

Advertising Prodigy AD
Accounting Policy of Interim Financial Statement
Q4 2010

The presented information in this document is submitted upon the requirements of art.100o from LPOS and art. 33 of Ordinance 2 from 17 September 2003 on the Prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities. This document is an integral part of annual non-consolidated financial statements for the period, ending on 31st December 2010.

1. Financial Statements' preparation basis

(a) Legal status

Advertising Prodigy AD is entered in the Companies Register with Sofia City Court decision № 1 of 05.12.2008 under company file № 18529/2008 parcel № 129280, part 1780, p. 92, with BULSTAT 175418705 and initial capital of 50 000 /fifty thousand/ BGN divided into 50 000 /fifty thousand/ ordinary registered shares with a voting right and nominal value of 1 /one/ BGN per share. The company is managed and represented by Nikolaos Asikis, a citizen of Greece.

On 08.02.2008 the Board of Directors of Advertising Prodigy has taken the decision to increase the company capital on the grounds of art. 196, para 1 from the Commercial Act with regard to art.8, para 2 from the Articles of Association of the Company, from 50 000 (fifty thousand) to 360 000 (three hundred and sixty thousand) BGN by issuing 310 000 /three hundred and ten thousand/ new common dematerialized registered shares with voting right and nominal value of 1 /one/ BGN per share.

During reported period, on 17.10.2009, an extraordinary General Meeting of the Shareholders has been convened. A resolution regarding capital increase of the Company from BGN 360 000 to BGN 720 000, by means of transformation of a part of the profit of the Company for the year 2008 into capital, was adopted. The increase will be made through issuance of new 360 000 ordinary dematerialized registered voting shares with nominal value of BGN 1 (one Bulgarian lev) each where each shareholder shall have the right to acquire shares, corresponding to respective shareholder's participation in the Company's capital prior to the capital increase. Right to participate in capital increase had all shareholders who own shares as of 02.11.2009 and the new shares were admitted to trading on BSE-Sofia AD starting from 11.12.2009.

Advertising Prodigy AD (the Company) is 100% privately owned joint stock company, with single management system and has a Board of Directors with members: Nikolaos Asikis – Executive Director, Athanasios Margaritis, Eftychios Loupasis, Konstantinos Kolokasidis and Joannis Athanasiou.

The Company main activity is in advertising, marketing and preparation of advertising, media and marketing strategies and their implementation.

(b) Applicable standards

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). They consist of:

- International financial reporting standards;
- International Accounting Standards, and
- The explanations provided by the Interpretations Committee of International Financial Reporting Standards (IFRIC) or the former Standing Interpretations Committee (SIC).

The Company has adopted a policy to produce a single statement of comprehensive income under IAS 1.

(c) Preparation basis

The Financial Statements are prepared in thousands of BGN. As a basis of preparation historical cost is used. The Financial Statements are separate statements of the Company. The Financial Statements are prepared in the national currency of the Republic of Bulgaria - Bulgarian Lev. From 01 January 1999 Bulgarian lev is pegged to the euro rate: BGN 1.95583 for € 1. The accuracy of the amounts in the Financial Statements is presented thousands of BGN.

2. Main points in the accounting policy

(a) Operations with foreign currency

Transactions conducted in foreign currency evaluated into BGN according the exchange rate the central bank in the day of transaction. Monetary assets and liabilities denominated in foreign currencies on the Balance sheet date are revalued in BGN according closing exchange rate of the central bank as of 31.12.2010. Differences, resulting from this exchange, are recognized in the Income Statement.

(b) Properties, machines and equipment

As property, machines and equipment are reported assets which meet the criteria of IAS 16 and have acquisition value equal or higher than 700 BGN. In accordance with approved accounting policy assets which are lower than stated above are reported as current expenses for the period of acquisition. When property, machines and equipment is acquired it is valued at its acquisition cost determined in accordance with the requirements of IAS 16.

The Company has adopted to recognize property, machines and equipment at cost without any accumulated depreciation and accumulated devalue losses in accordance with IAS 16.

