

INDEPENDENT AUDITOR'S REPORT

*To the
shareholders of
Madara Europe AD*

Report on the Financial Statements

We have audited the accompanying financial statements of "Madara Europe" AD ('the Company'), which comprise the statement of financial position as at December 31, 2014, the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory 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, as adopted in EU 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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.



INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted in EU.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2b to the financial statements. As of 31.12.2014, the equity of the Company is negative, amounting to BGN 374 thousand (2013: BGN 296 thousand) and the Company's current liabilities exceed the current assets with BGN 320 thousand (2013: 89 thousand). The shareholders of the Company are in process of approval of development plan, which aims to ensure compliance with art. 252 , para 1, item 5 in relation to art. 247a, para 1 of the Commercial Act. The going concern principle depends on the continuing financial support of the shareholders and from the adoption and the implementation of a plan to ensure compliance with the Commercial Act.

Report on Other Legal and Regulatory Requirements – Annual management report in accordance with art. 33 from the Accounting Act

Pursuant to the requirements of the Accounting Act, art. 38, paragraph 4, we reviewed the accompanying annual management report of the Company. This annual report is not part of the Company's financial statements. The historical financial information presented in the annual management report is in compliance in all material aspects with the information presented in the company's financial statements for the year ended at 31 of December 2014, prepared in accordance with the International Financial Reporting Standards, as adopted in EU. The management is responsible for the preparation of the annual management report.

Toma Stoilov,
Registered auditor

Sofia, 30 March 2015

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