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## INDEPENDENT AUDITOR'S REPORT

**To the shareholders of  
Enemona AD**

### **Report on the Separate Financial Statements**

1. We have audited the accompanying separate financial statements of Enemona AD ("the Company"), which comprise the separate statement of financial position as of December 31, 2013 and the separate statement of comprehensive income, separate statement of changes in equity and separate 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 Separate Financial Statements*

2. Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate 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 Company'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 separate 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 9 to the accompanying separate financial statements, the Company 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 separate financial statements, the customer has not confirmed that accept the default claim of the Company and has not made a payment as claimed by the Company. 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 Company as of December 31, 2013 have been overstated by BGN 23,100 thousand and revenue from sales and net profit of the Company for the year ended December 31, 2013 have been overstated by BGN 23,100 thousand.
7. As of December 31, 2013 and 2012, the Company 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 Company 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 Company 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 Company as of December 31, 2012 have been overstated by BGN 6,697 thousand, respectively. Revenue from construction contracts of the Company 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 Company 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 Company 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 BGN19,809 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 separate statement of financial position as of December 31, 2013 and the separate statement of comprehensive income for the year then ended.

9. As of December 31, 2013 the Company 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 20,477 thousand. The Company 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 29 to the accompanying financial statements, the debtors have provided as collateral for bank loans, received by the Company, 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 20,477 thousand are fully recoverable, and to evaluate the possible effect on the separate statement of financial position as of December 31, 2013 and the separate statement of comprehensive income for the year then ended.
10. As of December 31, 2013 the Company reported an investment in a subsidiary and cost of construction of non-current assets in the subsidiary, net of impairment allowance at total amount of BGN 9,887 thousand. Net assets of the subsidiary as of December 31, 2013 amounted to BGN 3,331 thousand. The Company has performed an impairment test and determined that the value in use of the investment is at the amount of BGN 13,774 thousand. Upon performing the impairment test, however, the Company has included estimated cash inflows and outflows, expected to arise from restructuring and improvement of the subsidiary, which is not in accordance with IAS 36 Impairment of assets. We were unable to obtain sufficient appropriate evidence about whether the investment in the subsidiary and the cost of construction of non-current assets at carrying amount of BGN 9,887 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 9,887 thousand as of December 31, 2013 are recoverable, and to evaluate the possible effect on the separate statement of financial position as of December 31, 2013 and the separate 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 separate financial statements present fairly, in all material respects, the financial position of the Company 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 separate financial statements have been prepared on a going concern basis. As of December 31, 2013 current assets exceed current liabilities of the Company by BGN 8,592 thousand. However, the matters described in paragraphs 6 and 7 above have an effect on the current assets of the Company. 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 Company. 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 separate financial statements have been prepared. Our opinion is not modified in respect of this matter.

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

13. Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Annual separate report on the activities of the Company. The Annual separate report on the activities of the Company is not a part of the separate financial statements. The historical financial information presented in the Annual separate report on the activities of the Company, prepared by the management is consistent, in all material respects, with the annual financial information disclosed in the separate financial statements of the Company 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 separate report on the activities of the Company dated March 27, 2014.

*Deloitte Audit*

Deloitte Audit OOD



Sylvia Peneva  
Statutory Manager  
Registered Auditor



June 17, 2014  
Sofia