Subsequent expenses related to certain property, machine, facility and equipment are reported as increase in the net book value of assets when there is probability the Company to gain economic benefits above the originally estimated standard performance. In all other cases, the subsequent expenses are reported for the current period.

Tangible fixed assets are depreciated on a straight-line method during the expected useful life determined at the time of acquiring the asset.

The average useful life in years for the main groups of tangible fixed assets is as follows:

| Group | Years |
|--------------------------------------|-------|
| Buildings and equipment | 25 |
| Machines | 3,3 |
| Vehicles | 4 |
| Fixtures and fittings | 6,7 |
| Computers and communications network | 2 |

Land and the acquiring costs of tangible fixed assets are not amortized. Used depreciation rates are based on the estimated useful life.

As of 31.12.2010 Advertising Prodigy AD has machines and equipment amounting to BGN 2 thousand and Vehicles amounting to BGN 1 thousand.

(c) Intangible assets

As intangible assets are reported assets which meet the definition of intangible assets and which meet the criteria for recording intangible assets stipulated in IAS 38.

When intangible assets are acquired they are reported at their prime cost.

After acquisition intangible assets are reported at prime cost reduced with accumulated depreciation and accumulated devalue losses.

Intangible assets are depreciated on a straight-line method during the expected useful life.

As of 31.12.2010 Advertising Prodigy has intangible assets amounting to BGN 2 thousand.

(d) Diminution of tangible fixed assets

Diminution is made in case of events and changes in circumstances that indicate that the net book value of fixed tangible and intangible assets is non-refundable within the business activity. The amount by which the net book value exceeds recoverable, which represents the higher value of net selling price of the asset and its value in use, is recognized for diminution loss. For purposes of measuring of diminution, assets are grouped to the highest analytical degree that identifiable cash flows are available.

In accordance with the provisions of IAS 36, „Diminution of Assets", the Company consider that occurrence of negative changes in the environment in which it is operating is not expected.

As of 31.12.2010 Advertising Prodigy AD have no diminution of tangible fixed assets.

(e) Investments and participation in daughter enterprises, joint venture and associated enterprises

As of 31.12.2010, the Company has no investments in subsidiaries, associated companies and minority stakes.

(f) Investment property

The Company does not report investment property in accordance with IAS 40.

(g) Tangible funds

Tangible funds are current assets as: materials mainly acquired by purchase and intended to be directly sold.

Tangible funds are evaluated according the lower among purchase costs and net value of realization.

Purchase costs include the total amount of all purchase costs, reprocessing and other costs incurred in connection with the delivery to the current state and location.

Subsequently they are included in the book value of sold goods when sale according the "weighted average cost" of the incoming inventories.

As of 31.12.2010 Advertising Prodigy AD does not possess tangible funds.

(h) Trade and other receivables

As receivables initially aroused in the Company are classified receivables from direct provision of goods and services, cash or cash equivalents from creditors.

These receivables and loans are initially valued at prime cost.

After initial recognition receivables from clients and suppliers and commercial loans granted that have no fixed maturity are reported at prime cost.

Receivables from clients and suppliers and commercial loans granted that have a fixed maturity are reported at their depreciation cost. The effective interest rate is the original rate stipulated by contract.

As of date of Financial Statements assessment review of uncollectability diminution is made. The assessment of diminution is based on individual approach by management for every particular receivable.

Tax refund shall be reported at the original amount of the claim.

Other receivables are reported at prime cost.

As long-term receivables are classified receivables with:

- No fixed maturity
- Fixed maturity and up to one year residual maturity term from the date of the Financial Statements.

As long-term receivables are classified receivables with fixed maturity and residual maturity of over year term.

Trade and other receivables are reported at their nominal value after all diminution losses deducted. As of 31.12.2010 Advertising Prodigy AD have trade and other receivables amounting to BGN 906 thousand, other receivables amounting to BGN 177 thousand and other financial assets amounting to BGN 2340 thousand.

(i) Cash and cash equivalents

Cash in BGN are valued at face value, which corresponds to their fair value at the reporting date. Bank deposits are stated at nominal value and the due interest accrued under the contract at the reporting date.

