or after 1 January 2014);*
- *IFRS 10 "Consolidated Financial Statements" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application, at the latest, for annual periods beginning on or after 1 January 2014). Transitional guidance (in force for annual periods beginning on or after 1 January 2013 – not endorsed by EC) – regarding the first-time application of this standard;*
- *IFRS 11 "Joint Arrangements" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application, at the latest, for annual periods beginning on or after 1 January 2014). Transitional guidance (in force for annual periods beginning on or after 1 January 2013 – not endorsed by EC) – regarding the first-time application of this standard;*
- *IFRS 12 "Disclosing of Interest in Other Entities" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application, at the latest, for annual periods beginning on or after 1 January 2014). Transitional guidance (in force for annual periods beginning on or after 1 January 2013 – not endorsed by EC) – regarding the first-time application of this standard;*
- *IFRS 13 “Fair Value Measurement” (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC);*
- *IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC);*
- *IFRS Improvements (May 2012) - improvements in IAS 1, 16, 32, 34, IFRS 1 (in force for annual period beginning on or after 1 January 2013 – not endorsed by EC).*

The financial statements have been prepared on a historical cost basis (revalued amount).

The Company keeps its accounting books in Bulgarian Levs (BGN), which is accepted as being its presentation currency. The data in the financial statements and the notes thereto is presented in thousand Bulgarian Levs (BGN'000) except where it is explicitly stated otherwise.

The presentation of financial statements in accordance with International Financial Reporting Standards requires the management to make best estimates, accruals and reasonable assumptions that affect the reported values of assets and liabilities, the amounts of income and expenses and the disclosure of contingent receivables and payables as at the date of the financial statements. These estimates, accruals and assumptions are based on the information, which is available at the date of the financial statements, and therefore, the future actual results might be different from them (whereas in the conditions of financial crisis the uncertainties are more significant). The items presuming a higher level of subjective assessment or complexity or where the assumptions and accounting estimates are material for the financial statements, are disclosed in Note 2.19.

2.2. Comparatives

The accompanying financial statements of the Company include comparative information for one prior year.

Where necessary, comparative data is reclassified for the purpose of achieving comparability in view of the current year presentation changes.

2.3. Functional currency and recognition of exchange differences

The functional and presentation currency of the Company is the Bulgarian Lev. Starting from 1 July 1997 the Bulgarian Lev was fixed under the Bulgarian National Bank Act to the German Mark at the ratio of BGN 1 : DEM 1, and with the introduction of the Euro as an official currency of the European Union, it was fixed to the Euro at a ratio of BGN 1.95583 : EUR 1.00000.

Upon its initial recognition, a foreign currency transaction is recorded in the functional currency whereas the exchange rate to BGN at the date of the transaction or operation is applied to the foreign currency amount. Cash and cash equivalents, receivables and payables, as monetary reporting items, denominated in foreign currency, are recorded in the functional currency by applying the exchange rate as quoted by the

Bulgarian National Bank (BNB) for the last working day of the respective month. At 31 December, these amounts are valued in BGN at the closing exchange rate of BNB.

The non-monetary items in the statement of financial position, which are initially denominated in a foreign currency, are accounted for in the functional currency by applying the historical exchange rate at the date of the transaction and are not subsequently revalued at the closing exchange rate.

Foreign exchange gains or losses arising on the settlement or recording of foreign currency transactions at rates different from those at which they were converted on initial recognition, are recognised in the statement of comprehensive income (within profit or loss for the year) in the period in which they arise and are treated as ‘other operating income/(losses)’ with the exception of those related to loans and finance leases denominated in foreign currency that are presented under ‘finance costs’.

2.4. Revenue

Revenue is recognised on accrual basis and to the extent that it is probable that the economic benefits will flow to the Company and as far as the revenue can be reliably measured.

Upon sale of finished products, goods and materials, revenue is recognised when all significant risks and rewards of ownership have passed to the buyer.

Upon rendering of services, revenue is recognised by reference to the stage of completion of the transaction at the date of the financial statements, if this stage as well as the transaction and completion costs, can be measured reliably.

Revenue is measured on the basis of the fair value of the products, goods and services sold, net of indirect taxes (excise duties and VAT) and any discounts and rebates granted.

2.5. Expenses

Expenses are recognised as they are incurred, following the accrual and matching concepts (to the extent that this would not cause items unsatisfying the definitions of assets and liabilities to be recognised in the statement of financial position).

Deferred expenses are put off and recognised as current expenses in the period when the contracts, whereto they refer, are performed.

Finance costs are included in the statement of comprehensive income (within profit or loss for the year) by being presented separately and cover interest expense (under loans and finance lease agreements), including bank fees and charges and other direct expenses under loans and bank guarantees.

Interest income, related with current accounts and short-term deposits, is presented net under ‘other operating income/(losses)’ on the face of the statement of comprehensive income.

The bank charges and commissions, related with the servicing of the Company’s current accounts, are presented as administrative expenses.

2.6. Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are presented in the financial statements at historical cost of acquisition (cost) less the accumulated depreciation and any impairment losses in value. Land and buildings were valued by certified appraisers as at 1 January 2004 whereas this amount was accepted as a substitute (analogue) of acquisition price in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards".

Initial acquisition

Upon their initial acquisition property, plant and equipment are valued at *cost*, which comprises the purchase price, customs duties and any directly attributable costs of bringing the asset to a suitable condition for its intended use. Directly attributable costs comprise mainly the costs of site preparation, initial delivery and handling costs, installation costs, professional fees for people related to the project, non-refundable value added-tax (VAT).

The Company has set a value threshold of BGN 500, below which the acquired assets, regardless of having the features of property, plant and equipment, are treated as current expense at the moment of their acquisition.

The Company applies a specific accounting policy regarding part of its tangible fixed assets, used in the production of plastic Big Bags (sewing machines and the directly adjoining thereto furniture, fixtures and equipment). Each machine and the adjoining furniture, fixtures and equipment form an individual workstation, which is treated and presented as a single asset.

Upon acquisition of property, plant and equipment under deferred settlement terms, the purchase price is equivalent to the present value of the liability discounted on the basis of the interest level of the attracted by the Company credit resources with analogous maturity and purpose.

Subsequent measurement

The chosen by the Company approach for subsequent measurement of property, plant and equipment, is the cost model under IAS 16, i.e. cost less any accumulated depreciation and any accumulated impairment losses in value.

Subsequent costs

Repair and maintenance costs are recognised as current expenses as incurred. Subsequent expenses incurred in relation to property, plant and equipment having the nature of replacement of certain components, significant parts and aggregates or improvements and restructuring, are capitalised in the carrying amount of the respective asset whereas the residual useful life is reviewed at the capitalisation date. At the same time, the non-depreciated part of the replaced components is derecognised from the carrying amount of the assets and is recognised in the current expenses for the period of restructure.

Depreciation methods

The Company applies the straight-line depreciation method for property, plant and equipment. Land is not depreciated. Depreciation of an asset begins when it is available for use. The useful life of individual assets is determined by the Company’s management and is compliant with the depreciation policy of the Group.

The average useful life per group of assets is as follows:

- buildings – 40 years;
- cooling systems, labelling machines and fire protection equipment – 10 years;
- moulds – 6.7 years;
- other machinery and equipment – 14 years;
- lifting and transportation equipment (motocars, electric trucks, cranes) – 5 – 7 years;
- office equipment, copy machines – 5 years;
- motor vehicles – 5 years;
- computers – 3 years.

The useful life, set for any asset of property, plant and equipment, is reviewed at the end of each reporting period and in case of any material deviation from the future expectations of their period of use, the latter is adjusted prospectively.

Review for impairment

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that they might significantly differ from their recoverable amount. If any indications exist that the estimated recoverable amount of an asset is lower than its carrying amount, the latter is adjusted to the recoverable amount of the asset. The recoverable amount of an item of tangible fixed assets is the higher of the fair value less costs to sell (net selling price) or the value in use. 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 conditions and assessments of the time value of money and the risks, specific to the particular asset. Impairment losses are recognised in the statement of comprehensive income (within profit or loss for the year).

Gains and losses on disposal (sale)

Tangible fixed assets are derecognised from the statement of financial position when they are permanently disposed of and no future economic benefits are expected therefrom or on sale. The gains or losses arising from the sale of an item of property, plant and equipment are determined as the difference between the consideration received and the carrying amount of the asset at the date of sale. They are stated net under 'other operating income/(losses)' on the face of the statement of comprehensive income.

2.7. Government grants related to assets

Government grants, related to depreciable assets, are presented in the statement of financial position by deducting the carrying amount of the assets. They are recognised net in the statement of comprehensive income (within profit or loss for the year) over the useful life of the depreciable asset – in the accrued depreciation expense on the underlying asset.

2.8. Intangible assets

Intangible assets are stated in the financial statements at cost less accumulated amortisation and any impairment losses in value. They include licences for software use.

The Company applies the straight-line amortisation method for the intangible assets with determined useful life of 5 years.

