

**INDEPENDENT AUDITOR'S REPORT AND
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013**

*This document is a translation of the original Bulgarian text,
in case of divergence the Bulgarian text shall prevail*

INDEPENDENT AUDITOR'S REPORT

**To the shareholders of
Enemona AD**

Report on the consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Enemona AD (the “Parent company”) and its subsidiaries (together „the Group“), which comprise the consolidated statement of financial position as of December 31, 2013 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by 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

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group'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 consolidated financial statements.

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

Basis for Qualified Opinion

6. As disclosed in note 12 to the accompanying consolidated financial statements, the Group reported in 2013 income from default on contract at the amount of BGN 23,100 thousand. As of December 31, 2013 and the date of preparation of the accompanying consolidated financial statements, the customer has not confirmed that accept the default claim of the Group and has not made a payment as claimed by the Group. This is not in accordance with IAS 11 Construction contracts, under which income from claims should be included in the contract revenue only when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. As a result, trade receivables and retained earnings of the Group as of December 31, 2013 have been overstated by BGN 23,100 thousand and revenue from sales and net profit of the Group for the year ended December 31, 2013 have been overstated by BGN 23,100 thousand.
7. As of December 31, 2013 and 2012, the Group has not determined properly the stage of completion of certain construction contracts and the provisions for future losses on these contracts, therefore revenue and expenses are not accounted for in the correct period. As a result, revenue from construction contracts of the Group for the year ended December 31, 2012 has been overstated by BGN 3,984 thousand and expenses for provisions on construction contracts have been understated by BGN 2,713 thousand, hereby the financial result of the Group for the year ended December 31, 2013 has been overstated by BGN 6,697 thousand, gross amount due from customers on construction contracts and retained earnings of the Group as of December 31, 2012 have been overstated by BGN 6,697 thousand, respectively. Revenue from construction contracts of the Group for the year ended December 31, 2013 has been understated by BGN 453 thousand, provisions on construction contracts have been overstated by BGN 864 thousand, hereby the financial result of the Group for the year then ended has been understated by BGN 1,317 thousand, gross amount due from customers on construction contracts and retained earnings of the Group as of December 31, 2013 have been overstated by BGN 5,380 thousand, respectively.
8. In respect of two construction contracts we were not provided with sufficient appropriate evidence about whether the stage of completion of the contract has been properly determined, in accordance with IAS 11 Construction Contracts. As a result, we were unable to satisfy ourselves, through other audit procedures, that revenue from the first contract at the amount of BGN 19,809 thousand and the decrease in revenue from the second contract by BGN 1,920 thousand for the year ended December 31, 2013 have been accounted for, in accordance with IAS 11, and to evaluate the possible effect on the gross amount due from customers of BGN 16,098 thousand, and thus to determine other possible effects on the consolidated statement of financial position as of December 31, 2013 and the consolidated statement of comprehensive income for the year then ended.

9. As of December 31, 2013 the Group has reported in trade and other receivables, loans granted and receivables, including current and non-current receivables on contracts with various customers at carrying amount of BGN 25,440 thousand. The Group has determined these receivables as recoverable, although a significant portion of them is overdue and debtors experience difficulties to settle their obligations. As disclosed in note 32.3 to the accompanying consolidated financial statements, the debtors have provided as collateral for bank loans, received by the Group, their own real estates at the amount of BGN 11,945 thousand. We were not provided with sufficient appropriate evidence, about whether the impairment allowance on these receivables is at sufficient amount. As a result, we were unable to satisfy ourselves through other audit procedures, about whether receivables at carrying amount of BGN 25,440 thousand are fully recoverable, and to evaluate the possible effect on the consolidated statement of financial position as of December 31, 2013 and the consolidated statement of comprehensive income for the year then ended.
10. As of December 31, 2013 the Group reported goodwill, net of impairment allowance, and cost of construction of non-current assets related to one subsidiary at total amount of BGN 7,387 thousand. Net assets of the subsidiary as of December 31, 2013 amounted to BGN 3,331 thousand. The Group has performed an impairment test and determined that the value in use of the cash-generating unit is at the amount of BGN 13,774 thousand. Upon performing the impairment test, however, the Group has included estimated cash inflows and outflows, expected to arise from restructuring and improvement of the cash-generating unit, which is not in accordance with IAS 36 Impairment of assets. We were unable to obtain sufficient appropriate evidence about whether the goodwill and cost of construction of non-current assets at carrying amount of BGN 7,387 thousand are recoverable. As a result, we were unable to satisfy ourselves through other audit procedures, about whether these assets at carrying amount of BGN 7,387 thousand as of December 31, 2013 are recoverable, and to evaluate the possible effect on the consolidated statement of financial position as of December 31, 2013 and the consolidated statement of comprehensive income for the year then ended.

Qualified Opinion

11. In our opinion, except for the effect of the matters, described in paragraphs 6 and 7 above and except for the possible effect of matters, described in paragraphs 8, 9 and 10 above, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

Emphasis of matter

12. As disclosed in Note 2.2, the accompanying consolidated financial statements have been prepared on a going concern basis. As of December 31, 2013 current assets exceed current liabilities of the Group by BGN 4,264 thousand. However, the matters described in paragraphs 6 and 7 above have an effect on the current assets of the Group. Further, it is possible that the matters, described in paragraphs 8, 9 and 10 above could have effect on current and non-current assets of the Group. These circumstances and the fact that the majority of loans received from financial institutions are short-term, may cast significant doubt on the applicability of the going concern assumption, on which basis the accompanying consolidated financial statements have been prepared. Our opinion is not modified in respect of this matter.
13. As disclosed in note 15.3. to the accompanying consolidated financial statements as of December 31, 2013 the Group does not comply with the requirements of the agreements for bank loans with carrying amount of BGN 17,502 thousand. As a result of this breach part of the liability or the whole liability may become due, and therefore the Group reports the liability as a current liability. Our opinion is not modified in respect of this matter.

Reports on Other Legal and Regulatory Requirements - Annual consolidated report on the activities of the Group, according to article 33 of the Accountancy Act

14. Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Annual consolidated report on the activities of the Group. The Annual consolidated report on the activities of the Group is not a part of the consolidated financial statements. The historical financial information presented in the Annual consolidated report on the activities of the Group, prepared by the management is consistent, in all material respects, with the annual financial information disclosed in the consolidated financial statements of the Group as of December 31, 2013, prepared in accordance with IFRS, as adopted by the European Union. Management is responsible for the preparation of the Annual consolidated report on the activities of the Group dated April 23, 2014.

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Sylvia Peneva
Statutory Manager
Registered Auditor

August 4, 2014
Sofia