

## INDEPENDENT AUDITORS' 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") as set out on pages 1 to 20, which comprise the statement of financial position as at 31 December 2015, statements of profit or 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 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*

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 our 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, we consider 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 principles 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.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2(b) to the financial statements. As at 31 December 2015 the equity of the Company is negative in the amount of BGN 437 thousand (2014: BGN 374 thousand), the current liabilities exceed the current assets by BGN 152 thousand (2014: BGN 320 thousand). The shareholders of the Company are in the process of preparing a plan for bringing the capital of the Company in compliance with the requirements of article 252, paragraph 1, point.5, in relation with article 247a, paragraph 1 from the Commerce Act. The application of the going concern assumption depends on the expressed continuous financial support of the shareholders and on the acceptance and execution of a plan for bringing the capital of the Company in compliance with the requirements of the Commerce Act.

### *Other Matter*

The financial statements of the Company as at and for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2015.


### **Report on Other Legal and Regulatory Requirements**

*Annual management report of the Company prepared in accordance with the requirements of §10, para 1 of the Accountancy Act in relation to article 33 of the Accountancy Act (Repealed, SG No. 95/08.12.2015)*

As required under article 38, para 4 of the Accountancy Act (Repealed), we read the content of the annual management report of the Company. In our opinion, the historical financial information disclosed in the annual management report of the Company, prepared by Management as required under article 33 of the Accountancy Act (Repealed), is consistent, in all material aspects, with the financial information disclosed in the audited annual financial statements of the Company as of and for the year ended 31 December 2015. Management is responsible for the preparation of the annual management report, which was approved by the Board of Directors of the Company on 25 March 2016.

Prof. Hristina Vucheva  
*Registered auditor*

Sofia, 29 March 2016



The image shows a handwritten signature in blue ink, which appears to be 'H. Vucheva', written over a blue circular stamp. The stamp contains text in Bulgarian, including 'ДИТОНАУДИТ' (DITONAUDIT) and 'булевард "Св. Кирил и Методий" № 10, София 1000, България' (Boulevard "St. Cyril and Methodius" No. 10, Sofia 1000, Bulgaria).