The carrying amount of the intangible assets is subject to review for impairment when events or changes in the circumstances indicate the carrying amount might exceed their recoverable amount. Then impairment is recognised as an expense in the statement of comprehensive income (within profit or loss for the year).

2.9. Inventories

Inventories are valued in the financial statements at the lower of cost and net realisable value.

Expenses, incurred at bringing a certain product to its current condition and location, are included in the cost as follows:

- raw and other materials – all delivery costs, including import customs duties and charges, transportation expenses, non-refundable taxes and other expenses, incurred for rendering the materials ready for usage;
- finished products and work-in-progress – direct materials and labour costs and the attributable portion of production overheads at normal capacity load of the production facilities exclusive of administrative and finance costs.

The inclusion of fixed production overheads in the cost of finished products is based on normal production capacity. The Company applies the standard unit (in kilograms) of manufactured finished products as basis for allocation of production overheads.

Upon putting into production (sale) of inventories, the method of weighted average cost formula is applied.

The net realisable value represents the estimated selling price of an asset in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. It is determined on the basis of selling prices in the subsequent reporting period less the estimate costs to sell. Main raw materials – polyethylene and polypropylene – are measured by using the specific market (exchange) prices.

2.10. Trade and other receivables

Trade receivables are recognised and carried at fair value based on the original invoice amount less any allowance for uncollectable debts.

An estimate of allowances for doubtful and bad debts is made when significant uncertainty exists as to the collection of the full amount or a part of it. The write-down of receivables is accrued through the use of an allowance account for accumulating all impairments and the amount of the impairment loss for the period is recognised in the statement of comprehensive income within 'Distribution and selling costs'. In case of subsequent recovery of impairment loss, it is stated as 'Other operating income/(losses)' against a decrease in the allowance account.

Bad debts are written-off when the legal grounds for this are available. When a trade receivable is considered uncollectible, it is written-off against the allowance account.

2.11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and short-term deposits with banks, with original maturity of less than 3 month.

For the purposes of the statement of cash flows:

- Cash proceeds from customers and cash payments to suppliers are presented at gross amount, including value added tax (20%);
- VAT paid on the locally purchased non-current assets is presented on the line 'payment to suppliers' of the cash flows from operating activities as far as it participates and is recovered together and in the operating flows of the Company for the respective period (month).
- Interest and bank charges paid in relation with loans servicing the Company's operations are included under operating activities while interest and bank charges under investment purpose loans are included under financing activities.

2.12. Interest-bearing loans and other borrowings

All loans and other borrowings are initially recognised at cost (nominal amount), being the fair value of the consideration received on the transaction, netted of the direct costs related to these loans and borrowings. After the initial recognition, the interest-bearing loans and other borrowings are subsequently measured at amortised cost by applying the effective interest rate method. The amortised cost is calculated by taking into account all types of charges, commissions and other costs, including any discount or premium on settlement associated with these loans. Gains and losses are recognised in the statement of comprehensive income (within profit or loss for the year) as finance income or costs throughout the amortisation period, as well as when the liabilities are derecognised or reduced.

2.13. Leases

Operating lease

Lessee

Leases where the lessor keeps a substantial part of all risks and economic benefits incidental to the ownership of the specific asset are classified as operating leases. Therefore, the asset is not included in the statement of financial position of the lessee.

Operating lease payments are recognised as expenses in the statement of comprehensive income (within profit or loss for the year) on a straight-line basis over the lease term.

Lessor

Lessor continues to hold a significant part of all risks and rewards of ownership over the said asset. Therefore the asset is still included in its tangible fixed assets while its depreciation for the period is included in the current expenses (within profit or loss for the year) of the lessor.

Lease income from operating leases is recognised on a straight-line basis over the lease term – within profit or loss for the year. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.14. Trade and other payables

Trade and other current amounts payable are accounted for and presented in the financial statements at original invoice amount (acquisition cost), which is the fair value of the consideration to be paid in the future for goods and services received.

2.15. Pensions and other payables to personnel under the social security and labour legislation

The employment and social security relations with the employees of Thrace-Ipoma AD are based on the provisions of the Labour Code and the effective social security legislation.

The employer's major duty is to make the mandatory social security contributions for the hired employees to the Pensions Fund, the Supplementary Mandatory Pension Security (SMPS) Fund, to the General Diseases and Maternity (GDM) Fund, the Unemployment Fund, the Labour Accident and Professional Diseases (LAPD) Fund, the Guaranteed Receivables of Workers and Employees (GRWE) Fund and for health insurance.

The rates of the social security and health insurance contributions are defined under the Law on the Budget of State Social Security and the Law on the Budget of National Health Insurance Fund for the respective year. The contributions are split between the employer and employee in line with rules of the Social Security Code (SSC).

The social security and pension plans, applied by the Company in its capacity of an employer, are based on the Bulgarian legislation and are defined contributions plans. Under these plans, the employer pays defined monthly contributions to the government funds as follows: Pensions Fund, GDM Fund, Unemployment Fund, LAPD Fund and GRWE Fund as well as to SMPS Funds - universal and professional pension funds – on the basis of rates fixed by law, and has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay the respective individuals the benefits they have worked-out over the period of their service. The obligations referring to health insurance are analogous.

There is no established and functioning private voluntary social security fund at the Company.

Short-term benefits

Short-term employee benefits in the form of remunerations, bonuses and social payments and benefits (payable within 12 months after the end of the period when the employees have rendered the service or has met the required terms and requirements) are recognised as an expense in the statement of comprehensive income (within profit or loss for the year) in the period when the service thereon has been rendered or the requirements for their receipt have been met and as a current liability (less any amounts already paid and deductions due) at their undiscounted amount. The Company's obligations for social security and health insurance are recognised also as a current expense and liability at their undiscounted amount together with the relevant benefits and within the period of the respective income to which they are related.

At the date of each set of financial statement, the Company measures and recognises the estimated costs on the accumulating compensated absences, which amount is expected to be paid as a result of the unused entitlement. The measurement includes the undiscounted estimate of the expenses on the employee's remuneration and the statutory social security and health insurance contributions due by the employer thereon.

Long-term retirement benefits

In accordance with the requirements of the Labour Code, the Company is obliged to pay to its personnel upon retirement an indemnity, which depending on the length of service with the Company, varies between two and six gross monthly salaries as at the termination date of the employment. In their nature these are defined benefit schemes.

The calculation of the amount of these liabilities necessitates the participation of qualified actuaries in order to determine their present value at the date of the financial statements, at which they are included in the statement of financial position, adjusted with the amount of the unrecognised actuarial gains and losses, and respectively, the change in their value including the recognised actuarial gains and losses is included in the statement of comprehensive income (within profit or loss for the year).

Past service costs are recognised immediately in the statement of comprehensive income (within profit or loss for the year).

At the date of issue of each set of annual financial statements, the Company assigns actuaries who provide their report with calculations regarding the long-term retirement benefit obligations. For this purpose, they apply the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows, which are expected to be paid within the maturity of this obligation, and using the interest rates of long-term government bonds, denominated in Bulgarian Levs.

Actuarial gains and losses arise from changes in the actuarial assumptions and experience adjustments. Those exceeding 10% of the present value of the defined benefit obligations as at the end of the prior year are amortised and recognised in the statement of comprehensive income (within profit or loss for the year) over the average remaining service of employees.

The changes in the amount of Company's liabilities to personnel for indemnities upon retirement, including the interest from unwinding of the present value and the recognised actuarial gains or losses, are recognised as employee benefits expense in the statement of comprehensive income (within profit or loss for the year).

This policy will be changed in 2013 retrospectively.

Termination benefits

In accordance with the provisions of the Labour Code, the Company in its capacity of employer is obliged, upon termination of the employment contracts prior to retirement, to pay certain types of indemnities.

The Company recognises employee benefit obligations on employment termination before the normal retirement date when it is demonstrably committed, based on announced plan, to terminating the employment contract with the respective individuals without possibility of withdrawal or in case of formal issuance of documents for voluntary redundancy. Termination benefits due more than 12 months are discounted and presented in the statement of financial position at their present value.

2.16. Share capital and reserves

The Company is a joint-stock one and is obliged to register with the Commercial Register a specified ***share capital***, which should serve as a security for the creditors of the Company for execution of their receivables. The shareholders are liable for the obligations of the Company up to the amount of the share of the capital held by each of them and may claim returning of this share only in liquidation or bankruptcy proceedings. The Company reports its share capital at the nominal value of the shares registered in the court.

According to the requirements of the Commercial Act and the Statutes, the Company is obliged to set aside a ***Reserve Fund*** by using the following sources:

- at least one tenth of the profit, which should be allocated to the Fund until its amount reaches one tenth of the share capital;
- any premium received in excess of the nominal value of shares upon their issue (share premium reserve);
- other sources as provided for by a decision of the General Meeting.

The amounts in the Fund can only be used to cover annual loss or losses from previous years. When the amount of the Fund reaches the minimum value specified in the Statutes, the excess may be used for increasing share capital.