Cash and cash equivalents denominated in foreign currencies are translated at exchange rate of BNB at the reporting date.

Cash balances include cash and bank accounts.

(j) Financial instruments

The Company's financial instruments include cash in hand and bank accounts, receivables and payables. The Company's management considers that the fair value of financial instruments is close to book value.

Currency risk

Foreign exchange transactions are executed in Euros. As the use of hedging financial instruments is not common practice in Bulgaria, the Company does not use special financial instruments to hedge risk.

Credit risk

Financial assets which potentially expose the Company to credit risk are mainly trade receivables. The Company is exposed to credit risk if the clients do not pay their liabilities. In this connection the Company policy is to provide services and sales of goods to clients with proper credit reputation.

(k) Share capital

The Share capital of the Company amounting to 720 000 /seven hundred and twenty thousand/ BGN is recorded at historical cost as of registration date, and as of 31.12.2010.

Shareholders of the company are:

| Name of the shareholders: | 31.12.2010 г. | |
|---------------------------|-----------------|------------|
| | (thousand BGN.) | (%) |
| Nikolaos Asiksis | 635 | 88 |
| Others | 85 | 2 |
| Total | 720 | 100 |

| Name of the shareholders: | 31.12.2009 | |
|---------------------------|-----------------|------------|
| | (thousand BGN.) | (%) |
| Nikolaos Asikis | 704 | 98 |
| Others | 16 | 2 |
| Total | 720 | 100 |

The Company manages its capital so as to operate as a going concern, while seeking to maximize returns for shareholders by optimizing the ratio between debt and equity (return on invested capital). The aim of management is to maintain the confidence of investors, creditors and the market and ensure future development of the Company.

The Company's management monitors its capital structure based on the ratio of net debt to adjusted equity. Net debt includes both long and short term interest loans from unrelated parties, and long and short term liabilities, less cash. The share capital, reserves, accumulated profits and borrowing form the adjusted equity capital of the Company.

The Company determines the amount of required capital in proportion to the level of risk, which characterize different activities. Maintenance and adjustment of capital structure is carried out in close connection with changes in economic conditions, and depending on the level of risk inherent in the relevant assets (projects) in which to invest. The main instruments used to manage the capital structure are: dividend policy, the issuance or redemption of the issued equity and debt, selling assets to reduce the level of debt, refinancing debt through issuance of instruments with longer maturity and more. All decisions about changes in this direction are taken into account the balance between costs and risks inherent in the various funding sources.

The Ratio net liabilities/equity as per 31.12.2010 is the following:

| | 31.12.2010 г. thousand BGN. | 31.12.2009 г. thousand BGN. |
|---|--|--|
| Liabilities (total loans and liabilities) | 304 | 413 |
| Cash equivalents | (2) | (103) |
| Net liabilities | 302 | 310 |
| Equity (as per Balance sheet) | 3126 | 3080 |
| Debt – Equity Ratio | 0.10 | 0.10 |

(I) Liabilities and provisions

Liabilities classification:

As loans and liabilities initially aroused in the company are classified liabilities from direct provision of goods and services, cash or cash equivalents from creditors.

Initially, these liabilities and loans are reported at prime cost.

After initial recognition loans and liabilities to customers and suppliers that have no fixed maturity are reported at prime cost.

Loans and liabilities to clients and suppliers that have fixed maturity are reported at depreciated value. The effective interest rate is the original rate fixed by contract.

As Company liabilities are classified liabilities to personnel and liabilities to Social Insurance Funds regarding already executed work by personnel and the respective liabilities to Social Insurance Funds required by the law. According to the requirements of IAS liabilities include calculated short-term personnel incomes with unused by personnel holidays origin and liabilities to Social Insurance Funds, related to these incomes, calculated on effective social security rates basis. The Company has no policy applied to charge long-term personnel incomes.

Deferred tax liabilities are reported at value determined in accordance with the temporary differences extent method. Deferred taxes are recorded for all temporary differences between assets and liabilities tax base and their carrying value at the date of the Financial Statements, using the liabilities-balance method. To determine the deferred tax, expected tax rates, effective to occasion of their attainment, are

applied. Deferred taxes are recognized as revenue or expense and are included in net profit or loss for the period except taxes resulting from transactions or events directly recognized in equity capital during this or other period. Deferred taxes are reported directly in equity capital when the tax relates to items recorded during this or other period directly in equity capital.

