

# AUDIT ADVISERS

## Independent Auditor's Report

To: The shareholders of  
INTERCAPITAL PROPERTY DEVELOPMENT ADSIC

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of "Intercapital Property Development" ADSIC as of 31<sup>st</sup> December 2015, including consolidated statement of financial condition as of 31<sup>st</sup> December 2015, consolidated income statement, consolidated statement of the changes in equity, and cash flow statement, ending on the same date, as well as the summarized disclosure of applied accounting policies, and other explanatory information.

#### *Responsibility of the management for the consolidated financial report*

It is the management of the Company who bears the responsibility for the preparation and the true presentation of this consolidated financial statement in compliance with the International Financial Reporting Standards, endorsed by the EU and the Bulgarian legislation. This responsibility includes:

- Development, incorporation and maintenance of internal control system connected with the preparation and true representation of the financial reports, which shall not contain any substantial inaccuracies, regardless whether they are caused by fraud or error.
- Selection and application of suitable accounting practices; and
- Establishing of accounting estimations which shall be reasonable given the specific circumstances.

#### *Responsibility of the auditor*

Our responsibility comes down to reporting an auditor's opinion on these financial statements, based on the audit performed by us. The audit has been carried out in compliance with the International Financial Reporting Standards. These standards imply complying with the ethical requirements as well as planning and performing the audit in a way which allows us to confirm with reasonable assurance the extent to which the consolidated financial statements do not contain any substantial inaccuracies.

The audit includes performing procedures for acquiring audit proofs concerning the amounts and disclosures presented in the consolidated financial statements. The procedures selected depend on the auditor's opinion, including assessment of the risks of significant inaccuracies in the consolidated financial report, regardless whether they are caused by fraud or error. While carrying out these risk assessments, the auditor takes in consideration the internal control system applied for the preparation and truthful presentation of the consolidated financial report by the Company in order to develop audit procedures that are suitable for these circumstances but not with the purpose of expressing opinion on the effectiveness of internal control system of the Company. The auditor also includes an assessment of the relevance of the accounting policies applied and of the rationality of the accounting estimations made by the management, as well as an assessment of the overall performance of the consolidated financial report.

We consider that the audit performed by us presents sufficient and suitable base for expressing our audit opinion.

### *Opinion.*

We did not audit the financial statements for the Group for 2014 and do not express opinion regarding the conducted consolidated financial statements and comparative information. For 2014 the audit of the consolidated financial statements was conducted by Dafin Sredkov, registered auditor with a number 518. An opinion has been issued without reservations with a paragraph paying attention to the ability of the Group to operate as a going concern.

In our opinion, the consolidated financial report provides correct and truthful presentation of the financial condition of Intercapital property Development ADSIC as of 31<sup>st</sup> December 2015, as well as for the financial results from operations and cash flows for the year, ending on this date in accordance with the International Financial Reporting Standards (IFRS), endorsed by the EU and the Bulgarian legislation.

### *Paragraph for emphasis on matter*

We pay particular attention to

1) In Note 2.1 “Going concern” to the consolidated financial report it is pointed out that although the Company has accumulated a profit of BGN 210 thousand in 2015, in the last reporting periods it has accumulated losses in the amount of BGN 15 676 thousand from its activity and the sum of the current liability exceeds the sum of the current assets with BGN 38 691 thousand for 2015. The management of the Company emphasizes that they have improved the performance of the Company in 2015 in comparison to the previous year, as well as the fact that the equity of the Company remains positive, as well as the cash flow from operating activities and additionally they have prepared a plan for financial stabilization, restructuring the liabilities and increasing the revenues.

2) The loans of the Company form 50% of the total liabilities and 80% of the amount of the financial liabilities are towards Piraeus Bank. As of the date of this report we have not received directly confirmation of the expenses and liabilities from the bank. For confirming their amounts we have used alternative audit procedures.

### *Report on other legal and regulative requirements – Annual management report*

According to the requirements of art. 38, para 4 of the Accounting Act we have examined the Annual management report of Intercapital Property Development ADSIC as of 31<sup>st</sup> December 2015, which is not part of the consolidated financial report. The historical information presented in the annual management report written by the management, complies in all material aspects with the financial information contained in the consolidated financial report as of 31<sup>st</sup> December 2015, prepared in compliance with the International Financial Reporting Standards, endorsed by the EU and the Bulgarian legislation. The responsibility for the preparation of the annual management report lies within the management.

### **Certified auditor, responsible for this engagement:**

**Ofeliya Slavkova, CEA diploma No 0613**

**Specialized Audit Company:**

**Audit Advisers OOD No 152**

### **Managing Partner:**

**Ofeliya Slavkova**

**31.03.2016**

**Sofia**