2.17. Income taxes

Current income taxes

Current income taxes are determined in accordance with the requirements of the Bulgarian tax legislation – the Corporate Income Taxation Act (CITA). The nominal income tax rate for year 2012 was 10% (2011: 10%).

Deferred income taxes

Deferred income taxes are determined using the liability method on all temporary differences, existing at the date of the financial statements, between the carrying amounts of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and the carry-forward of unused tax losses, to the extent that it is probable they will reverse and a taxable profit will be available or taxable temporary differences might occur, against which these deductible temporary differences can be utilised, with the exception of the differences arising from the initial recognition of an asset or liability, which has affected neither the accounting nor taxable profit (loss) as at the date of the transaction.

The carrying amount of all deferred tax assets is reviewed at each date of financial statements and reduced to the extent that it is probable that they will reverse and sufficient taxable profit will be generated or taxable temporary differences will occur in the same period, from which they can be deducted.

Deferred taxes, related to items that are other components of comprehensive income or are directly credited or charged to equity or other item of the statement of financial position, are also reported directly in the respective comprehensive income or equity component or item of the statement of financial position.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period when the asset will be realised or the liability will be settled (paid), based on the tax laws that are enacted or substantively enacted.

As at 31 December 2012, the deferred income taxes were computed at a tax rate of 10% (31 December 2011: 10%).

2.18. Financial Instruments

2.18.1. Financial assets

The Company classifies its financial assets in the category 'loans and receivables'. They include trade receivables, receivables from related parties, other receivables and cash and cash equivalents.The classification depends on the nature and purpose (designation) of the financial assets at the date of their acquisition. The management determines the classification of the financial assets of the Company at the time of their initial recognition on the statement of financial position.

The Company usually recognises its financial assets on the statement of financial position on the trade date, being the date on which the Company commits (undertakes an ultimate engagement) to purchase the respective financial assets. All financial assets are initially measured at their fair value plus the directly attributable transaction costs except for the assets at fair value though profit or loss. The latter are recognised at fair value while the directly attributable transaction costs are recognised immediately in the statement of comprehensive income (within profit or loss for the year).

Financial assets are derecognised from the Company's statement of financial position when the rights to receive cash (flows) from these assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership of the asset to another entity (person). If the Company retains substantially all risks and rewards associated with the ownership of a particular transferred financial asset, it continues to recognise the transferred asset on its statement of financial position but also recognises a secured liability (a loan) for the consideration received.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured in the statement of financial position at their amortised cost using the effective interest method less any allowance for impairment. These assets are included in current assets when having maturity within 12 months or within a common operating cycle of the Company while the remaining ones are classified as non-current assets. This group of financial assets includes: trade receivables, other receivables from counterparts and third parties, cash and cash equivalents from the statement of financial position (Notes 2.10 and 2.11).

2.18.2. Financial liabilities

The financial liabilities of the company include loans and payables to suppliers and other counterparts. They are initially recognised in the statement of financial position at fair value net of the directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method (Notes 2.12, 2.13 and 2.14).

3.18.3. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented net in the statement of financial position when, and only when, the following two conditions are simultaneously met: (a) current and legally enforceable right for offsetting the recognised amounts, and (b) intent for settlement of counter balances on a net basis. This requirement arises from the idea of the actual economic nature of the relations of the Company with a particular counterpart being that on the simultaneous existence of these two conditions, the net cash flow represents the expected actual future cash flow and the benefits for the entity, i.e. the net amount reflects the actual right or obligation of the Company deriving from these financial instruments – in any circumstances to receive or pay solely and only the net amount. If both conditions are not simultaneously available, it is assumed that the rights and obligations of the Company with regard to these counter balances (financial instruments) are not limited in all circumstances solely and only to the receipt or payment of the net amount. The policy of offsetting is related also with the assessment, presentation and management of the actual credit and liquidity risk, related with these counter balances.

The criteria applied to confirm the existence of "current and legally enforceable right to set off" include:

- to be unconditional of a future event, i.e. to be not applicable only on the occurrence of a future event;
- to be legally enforceable and justifiable (cumulatively):

  - in the ordinary course of business;

  - in case of default / delinquency, and

  - in case of insolvency or bankruptcy.

The applicability of the criteria is assessed against the requirements of the Bulgarian legislation and the established arrangements between the parties. The condition of "legally enforceable right to set off" is always and mandatory assessed jointly with the second condition for "intent to settle financial assets and financial liabilities on a net basis".

2.19. Key estimates and assumptions of high uncertainty. Critical accounting judgments on applying the Company's accounting policies

2.19.1. Actuarial calculations

Actuarial calculations have been used when determining present value of long-term payables to personnel upon retirement on the basis of assumptions for mortality rate, staff turnover rate, future salaries level and discount factor (Note 23).

2.19.2. Impairment of inventories

At each date of financial statements, a commission of Company's specialists reviews the existing inventories as follows:

- Review of the book value of inventories and comparison with their net depreciable value in order to make a judgment whether it is necessary impairment loss to be recognised in the financial statements.
- Review of inventories in view of their obsolescence and suitability for use in the production or sale. Where non-moving inventories are identified that are not expected to be used in the production, they are scrapped or impaired.

As a result of the review, an impairment is recognised to the net realisable value of materials, goods and finished products at the amount of BGN 19 thousand (2011: BGN 45 thousand) (Note 5).

2.19.3. Impairment of receivables

The statement of comprehensive income (within profit or loss for the year) for 2012 includes impairment of trade receivables for which the management has judged as follows:

- from 20% to 50% impairment of receivables with a common trade period of payment past due by more than 1 year, except for the cases where clear evidence exists that the payable is uncollectable – with the respective part to 100%;
- 100% impairment of receivables past due by more than two years compared to the common trade period of payment since the historical experience of the Company shows that they are uncollectable;

- impairment of court and awarded receivables – based on individual analysis made jointly with Company's lawyers.

The recognised amount of losses and impairment of uncollectable trade receivables for 2012 was BGN 71 thousand, while for 2011 it was BGN 43 thousand.

3. REVENUE

	2012	*2011*
	BGN '000	*BGN '000*
Export	21,972	23,634
Domestic market	13,695	12,326
Total:	**35,667**	**35,960**

Domestic market

Sales of finished products

	2012	*2011*
	BGN '000	*BGN '000*
Plastic buckets	9,825	8,627
Beer crates	274	81
Crates for bakery and agricultural produce	210	253
Big Bags and slims	191	155
Stadium seats	150	138
Meat crates	81	102
Garden furniture	28	138
Crates for non-alcoholic beverages	-	145
Other	-	19
Total:	**10,759**	**9,658**

Sales of goods

	2012	*2011*
	BGN '000	*BGN '000*
Packaging	2,915	2,648
Other	21	20
Total:	**2,936**	**2,668**
Total domestic market:	**13,695**	**12,326**

Export

Sales of finished products:

	2012	*2011*
	BGN '000	*BGN '000*
Big Bags and slims	13,547	15,787
Plastic buckets	6,337	5,570
Beer crates	617	845
Crates for agricultural produce	61	58
Crates for non-alcoholic beverages	53	168
Meat crates	25	18
Stadium seats	8	8
Other	2	4
Total:	**20,650**	**22,458**

Sales of goods:

	2012	*2011*
	BGN '000	*BGN '000*
Plastic buckets	870	788
Big Bags and slims	452	388
Total:	**1,322**	**1,176**
Total export:	**21,972**	**23,634**

4. COST OF SALES

	2012	*2011*
	BGN '000	*BGN '000*
Materials	22,421	23,246
Salaries, social security and health insurance contributions, additional allowances	2,619	2,730
Depreciation/amortisation	1,326	1,311
Hired services	628	642
Other	28	28
Cost of finished products sold	*27,022*	*27,957*
Purchase price of sold goods	3,754	3,395
Total:	**30,776**	**31,352**

Expenses on materials include mainly expenses on main materials – BGN 20,277 thousand (Big Bags cloth, polyethylene, polypropylene, colorants, inks, etc.) (2011: BGN 21,103 thousand), auxiliary materials – BGN 736 thousand (2011: BGN 854 thousand), and electric energy – BGN 967 thousand (2011: BGN 820 thousand).

Expenses on hired services include mainly moulds licence fees – BGN 197 thousand (2011: BGN 182 thousand).