Current tax liabilities are company liabilities related to tax legislation implementation. They are reported at values in accordance with the respective tax law rules for determining each tax type value.

Provisions are calculated according to the best management proximate estimation regarding the constructive and legal obligations resulting from past events.

As short-term liabilities are classified liabilities with:

- No fixed maturity
- Fixed maturity and up to one year residual maturity term from the date of the Financial Statements.

As short-term liabilities are classified liabilities with fixed maturity and residual maturity of over year term.

Received loans are initially recorded at acquisition cost reduced with corresponding to the transaction costs. After initial recognition, received loans are presented at depreciated value, every difference between acquisition cost and following evaluation is reflected in the Income Statement on the effective interest rate basis for the period loan arise.

As of 31.12.2010 Advertising Prodigy AD has current liabilities to suppliers amounting to BGN 214 thousand, liabilities to the personnel BGN 4 thousand, social securities liabilities BGN 26 thousand, tax liabilities amounting to BGN 23 thousand and other liabilities amounting to BGN 37 thousand.

(m) Revenues

The Company is on-going accounting revenues from regular business activities by activities' type.

Revenue recognition is according adopted accounting policy for following revenues types:

- Incomes from goods and other assets sales - according transfers ownership of the respective assets to the clients.
- When providing short-term services in the Income Statement is recognized the part that corresponds to the level of provided services at the date of Balance sheet statement. Level of provision is determined on the executed work research basis. No revenue is recognized in case of significant uncertainties regarding revenues receiving.
- Revenues are reported on of the continuous posting principle. They are assessed on the fair value of received or to be received.

As of 31.12.2010 Advertising Prodigy AD has earned revenues amounting to BGN 489 thousand.

(n) Expenses

The Company is on-going reporting the operating expenses by type.

As operating expenses are reported financial expenses of the Company that are related to its regular business activity.

As extraordinary expenses the Company has adopted accounting policy to report only those expenses that are expressly discriminated from regular business activities and therefore are not expected to be repeated often.

Expenses are reported according the continuous posting principle. They are assessed on fair value of paid or pending payment.

Net financial expenses include revenues and expenses from interest and other financial incomes and expenses.

As of 31.12.2010 Advertising Prodigy AD has operating expenses amounted to BGN 440 thousand and

BGN 3 thousand for interest payments.

(o) Related parties

As per 31.12.2010 the Company has no deals with related parties.

(p) Taxation

Tax on profit for the year comprises current and deferred tax. Current tax is the amount that shall be paid on taxable profit for the period and is based on the effective tax rate or the effective tax rate at the date preparing balance sheet statement and all correction to tax payable for previous years.

Balance-liability method on differences between the accounting reports' carrying value and the values calculated for tax purposes for all periods is applied to calculate deferred tax.

Deferred tax is calculated on expected tax rates base that is applicable when the asset is realized or the liability is settled. Except when it relates to amounts previously calculated or directly reported in equity capital, the effect from tax rates changes on deferred tax is reported in the income statement.

Deferred tax asset is recognized only to the amount the future tax profits are liable to be received and for which unused tax losses or tax credit are liable to be utilized. Deferred tax assets are reduced in accordance with decrease of probability for realizing tax benefits.

(q) Accounting assumptions and accounting estimates

International Accounting Standards Application requires the Management to implement certain accounting assumptions and accounting estimates in when annual Financial Statements are prepared and when the value of certain assets, liabilities, revenues and costs is determined. They are all based on the Management best judgment at the date of preparation of Financial Statements. The results could be different from those presented in these Financial Statements.

(r) Cash flow statement

Policy for reporting and presentation of cash flows under the direct method is adopted.

Cash flows are classified as cash flows from:

- Operational activity
- Investment activity
- Financial activities

In cash flow statement the items are not pooled.

