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in case of divergence the Bulgarian text shall prevail.*

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Monbat AD

Report on the consolidated financial statements

1. We have audited the accompanying consolidated financial statements of Monbat AD (“the Parent company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated statement of financial position as of December 31, 2013 and the consolidated income statement, 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 4.13 to the accompanying consolidated financial statements, property, plant and equipment are presented in the consolidated statement of financial position at revaluation cost, which comprises the fair value as of the date of the revaluation less subsequently accumulated depreciation and impairment loss. As of the date of the consolidated statement of financial position, a valuation of property, plant and equipment with carrying amount of BGN 15,372 thousand, owned by Monbat DOO, Serbia, an entity, which is consolidated within the Group, has been in the process of preparation by an independent licensed appraiser. According to IAS 16 Property, Plant and Equipment, the revaluation of assets should be carried out on regular basis, so as the carrying amount does not significantly differ from that, which would have been measured using their fair value as of the date of the statement of financial position. Since the aforementioned valuation is in process of preparation, but has not been completed yet, we were unable to obtain reasonable assurance, including through other audit procedures, whether the carrying amount did not significantly differ from the fair value of the reported property, plant and equipment, owned by Monbat DOO, Serbia as of December 31, 2013 and the associated effects on the revaluation reserve and the depreciation and impairment costs.

Qualified opinion

7. In our opinion, except for the effects of the matter described in paragraph 6 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.

Reports on other legal and regulatory requirements - Annual consolidated report on the activities of the Group, according to article 33 of the Accountancy Act

8. 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 28, 2014.

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Desislava Dinkova
Proxy of the Statutory Manager Sylvia Peneva
Registered Auditor



Sofia, April 29, 2014