5. WRITE-DOWN OF INVENTORIES

	2012	*2011*
	BGN '000	*BGN '000*
Materials	13	15
Goods	6	7
Finished products	-	23
Total:	**19**	**45**

6. OTHER OPERATING INCOME AND LOSSES

	2012 BGN '000	*2011 BGN '000*
Profit from waste sales	44	41
Re-invoiced transport costs	44	10
Interest income	19	19
Preparation of cliches	13	6
Rentals	12	8
Sales of inventories	480	100
Carrying amount of inventories sold	466	(98)
Gain on sales of materials	*14*	*2*
Sales of non-current assets	19	-
Carrying amount of non-current assets sold	-10	-
Gain on sales of non-current assets	*9*	
Surpluses of / (missing) assets, net	(2)	(7)
Foreign currency exchange gains/(losses), net	(4)	(3)
Liabilities written-off	8	47
Reversed impairment of receivables	4	3
Other	5	3
Total:	**166**	**129**

7. DISTRIBUTION AND SELLING COSTS

	2012 BGN '000	*2011 BGN '000*
Salaries and social security/health insurance contributions	279	261
Transport	148	98
Insurance	134	144
Depreciation/amortisation	109	111
Impairment and losses from uncollectable trade receivables	71	43
Materials	38	57
Vehicles rent	37	44
Exhibitions and fairs	35	16
Business trips	28	21
Communication services	24	16
Customs intermediary	15	13
Analysis of materials	14	10
Repair and maintenance	7	12
Advertising	6	18
Other	38	43
Total:	**983**	**907**

8. ADMINISTRATIVE EXPENSES

	2012	*2011*
	BGN '000	*BGN '000*
Salaries and social security/health insurance contributions	755	739
Consulting services	435	428
Bank charges on transfers	88	81
Materials, fuel and water	76	72
Local taxes and charges	60	66
Security	49	49
Repair and maintenance	34	21
VAT on samples and scrap	33	23
Vehicles rent	20	23
Software rent and services on subscription	20	12
Business trips	19	21
Depreciation/amortisation	19	20
Insurance	18	16
Communication services	15	17
Entertainment allowances	15	22
Transport	7	7
Taxes on expenses	6	6
Equipment maintenance on subscription	4	5
Training and qualification	3	7
Other	14	13
Total:	**1,690**	**1,648**

9. EMPLOYEE BENEFITS EXPENSE

	2012	*2011*
	BGN '000	*BGN '000*
Current wages and salaries	2,989	2,874
Social security/health insurance contributions	546	528
Social benefits and payments	257	260
Accruals for unused paid leaves	38	53
Social security/health insurance contributions on leaves	5	7
Accruals for long-term payables to personnel	18	21
Total:	**3,853**	**3,743**

The expenses on social benefits and payments include mainly expenses on cards for urban transport facilities, food vouchers and shopping coupons given to the employees for Easter and Christmas.

The accruals for long-term payables to personnel (Note 23) include:

	2012	*2011*
	BGN '000	*BGN '000*
Interest expense	4	4
Current service costs	13	15
Net actuarial loss recognised for the period	1	2
Total:	**18**	**21**

10. OTHER OPERATING EXPENSES

	2012	*2011*
	BGN ‘000	*BGN ‘000*
Scrapping of inventories	126	85
Other	2	9
Total:	**128**	**94**

11. FINANCE COSTS

	2012	*2011*
	BGN ‘000	*BGN ‘000*
Interest on loans	210	219
Bank charges on loans and bank guarantees	17	10
Total:	**227**	**229**

12. INCOME TAX EXPENSE

The main components of the income tax expense for the years ended 31 December are:

	2012 *BGN '000*	*2011* *BGN '000*
Statement of comprehensive income (profit for the year)		
Taxable profit for the year under tax return	1,916	1,800
Current income tax expense for the year	192	180
Deferred income taxes related to origination and reversal of temporary differences	26	16
Total income tax expense in the statement of comprehensive income	**218**	**196**

	2012 *BGN '000*	*2011* *BGN '000*
Reconciliation of tax expense determined against the accounting result		
Accounting profit for the year	2,011	1,814
Income tax -10%	201	181
Non-deductible amounts as per tax return related to:		
Increases – BGN 192 thousand (2011: BGN 144 thousand)	17	15
Total:	**218**	**196**

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Machinery and equipment		Motor vehicles		Other		PPE in progress		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Book value												
Balance at 1 January	7,966	7,248	17,994	15,769	244	244	157	152	367	45	26,728	23,458
Additions	-	-	-	-	-	-	-	-	1,668	3,270	1,668	3,270
Transfer between accounts	-	718	1,337	2,225	5	-	6	5	(1,348)	(2,948)	-	-
Disposals	-	-	(22)	-	-	-	-	-	-	-	(22)	-
Balance at 31 December	**7,966**	**7,966**	**19,309**	**17,994**	**249**	**244**	**163**	**157**	**687**	**367**	**28,374**	**26,728**
Accumulated depreciation												
Balance at 1 January	1,000	797	9,324	8,122	217	185	90	69	-	-	10,631	9,173
Depreciation charge for the year	216	203	1,271	1,202	23	32	21	21	-	-	1,531	1,458
Depreciation written-off	-	-	(13)	-		-	-	-	-	-	(13)	-
Balance at 31 December	**1,216**	**1,000**	**10,581**	**9,324**	**240**	**217**	**111**	**90**	**-**	**-**	**12,149**	**10,631**
Carrying amount at 31 December	**6,750**	**6,966**	**8,727**	**8,670**	**9**	**27**	**52**	**67**	**687**	**367**	**16,225**	**16,097**

As at 31 December 2012 the Company's tangible fixed assets included: land amounting to BGN 480 thousand (31 December 2011: BGN 480 thousand) and buildings of carrying amount BGN 6,270 thousand (31 December 2011: BGN 6,486 thousand).

Review for impairment

The value of tangible fixed assets is reviewed as at 31 December 2012 by a commission of Company's technical specialists in order to determine whether conditions for impairment have occurred in the meaning of the requirements and rules of IAS 36 "Impairment of Assets". Based on this review, the management of Thrace-Ipoma AD has assessed that no indications and conditions for impairment of assets are present as at 31 December 2012.

Other data

At 31 December 2012, the tangible fixed assets in progress included expenses incurred in relation to the acquisition of machinery and equipment – BGN 687 thousand (31 December 2011: BGN 367 thousand).

At 31 December 2012, the book value of fully depreciated tangible fixed assets, which were still in use in the Company's activities, amounted to BGN 5,618 thousand (31 December 2011: BGN 4,683 thousand) and by group of assets is as follows:

- Machinery and equipment – BGN 5,378 thousand (31 December 2011: BGN 4,548 thousand);
- Motor vehicles – BGN 200 thousand (31 December 2011: BGN 104 thousand);
- Furniture and fixtures and other – BGN 40 thousand (31 December 2011: BGN 31 thousand).

As at 31 December 2012, the carrying amount of machineries on which a special pledge had been established in favour of banks under used bank loans, was BGN 1,150 thousand (31 December 2011: BGN 1,039 thousand).

14. INTANGIBLE ASSETS

	Software	
	2012	***2011***
	BGN '000	***BGN '000***
Book value		
Balance at 1 January	55	51
Additions	-	4
Balance at 31 December	55	55
Accumulated amortisation		
Balance at 1 January	45	41
Amortisation charge for the year	3	4
Balance at 31 December	48	45
Carrying amount at 31 December	**7**	**10**

15. OTHER NON-CURRENT ASSETS

Other non-current assets as at 31 December 2012 represent paid long-term guarantee instalments under operating lease contracts for motor vehicles, concluded in 2011, which are subject to refund after the contracts expiry (year 2014).

16. INVENTORIES

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Materials	4,687	3,446
Finished products	2,850	2,079
Goods	976	1,010
Work-in-progress	6	6
Total:	**8,519**	**6,541**

Materials include:

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Basic materials	4,372	3,081
Auxiliary and other materials	196	247
Spare parts	119	118
Total:	**4,687**	**3,446**

The basic materials include mainly polypropylene BGN 1,403 thousand (31 December 2011: BGN 1,249 thousand), polyethylene – BGN 416 thousand (31 December 2011: BGN 89 thousand) and cloth for Big Bags – BGN 1,038 thousand (31 December 2011: BGN 736 thousand).

As at 31 December 2012 there were materials in a process of delivery at the amount of BGN 559 thousand (31 December 2011: BGN 99 thousand).

The finished products include:

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Single-use packaging	1,938	1,655
Big Bags and slims	671	311
Beer crates	111	-
Crates for bakery and agricultural produce	80	31
Garden furniture	37	66
Crates for meat	7	7
Stadium seats	1	4
Other	5	5
Total:	**2,850**	**2,079**

Goods represent mainly single-use buckets.

17. TRADE RECEIVABLES

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Receivables from clients	3,412	2,877
Advances to suppliers	4	2
Allowance for impairment	(123)	(84)
Total:	**3,293**	**2,795**

The company works with its major clients under the terms of immediate and deferred payment, varying between 15 and 90 days. The adopted common period when negotiating deferred payments is 90 days. This term is accepted as a normal credit period for Thrace Plastics Group, to which the Company belongs, as well as for the business segment where it operates. The Company does not have agreed payments exceeding this period and respectively, does not recognise deferred payment interest.

The table below presents receivables past due by more than 30 days against the common credit period, which are not impaired:

Period past due	*31.12.2012* *BGN '000*	*31.12.2011* *BGN '000*
from 31 to 60 days	540	417
from 61 to 90 days	195	117
from 91 to 120 days	81	79
over 120 days	122	165
Total	**938**	**778**

Part of the past due receivables presented in the above table, amounting to BGN 174 thousand, has been collected after the end of the reporting period by the date of approval of these financial statements. The remaining receivables are from clients whose business is seasonal in its nature and the receivables will be collected from them on the commencement of the active season.