(s) Report on changes in the equity

Accounting policy is adopted for preparing this report by including following items:

- Net profit or loss for the period
- The balance of retained profit and changes during the period
- According to the current IAS, in equity capital are recognized directly all revenues or expenses items and profit or loss items.
- The cumulative effects from changes in accounting policy and fundamental errors in accordance with IAS 8.
- Transfers and allocation of capital between the owners.
- The changes as a result of any changes in all aspects of share capital.

(t) Earnings per share

Basic earnings per share is calculated based on net profit / (loss) for the period attributable among the holders of ordinary shares and the weighted average number of ordinary shares outstanding during the reporting period.

The weighted average number of shares represents the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back and any newly issued during the period, multiplied by the average time factor. This factor is the number of days on which specific shares were held, the total number of days during the period.

Earnings per share reduced value not calculated because there are no potential ordinary shares issued.

3. Additional information to the financial statements' items

Report on Advertising Prodigy AD announced accounting policy as of 31.12.2009

3.1 Cash equivalents

| | Thousand BGN 31.12.2010 г. | thousand BGN 31.12.2009 г. |
|-----------------------|-------------------------------|-------------------------------|
| Cash in hand | 2 | 97 |
| Cash in bank accounts | 0 | 6 |
| Total : | 2 | 103 |

3.2 Current Liabilities

| | Thousand BGN. 31.12.2010 г. | Thousand BGN. 31.12.2009 г. |
|--------------------------------------|--------------------------------|--------------------------------|
| Liabilities to suppliers and clients | 214 | 331 |
| Liabilities to personnel | 4 | 11 |
| Liabilities to social security | 26 | 3 |
| Tax liabilities | 23 | 55 |
| Other Liabilities | 37 | 13 |
| Total : | 304 | 413 |

3.3 Operational Revenue

| | Thousand BGN. 31.12.2010 г. | Thousand BGN 31.12.2009 г. |
|----------------------|--------------------------------|-------------------------------|
| Revenue from service | 482 | 1278 |
| Financial Revenue | 0 | 2164 |
| Total : | 482 | 3449 |

3.3.1 Extraordinary revenues

| | Thousand BGN 31.12.2010 г. | thousand BGN. 31.12.2009 г. |
|-----------------------|-------------------------------|--------------------------------|
| Extraordinary revenue | 7 | 7 |
| Total : | 7 | 7 |

3.4 Operational expenses

| | Thousand BGN. 31.12.2010 г. | Thousand BGN. 31.12.2009 г. |
|------------------------|--------------------------------|--------------------------------|
| Material cost | 0 | 20 |
| Cost of hired services | 309 | 154 |
| Depreciation | 2 | 0 |

| | | |
|--------------------|-----|------|
| Wages and salaries | 68 | 106 |
| Social securities | 15 | 0 |
| Other expences | 180 | 793 |
| Total : | 319 | 1073 |

3.5 Financial result

The current financial result of Advertising Prodigy at 31.12.2010 is a profit amounting to BGN 46 thousand

3.6 Earnings per share

Earnings (loss) per share is calculated based on net income (loss) for distribution and weighted average number of ordinary shares outstanding during the reporting period.

| | 31.12.2010 г. | 31.12.2009 г. |
|--|--------------------|--------------------|
| weighted average number of the shares (thousand) | 720 | 720 |
| Profit (Loss) in thousand BGN | 46 | 2343 |
| Earnings (Loss) per share (BGN) | <u>0.06</u> | <u>3.25</u> |

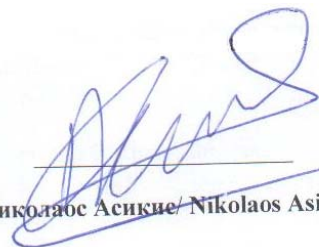
The company has not generated revenues from new emissions of shares.

3.7 Events after the balance

No significant events occurred between the reporting date and the balance sheet, which could alter the financial statements as on 31.12.2010

Дата : 07.01.2010 г.

съставител:
ЕсЕфПи Акаунтинг ООД
Рени Пелова - управител

(Николаос Асикис/ Nikolaos Asikis)

Executive Director of „Advertising Prodigy” AD