The table below shows receivables past due against the common credit period, which have been impaired:

	31.12.2012 *BGN '000*	*31.12.2011* *BGN '000*
Over 120 days	*194*	*208*
Accumulated impairment	*(123)*	*(84)*
Total	***71***	***124***

Movements of Company's cumulative impairment during the year are as follows:

	2012	**2011**
	Individually impaired	*Individually impaired*
	BGN'000	***BGN'000***
Balance at the beginning of the year	84	55
Impairment losses recognised during the year	58	43
Amounts written-off during the year as uncollectible	(15)	(11)
Impairment losses reversed during the year	(4)	(3)
Balance at the end of the year	**123**	**84**

As at 31 December 2012, the receivables from clients are classified by currency type as follows:

- in BGN: BGN 2,117 thousand (31 December 2011: BGN 1,921 thousand);
- in EUR: BGN 1,172 thousand (31 December 2011: BGN 872 thousand)

18. OTHER CURRENT ASSETS

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Prepayments	64	69
Court and awarded receivables	32	31
Taxes refundable	8	28
Advances of accountable persons	8	8
Guarantees granted	2	3
Other	2	6
Total:	**116**	**145**

The ***refundable taxes*** include income tax paid in excess at the amount of BGN 8 thousand (31 December 2011: BGN 28 thousand).

Court and awarded receivables at book value and accumulated impairment losses are as follows:

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Court and awarded receivables	32	31
Allowance for impairment	-	-
Total:	**32**	**31**

The ***prepayments*** at 31 December include:

- insurance of personnel – BGN 38 thousand (2011: BGN 42 thousand);
- car insurance – BGN 13 thousand (2011: BGN 15 thousand);

- property insurance – BGN 7 thousand (2011: none);
- oil for hydraulic aggregates – none (2011: BGN 9 thousand);
- other – BGN 6 thousand (2011: BGN 2 thousand)

19. CASH AND CASH EQUIVALENTS

	31.12.2012 *BGN '000*	*31.12.2011* *BGN '000*
Current accounts	1,293	521
Deposits placed	539	686
Cash in hand	5	2
Total:	**1,837**	**1,209**

The cash available as at 31 December 2012 was at Company's accounts with the following banks:

- Bank Piraeus Bulgaria AD, Vitosha Branch;
- UBB, Iskar Branch;
- Alpha Bank, Bulgaria Branch;
- Emporiki Bank, office Business Park;
- Raiffeisenbank, office Druzhba.

The currency structure of the cash available as at 31 December 2012 was as follows:

- in BGN: BGN 906 thousand (31 December 2011: BGN 461 thousand);
- in EUR: BGN 931 thousand (31 December 2011: BGN 748 thousand).

The deposits placed as at 31 December 2012 included:

Deposits in BGN	
Deposit amounts	BGN 423 thousand
Deposit terms	Overnight deposits
Contracted interest rate	3%

Deposits in EUR	
Deposit amounts	BGN 116 thousand
Deposit terms	Overnight deposits
Contracted interest rate	2.70%

20. EQUITY

Share capital

As at 31 December 2012, the registered share capital of Thrace-Ipoma AD amounted to BGN 3,226 thousand (31 December 2011: BGN 3,226 thousand), distributed in 3,225,646 ordinary registered voting shares with nominal value BGN 1 per share. The Company’s registered capital is paid-in in full.

In 2008, the General Meeting of Shareholders took a decision to decrease Company’s share capital through redemption and invalidation of 3,911,660 shares. The shares were purchased by the main shareholder Trierina Trading Limited, Cyprus, and at the date of the financial statements they had been paid to the shareholder in full.

Reserves

As at 31 December 2012, the Company’s reserves are appropriated from distribution of profit in accordance with the requirements of the Commercial Act and the Company’s Statutes – setting aside a Reserve Fund at 10% of the registered share capital (Note 2.16).

Retained earnings

Retained earnings are composed of accumulated profits and the accounted for effects of the Company’s transition to IFRS.

21. DEFERRED TAX LIABILITIES

	temporary difference	*tax*	*temporary difference*	*tax*
	31.12.2012	***31.12.2012***	***31.12.2011***	***31.12.2011***
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***
Property, plant and equipment	6,895	(689)	6,598	(660)
Deferred tax liabilities	**6,895**	**(689)**	**6,598**	**(660)**
Impairment of receivables	(123)	12	(84)	8
Accruals for unused paid leaves	(43)	4	(60)	6
Accruals for indemnity upon retirement	(96)	10	(87)	9
Salaries accrued but not paid	(42)	4	(42)	4
Deferred tax assets	**(304)**	**30**	**(273)**	**27**
Deferred tax assets/(liabilities), net	**(6,591)**	**(659)**	**(6,325)**	**(632)**

The movements within deferred tax (liabilities)/assets are presented below:

Deferred tax (liabilities)/ assets	***Balance at 1 January 2012***	***Recognised in profit or loss for the year***	***Balance at 31 December 2012***
	BGN '000	***BGN '000***	***BGN '000***
Non-current assets	(660)	(29)	(689)
Impairment of receivables	8	4	12
Accruals for unused paid leaves	6	(2)	4
Accruals for indemnity upon retirement	9	1	10
Salaries accrued but not paid	4	-	4
Total	**(632)**	**(26)**	**(659)**

Deferred tax (liabilities)/ assets	***Balance at 1 January 2011***	***Recognised in profit or loss for the year***	***Balance at 31 December 2011***
	BGN '000	***BGN '000***	***BGN '000***
Non-current assets	(634)	(26)	(660)
Impairment of receivables	6	2	8
Accruals for unused paid leaves	5	1	6
Accruals for indemnity upon retirement	7	1	8
Salaries accrued but not paid	-	4	4
Total	**(616)**	**(16)**	**(632)**

On recognising deferred tax assets, the probability of a reversal of the individual differences and the abilities of the Company to generate sufficient taxable profit in the future, has been taken into account.

Deferred tax assets for the following temporary differences have not been recognised:

	temporary difference	*tax*	*temporary difference*	*tax*
	31.12.2012	***31.12.2012***	***31.12.2011***	***31.12.2011***
	BGN '000	***BGN '000***	***BGN '000***	***BGN '000***
Impairment of inventories	(50)	5	(90)	9
Deferred tax assets	**(50)**	**6**	**(90)**	**9**

22. LONG-TERM BANK LOANS

As at 31 December 2012 the Company used borrowed financial resources under three long-term bank loans as follows:

Long-term bank loan 1 was granted under the following terms and conditions:

Purpose of the loan	Financing the purchase of machinery
Contracted loan amount	EUR 400 thousand
Nominal amount as at 31 December 2012	BGN 690 thousand
Amortised value as at 31 December 2012	BGN 688 thousand
Maturity	25 May 2015
Grace period	1 month
Contracted interest rate	1M Euribor +4.00% but not less than 5%
Effective interest rate:	5%
Collateral	Contract for pledge on machinery and equipment; first ranking special pledge on receivables
Balance at 31 December 2012	BGN 688 thousand
including long-term portion	*BGN 460 thousand*
including short-term portion	*BGN 228 thousand*

Long-term bank loan 2 was granted under the following terms and conditions:

Purpose of the loan	Financing the purchase of machinery
Contracted loan amount	EUR 1,500 thousand
Nominal amount as at 31 December 2012	BGN 2,598 thousand
Amortised value as at 31 December 2012	BGN 2,597 thousand
Maturity	15 July 2015
Grace period	1 month
Contracted interest rate	3M Euribor +4.00%
Effective interest rate:	4.19% at the date of the financial statements
Collateral	Corporate guarantee from Thrace Plastics S.A. Pledge on current and future receivables
Balance at 31 December 2012	BGN 2,597 thousand
including long-term portion	*BGN 1,593 thousand*
including short-term portion	*BGN 1,004 thousand*

Long-term bank loan 3 was granted under the following terms and conditions:

Purpose of the loan	Purchase of machinery and equipment.
Contracted loan amount	EUR 500 thousand
Nominal amount as at 31 December 2012	BGN 761 thousand
Amortised value as at 31 December 2011	BGN 758 thousand
Maturity	11 May 2015
Grace period	12 months
Contracted interest rate	3-month Euribor + 4.5%
Effective interest rate:	4.78% at the date of the financial statements
Collateral	Corporate guarantee from Thrace Plastics Pack S.A., Greece; Letter of Commitment under the Greek law, issued by Thrace Plastic Co AD, Greece.
Balance at 31 December 2012	BGN 758 thousand
including long-term portion	*BGN 435 thousand*
including short-term portion	*BGN 323 thousand*
Balance at 31 December 2011	*BGN 857 thousand*
including long-term portion	*BGN 693 thousand*
including short-term portion	*BGN 164 thousand*

23. RETIREMENT BENEFIT OBLIGATIONS

Long-term employee benefits include the present value of the Company's liability at the end of the reporting period to pay indemnities to its employees upon retirement. In accordance with the Labour Code each employee is entitled to indemnity on retirement at the amount of two gross monthly salaries, and if he or she has worked for more than 10 years for the same employer – six gross monthly salaries at the time of retirement.

For the purpose of establishing the amount of the long-term payables to personnel, the Company has assigned an actuarial valuation by using the services of a certified actuary. On the basis of the actuarial report, a payable of BGN 96 thousand has been recognised in the statement of financial position as at 31 December 2012 (31 December 2011: BGN 87 thousand).

The change in Company's obligation for payment of defined benefits to its personnel on retirement, recognised in the statement of financial position, is as follows:

	2012	***2011***
	BGN '000	***BGN '000***
Present value of the obligations at 1 January	*72*	*65*
Unrecognised actuarial gain at 1 January	*15*	*1*
Liability recognised in the statement of financial position at 1 January	**87**	**66**
Expense recognised in the statement of comprehensive income	18	21
Payments made during the period	(9)	-
Liability recognised in the statement of financial position at 31 December	**96**	**87**
Present value of the obligations at 31 December	*103*	*72*
Unrecognised actuarial gains at 31 December	*(7)*	*15*

Change in the present value of retirement benefit obligations to personnel and calculation of actuarial (gain)/loss is as follows:

	2012	*2011*
	BGN '000	*BGN '000*
Present value of the obligations at 1 January	**72**	**65**
Interest expense for the period	4	4
Current service costs for the period	14	15
Payments made during the period	(9)	-
Actuarial (loss)/gain for the period	22	(12)
Present value of the obligations at 31 December	**103**	**72**

The following actuarial assumptions were used in calculating the present value of the liabilities as at 31 December 2012:

- mortality rate – in accordance with the table issued by the National Statistics Institute for the total mortality rate of the population in Bulgaria for the period 2009 - 2011 (2011: 2008 - 2010);
- staff turnover rate – from 0 % to 15 % for the four age groups formed with the Company (2011: 0% – 15%);
- discount factor – the rated applied is based on the effective annual interest rate i = 4.5 % (31 December 2011: i = 5.7%). It is grounded on the market yield on the long-term government securities (of 10-year maturity). Considering that the average term to pensioning is longer than 10 years, the discount rate has been established through extrapolation;
- The assumption for the future level of the salaries is based on the information provided by the Company's management and amounts to 5 % annual growth compared to the prior reporting period (2011: 5%).

24. TRADE PAYABLES

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Foreign suppliers	2,179	1,045
Local suppliers	838	303
Advances from clients	397	402
Total:	**3, 414**	**1,750**

The company works with its major suppliers under the terms of immediate and deferred payment, varying between 15 and 90 days. The adopted common period when negotiating deferred payments with suppliers is 90 days. This term is accepted as a normal credit period for Thrace Plastics Group, to which the Company belongs, as well as for the business segment where it operates. The Company does not have agreed payments exceeding this period and respectively, does not recognise deferred payment interest.

The Company does not allow lasting delinquencies and does not accrue interest for delay.

All trade and other payables are interest-free.

Trade payables by type of currency are as follows:

	31.12.2012	*31.12.2011*
Type of currency	*BGN '000*	*BGN '000*
BGN	1,235	705
EUR	2,175	1,042
Other currency	4	3
Total	**3, 414**	**1,750**

25. SHORT-TERM BANK LOANS

In 2012 the Company used financial resources from a short-term bank loan under the following terms and conditions:

Contracted loan amount:	EUR 1,000 thousand
Contracted interest:	for drawdown in EUR – 3M EURIBOR + 4.5% for drawdown in BGN – 3M SOFIBOR + 2.5%
Maturity:	11 May 2012 with an option for extension.
Collateral:	Corporate guarantee from Thrace Plastics Pack S.A., Greece; Letter of Commitment under the Greek law, issued by Thrace Plastic Co AD, Greece;
Purpose of the loan:	Working capital, issuance of guarantees and letters of credit
Balance at 31 December 2012	none
Balance at 31 December 2011	BGN 864 thousand

In 2012 the Company contracted a revolving bank loan, from which it did not drawdown any amounts, under the following terms and conditions:

Purpose of the loan	Working capital, collateral and bank guarantees
Contracted loan amount	EUR 600 thousand
Availability period:	30 May 2013
Maturity term	31 May 2013
Contracted interest rate	1M Euribor +4.00% but not less than 5%
Collateral	Contract for pledge on machinery and equipment; first ranking special pledge on receivables
Balance at 31 December 2012	none

26. TAX PAYABLES

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Value added tax	40	59
Individual income taxes payable	20	20
Alternative taxes	13	11
Total	**73**	**90**

The Company's tax liabilities are settled on a regular basis.

By the date of the preparation of the financial statements the following inspections and audits have been performed:

- under VATA – covering the period until 30 November 2006 inclusive;
- full-scope tax audit – covering the period until 31 December 2003 inclusive.

Tax audit of the companies in Bulgaria is performed within a 5-year period after the end of the year when the tax return for the respective liability has been submitted. The tax audit confirms finally the tax liability of the respective company-tax liable person except in the cases explicitly stated by law.

27. OTHER CURRENT LIABILITIES

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Payables to personnel	214	217
Social security payables	74	75
Other	4	3
Total	**292**	**295**

Payables to personnel include:

- salaries for December not paid – BGN 176 thousand (31 December 2011: BGN 164 thousand);
- accruals at the amount of BGN 38 thousand representing amounts due on unused paid leave entitlement of personnel (31 December 2011: BGN 53 thousand).

Social security payables include:

- current payables for the month of December at the amount of BGN 69 thousand (31 December 2011: BGN 68 thousand);
- social security contributions accrued on the amounts of unused by personnel paid leaves at the amount of BGN 5 thousand (31 December 2011: BGN 7 thousand).

28. RELATED PARTIES

28.1. Data on related parties that control directly Thrace-Ipoma AD at 31 December is presented below:

Company	***Relation***
Trierina Trading Limted, Cyprus	parent company of Thrace-Ipoma AD
Thrace Plastics Pack Co SA, Greece	parent company of Trierina Trading Limited, Cyprus
Thrace Plastics Co, Greece	parent company of Thrace Plastics Pack, Greece

28.2. In 2012, the Company executed deals *with the following related parties:*

Company	***Relation***
Thrace Plastics Co, Greece	parent company of Thrace Plastics Pack, Greece
Thrace Plastics Pack Co SA, Greece	under the control of Thrace Plastics Co SA
Trierina Trading, Cyprus	under the control of Thrace Plastics Pack Co SA
Thrace Nonwovens & Geosynthetics, Greece	under the control of Thrace Plastics Pack Co SA
Thrace Sarantis, Greece	under the control of Thrace Plastics Pack Co SA
Thrace Greiner Packaging, Romania	under the control of Thrace Plastics Pack Co SA
Capsnap Hellas SA, Greece	under the control of Thrace Plastics Pack Co SA
Thrace Technik Ambalaj, Turkey	under the control of Thrace Plastics Pack Co SA
Thrace Plastics Packaging DOO, Serbia	under the control of Thrace Plastics Pack Co SA
Thrace XPS SA, Greece	under the control of Thrace Plastics Pack Co SA
Thrace Polybulk, Sweden	under the control of Synthetic Holdings
Thrace Polybulk, Norway	under the control of Synthetic Holdings
Synthetic Packaging, Ireland	under the control of Synthetic Holdings

After 31 December 2012 Thrace Technik Ambalaj, Turkey, is planned to exit the group of Thrace Plastics.

28.3. ***Outstanding balances*** (accounts) with related parties as at 31 December are:

Receivables from related parties:

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Synthetic Packaging, Ireland	615	862
Thrace Plastics Packaging DOO, Serbia	518	521
Thrace Greiner Packaging, Romania	230	145
Thrace Polybulk A.B., Sweden	208	1,432
Thrace XPS, Greece	15	222
Thrace Plastics Pack Co, Greece	13	15
Thrace Plastics Co, Greece	2	6
Thrace Polybulk A.S., Norway	-	1,344
Thrace Technik Ambalaj, Turkey	-	-
Total:	**1,601**	**4,547**

Payables to related parties:

	31.12.2012	*31.12.2011*
	BGN '000	*BGN '000*
Thrace Plastics Co, Greece	1,170	2,902
Thrace Plastics Pack Co, Greece	1,242	1,418
- including under non-invoiced supplies	*5*	*8*
including under a loan received	*555*	*1,069*
Thrace Nonwovens & Geosynthetics, Greece	832	596
Thrace Technik Ambalaj, Turkey	51	2
Thrace Polybulk A.B., Sweden	10	11
including under received advances	*10*	*11*
Thrace Sarantis, Greece	1	3
Trierina Trading Limted, Cyprus	-	3,006
Capsnap Hellas SA, Greece	-	43
Total:	**3,306**	**7,981**

The accounts and balances with related parties are entirely denominated in EUR.

The payables to Trierina Trading Limited, Cyprus, under invalidated shares were settled as at 31 December 2012.

In 2009, an agreement was concluded between Thrace-Ipoma AD and Plastics Pack Co, Greece, for the transformation of the trade payable into a loan. The terms and conditions of the loan are as follows:

Contracted loan amount	BGN 2,403 thousand
Contracted interest rate	7.5%
Collateral	None
Contracted repayment deadline	December 2013

The contracted interest rate is agreed under terms and conditions analogous to those applicable for independent parties and for usual trade relations (on arm's length terms). The interest expenses accrued for year 2012 under the loan amount to BGN 66 thousand (2011: BGN 103 thousand).

All other payables are commercial in their nature.

At 31 December, the Company performed offsetting of the outstanding counter balances for the companies of Thrace Plastics Group at the end of the reporting period and presented the net amount to the receivables from related parties and respectively, to the payables to related parties. This is due to the adopted Group policy to set off trade receivables and trade payables between the companies within the Group, which results in the establishment of a regular and consistent practice of net reporting (Note 2.18.3) as follows:

	31.12.2012 ***BGN '000***	***31.12.2011*** ***BGN '000***
Receivables from related parties (gross amount)	3,372	6,077
Offsetting trade receivables with trade payables	*121*	*178*
Offsetting trade payables with trade receivables	*1,650*	*1,352*
Offsetting	1,771	1,530
Receivables from related parties (net amount)	**1,601**	**4,547**

	31.12.2012	***31.12.2011***
	BGN '000	***BGN '000***
Payables to related parties (gross amount)	5,077	9,511
Offsetting trade receivables with trade payables	*121*	*178*
Offsetting trade payables with trade receivables	*1,650*	*1,352*
Offsetting	1,771	1,530
Payables to related parties (net amount)	**3,306**	**7,981**

The contractual deferred payment period for trade receivables and payables within Thrace Plastics Group is 90 days. When Trace-Ipoma AD performs at the same time supplies from and sales to a related party, the receivables and payables are being periodically set-off. Payments to other Group companies are made within the timeframe of 90 days deferred payment.

28.4. The table below presents data on the related party ***transactions*** of the Company executed during the year:

<u>Supplies from related parties</u>

	2012	***2011***
	BGN '000	***BGN '000***
Thrace Plastics Co, Greece	6,802	12,297
Materials		
Thrace Plastics Pack Co, Greece	3,792	3,783
Buckets, machines, licence fees		
consulting services		
Thrace Nonwovens & Geosynthetics, Greece	3,554	1,893
Materials		
Thrace Technik Ambalaj, Turkey	342	136
Buckets		
Thrace XPS, Greece	208	23
Buckets		
Thrace Greiner Packaging, Romania	177	51
Buckets, materials and moulds rent		
Thrace Polybulk A.B., Sweden	130	116
Materials		
Thrace Sarantis, Greece	7	6
Materials		
Capsnap Hellas SA, Greece	-	81
Buckets		
Thrace Polybulk A.S., Norway	-	4
Re-invoiced transport costs		
Total	**15,012**	**18,390**

Sales to related parties

	2012	*2011*
	BGN '000	*BGN '000*
Thrace Polybulk A.B., Sweden *Industrial Big Bags and slims*	5,857	6,945
Thrace Polybulk A.S., Norway *Industrial Big Bags and slims*	4,527	4,485
Synthetic Packaging, Ireland *Industrial sacks*	3,098	3,578
Thrace Plastics Pack Co, Greece *Buckets, mould rent*	2,864	2,135
Thrace Plastics Co, Greece *Buckets, industrial Big Bags*	1,350	1,904
Thrace Plastics Packaging DOO, Serbia *Buckets*	780	671
Thrace Greiner Packaging, Romania *Buckets, mould rent*	565	590
Thrace Technik Ambalaj, Turkey *Buckets*	113	112
Thrace XPS, Greece *Buckets*	5	8
Thrace Nonwovens & Geosynthetics, Greece *Industrial Big Bags and slims*	2	16
	19,161	**20,444**

28.5. ***The key management personnel*** is as follows:

Dimitar Ditchev	Member of the Board of Directors and Executive Director
Konstantinos Chalioris	Chairman of the Board of Directors
Dimitrios Chrountas	Member of the Board of Directors
Theodosios Kolivas	Member of the Board of Directors
Georgius Mantsavinos	Member of the Board of Directors
Levent Boshnakov	Commercial Director
Antonia Doneva	Decoration Director
Anelia Hristova	Human Resources Manager
Alexandar Pavlov	Technical Director
Ivan Ivanov	Sewing Production Manager
Dora Minkovska	Finance Manager
Elena Krekmanska	Manager Supplies

The remuneration of key managing personnel included only salaries and other short-term benefits, which in year 2012 amounted to BGN 460 thousand (2011: BGN 391 thousand).

28.6. *Pricing*

The pricing policy between related parties in the group is determined by Thrace Plastics Co, Greece. It is subject to the conditions on the European market and is based on the production cost plus a percentage of commercial mark-up.

The terms and conditions for executing related party transactions do not vary from market prices for similar transactions between non-related parties.

29. FINANCIAL INSTRUMENTS

The ***structure of Company's financial assets and liabilities*** as at 31 December is presented below. It includes all financial assets in one group 'loans and receivables' and all financial liabilities in one group 'other financial liabilities'.

Financial assets	***Loans and receivables 31.12.2012 BGN '000***	***Loans and receivables 31.12.2011 BGN '000***
Other non-current assets	16	16
Receivables from related parties	1,587	4,547
Trade receivables	3,289	2,793
Other current assets	34	34
Cash and cash equivalents	1,837	1,209
	6,763	**8,599**

Financial liabilities	***Other financial liabilities 31.12.2012 BGN '000***	***Other financial liabilities 31.12.2011 BGN '000***
Bank loans	4,042	2,585
Loans from related parties	555	1,069
Trade payables to related parties	2,736	3,906
Payables to the parent company under invalidated shares	-	3,006
Trade payables	3,017	1,348
	10,350	**11,914**

Financial risk management

In the ordinary course of business, the Company is exposed to a variety of financial risks the most important of which are market risk (including currency risk, risk of fair value changes and price risk), credit risk, liquidity risk and risk of interest-bearing cash flows.

The general risk management is focused on the difficulty to forecast the financial markets and to achieve minimizing the potential negative effects that might affect the financial results and position of the Company. The financial risks are currently identified, measured and monitored through various control mechanisms in order to establish adequate prices for the Company's finished products and services and the borrowed thereby capital, as well as to assess adequately the market circumstance of its investments and the forms for maintenance of free liquid funds through preventing undue risk concentrations.

The risk management in the Company is currently performed by the Finance and Accounting Department and by the Sales Department.

Market risk

a. Currency risk

The Company is not exposed to currency risk because its major operations and deals are denominated in BGN and/or in EUR, as far as the latter has a fixed rate towards the Bulgarian Lev under law.

b. Price risk

The Company is exposed to price risk of adverse changes in the prices of materials and goods, because the prices of the basic materials – polyethylene, polypropylene and polystyrene – are traded on commodity exchange at prices in Euro and are related to the movement of the index Ki. In order to bring to minimum price risk the following two approaches have been adopted when negotiating the selling prices of finished products:

- The prices for clients of branded crates are recalculated in line with the index Ki;
- The prices of packaging are reviewed on monthly basis and again revised against Ki index and the purchase prices of materials.

Credit risk

The main financial assets of the Company are in cash in hand and at bank accounts (current and deposit), trade and other short-term receivables.

Credit risk the risk that any of the Company's clients will fail to discharge in full and within the normally envisaged terms the amounts due thereby under trade and other receivables. The latter are presented in the balance sheet at net value after deducting the impairment related to doubtful and bad debts. Such impairment is made where and when events have existed identifying loss due to uncollectability as per previous experience.

Thrace-Ipoma AD sells under deferred settlement terms with credit period of up to 90 days only to clients having long account of business and trade relations with the Company, good financial position and no history of credit terms violations. The Company trades with 90 days credit period only with related parties while the balances with them are managed and controlled by the Group as a whole. The sales to the other clients are made mainly on cash basis.

Collectability of receivables is controlled currently and strictly by the Executive Director, Finance Director and Commercial Director in accordance with the established credit policy of the Company. For this purpose, open exposures by customer and the individual amounts thereto as well as the proceeds received are subject to review on daily basis whereas making reconciliation and analysis. In addition, in the conditions of financial crisis, besides the current management of the collectability of receivables in case of delay supplementary actions are undertaken for their securing and collection. Also, in order to limit the existence of a credit risk during the period, the receivables from clients in Macedonia and part of the clients in Bulgaria were insured by the management against the risk on uncollectability because of the longer delay of payments compared to other clients.

Cash, including payment transactions, are limited to several highly reputable banks with liquid stability.

Liquidity risk

Liquidity risk is the adverse situation when the Company encounters difficulty in meeting unconditionally its obligations within their maturity. The liquidity management policy of the Company's is conservative maintaining a constant optimal liquid reserve of cash and a capability for funding its business activities, including by securing and maintenance of adequate credit resources and facilities, continuous control monitoring of the actual and forecasted cash flows by forward periods and keeping balance between the maturity limits of assets and liabilities.

Maturity analysis

The table below presents the financial non-derivative assets and liabilities of the Company at the date of the financial statements, grouped by remaining term to maturity, determined against the contractual maturity and cash flows. The table is prepared on the basis of undiscounted cash flows and the earliest date on which the receivable and respectively, the payable becomes due for payment. The amounts include principal and interest.

31 December 2012	**at sight**	**past due**	**up to 1 month**	**from 1 to 3 months**	**from 3 months to 1 year**	**over 1 year**	**Total**
	BGN ‘000	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**	**BGN '000**
Other non-current assets	-	-	-	-	-	16	16
Receivables from related parties	-	587	437	563	-	-	1,587
Trade receivables	-	1,503	1,029	757	-	-	3,289
Other receivables	-	32	-	-	2	-	34
Cash and cash equivalents	1,298	-	539				1,837
Financial assets	**1,298**	**2,122**	**2,005**	**1,320**	**2**	**16**	**6,763**
Bank loans	-	-	138	290	1,307	2,775	4,510
Loans from related parties	-	-	-	145	452	-	597
Trade payables to related parties	-	40	1,043	1,653	-	-	2,736
Trade payables	-	271	1,568	1,178	-	-	3,017
Financial liabilities	**-**	**311**	**2,749**	**3,266**	**1,759**	**2,775**	**10,860**

31 December 2011	at sight	past due	up to 1 month	from 1 to 3 months	from 3 months to 1 year	over 1 year	no maturity	Total
	BGN ‘000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Other non-current assets	-	-	-	-	-	16	-	16
Receivables from related parties	-	594	1,544	2,388	21	-	-	4,547
Trade receivables	-	1,647	739	407	-	-	-	2,793
Other receivables	-	31	-	-	-	-	3	34
Cash and cash equivalents	523	-	686	-	-	-	-	1,209
Financial assets	**523**	**2,272**	**2,969**	**2,795**	**21**	**16**	**3**	**8,599**
Bank loans	-	-	35	69	1,309	1,551	-	2,964
Loans from related parties	-	-	-	145	450	634	-	1,229
Trade payables to related parties	-	217	1,257	2,432	-	-	-	3,906
Payables to the parent company under invalidated shares	-	-	-	-	-	-	3,006	3,006
Trade payables	-	200	620	527	1	-	-	1,348
Financial liabilities	**-**	**417**	**1,912**	**3,173**	**1,760**	**2,185**	**3,006**	**12,453**

Based on accumulated experience with counterparts and the current business environment as well as the measures undertaken by the management, our expectations are that the past due receivables will be collected within a period of 3 months while the past due liabilities will be settled within a period of 3 months.

Risk of interest-bearing cash flows

In general, the Company does not have interest-bearing assets except for the existing cash with banks, on which interest is charged at fixed interest rate. Therefore, revenue and cash flows from operations are largely independent from the changes in market interest rates.

At the same time, the Company is exposed to interest risk because it uses short-term loans for funding its business activities and long-term loans for its investing activities contracted at floating interest rates (34% of the financial liabilities as at 31 December 2012 and respectively, 17% - at 31 December 2011). Therefore, the changes in interest rates are currently monitored and in case of adverse trends steps are taken for re-negotiating the terms and conditions.

Interest analysis

31 December 2012	Interest-free	With floating interest %	With fixed interest %	Total
	BGN ‘000	BGN ‘000	BGN ‘000	BGN ‘000
Other non-current assets	16	-	-	16
Receivables from related parties	1,587	-	-	1,587
Trade receivables	3,289	-	-	3,289
Other receivables	34	-	-	34
Cash and cash equivalents	5	-	1,832	1,837
Total financial assets	**4,935**	**-**	**1,832**	**6,763**
Bank loans	-	4,042	-	4,042
Loans from related parties	-	-	555	555
Trade payables to related parties	2,736	**-**	**-**	2,736
Trade payables	3,017	**-**	**-**	3,017
Total financial liabilities	**5,753**	**4,042**	**555**	**10,350**

31 December 2011	Interest-free	With floating interest %	With fixed interest %	Total
	BGN ‘000	BGN ‘000	BGN ‘000	BGN ‘000
Other non-current assets	16	-	-	16
Receivables from related parties	4,547	-	-	4,547
Trade receivables	2,795	-	-	2,795
Other receivables	34	-	-	34
Cash and cash equivalents	2	-	1,207	1,209
Total financial assets	**7,394**	**-**	**1,207**	**8,601**
Bank loans	-	2,585	-	2,585
Loans from related parties	-	-	1,069	1,069
Trade payables to related parties	3,906	**-**	**-**	3,906
Payables to the parent company under invalidated shares	3,006	**-**	**-**	3,006
Trade payables	1,750	**-**	**-**	1,750
Total financial liabilities	**8,662**	**2,585**	**1,069**	**12,316**

The achieved average interest rates on interest-bearing assets and liabilities are as follows:

- Cash in current bank accounts - 0.2%;
- Cash in deposit accounts – 2.70-3%;
- Bank loans – 4.19% - 5.97%;
- Loans from related parties – 7.5%.

The Company's management currently monitors and analyzes its exposure to changes in interest rates. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging instruments. Based on these scenarios, the Company calculates the impact of a defined interest rate shift, expressed in points, on the financial result and equity. For each simulation, the same assumption for interest rate shift is used for all major currencies. The calculations are made for major interest-bearing positions.

The Company's sensitivity to possible changes in interest rates based on the structure of assets and liabilities as at 31 December 2012 and with the assumption that the influence of all other variables is ignored, is immaterial. The effect of interest rate shift by 50 points, measured and presented as impact on the post-tax financial result for the following reporting period amounts to BGN 18 thousand (31 December 2011: BGN 8 thousand)

Capital risk management

The Company's objectives when managing capital are to create and sustain capabilities to continue its operation as a going concern and to ensure the relevant return on investments for shareholders (partners) and economic benefits for other stakeholders and participants in its business as well as to maintain an optimal capital structure to reduce the cost of capital.

The Company currently monitors capital availability and structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total (employed) capital amount. Net debt is calculated as total borrowings (current and non-current ones) as presented in the statement of financial position less cash and cash equivalents. Total employed capital is calculated as the sum of equity and net debt.

The strategy of the Company's management is to maintain the ratio within 1 – 15%.

The table below shows the gearing ratios based on capital structure as at 31 December:

	31.12.2012	***31.12.2011***
	BGN '000	***BGN '000***
Total borrowings	4,597	3,654
Less: Cash and cash equivalents	(1,837)	(1,209)
Net debt	2,760	2,445
Total equity	19,732	17,940
Total capital	22,492	20,385
Gearing ratio	***12%***	***12%***

Fair values

Fair value is generally the amount for which an asset could be exchanged, or a liability settled in an arm's length transaction between independent, willing and knowledgeable parties. The policy of the Company is to disclose in its financial statements the fair value of these financial assets and liabilities for which market quotations are available.

The fair value of financial instruments traded in active markets is based on the prices quoted at the date of the financial statements.

The fair value of financial instruments, which are not traded in active markets, is determined through valuation methods based on various valuation techniques and management assumptions made in accordance with the market circumstances as at the balance sheet date. Quoted market prices or dealers' quotes for similar instruments are used for long-term debts. Other techniques as those of the discounted cash flows are used to determine fair value for the remaining instruments.

The fair value concept presumes realisation of the financial instruments through sales. However, in most cases especially in regards of trade receivables and payables as well as loans, the Company expects to realise these financial assets also through their total refund or respectively, settlement over time. Therefore, they are presented at their amortised cost.

In addition, a large part of the financial assets and liabilities are either short-term in their nature (trade receivables and payables, short-term loans) or are presented in the balance sheet at market value (deposits placed with banks) and therefore, their fair value is almost equal to their carrying amount. In respect of long-term borrowings, an estimate of their fair value is calculated through discounting of their future cash flows based on average market interest rate at the balance sheet date.

The Company's management is of the opinion that the estimates of the financial assets and liabilities presented in the balance sheet are as reliable, adequate and trustworthy as possible for financial reporting purposes under the existing circumstances.

30. CONTINGENT LIABILITIES

Received government grant

In 2007, Thrace-Ipoma AD undertook the engagement to observe in the following 5 years the requirements of the Greek law 2601/98 on the occasion of the received grant from the Ministry of Economy of the Republic of Greece. The main engagements assumed are related to the following obligations of the Company:

- To not transfer for any reason fixed assets, to which the grant refers, without being replaced by purchasing of similar ones within six months, at least at the same amount and of the same type;
- To not remise, in full or in part, the approved investment without prior approval;
- To not suspend production activities for any reason (except where the production is destroyed, in full or in part, as a result of fire, flood or other natural phenomenon);
- To not cede the shares of the Company without the necessary approval.