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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF NEOCHIM AD

#### Report on the Separate Financial Statements

1. We have audited the accompanying separate financial statements of Neochim AD (the Company), which comprise the separate statement of financial position as at 31 December 2015, 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 notes and 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, as approved by the Commission of 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 the Independent Financial Audit Law and 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 misstatement.
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 judgement, 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.
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. The separate statement of financial position as at 31 December 2015 includes an exposure to a foreign subsidiary at the amount of BGN 2,052 thousand, representing a gross amount of BGN 5,052 thousand and recognised impairment of BGN 3,000 thousand in the current profit or loss (Notes 8, 17). The exposure comprises of: investment in the subsidiary amounting to BGN 83 thousand and trade receivables amounting to BGN 1,969 thousand. Company's management believes that the carrying amount of the total exposure is the fair value of its recoverable amount and the stated impairment of BGN 3,000 thousand reflects adequately the loss incurred on this investment, but has been unable to provide us with sufficient and relevant evidence for that. Due to these circumstances, we were unable to satisfy ourselves, by other audit procedures, as to the adequacy of the stated impairment juxtaposed to the actual incurred loss as well as whether the carrying amount of the total exposure to the subsidiary as at 31 December 2015 was correctly determined juxtaposed to its recoverable amount.

7. The separate statement of financial position as at 31 December 2015 includes a total exposure to another foreign subsidiary at the amount of BGN 116 thousand, representing a gross amount of BGN 17,838 thousand and recognised impairment of BGN 17,722 thousand, including BGN 6,906 thousand in the current profit or loss (Notes 8, 14, 17). Due to the fact that indications for impairment of the total exposure existed also in prior reporting periods, although the partial impairment at the amount of BGN 10,816 thousand charged to the financial result for 2014, we were unable to satisfy ourselves as to whether and to what extent the stated impairment loss in 2015 at the amount of BGN 6,906 thousand, entirely referred to 2015 reporting year, as well as on the impact of this circumstance on the amount of retained earnings from prior years as at 1 January 2015. In addition, we were unable satisfy ourselves as to whether the stated impairment loss of BGN 10,816 thousand, included in the comparative information in the separate statement of comprehensive income for 2015, should have been taken in full to the financial result for 2014, as well as about the impact of this circumstance on the amount of retained earnings from prior years as at 1 January 2014.
8. The comparative information in the separate statement of comprehensive income for 2015 includes impairment loss on an investment in a local subsidiary at the amount of BGN 1,000 thousand. Since indications for the impairment of this subsidiary existed also as at 1 January 2014, we were unable satisfy ourselves as to whether and to what extent the stated impairment loss of BGN 1,000 thousand should have been taken in full to the financial result for 2014, as well as about the impact of this circumstance on the amount of retained earnings from prior years as at 1 January 2014.

#### *Qualified Opinion*

9. In our opinion, except for the possible effects of the matters described in paragraphs 6, 7 and 8 of the Basis for Qualified Opinion,, the separate financial statements present fairly, in all material respects, the financial position of Neochim AD as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as approved by the Commission of the European Union.

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

*Separate Annual Report on the activities of Neochim AD under Article 33 of the Bulgarian Accountancy Act (revoked with the Accountancy Act promulgated in the State Gazette No. 95/ 8 December 2015, effective from 1 January 2016) with reference to §10, para 1 of the Transitional and Final Provisions of the Accountancy Act*

10. Pursuant to the requirements of Art. 38, para 4 of the revoked Bulgarian Accountancy Act (effective until 31 December 2015), we have read the Separate Annual Report of the management on Neochim AD activities for the reporting year 2015. This Report is not a part of the separate annual financial

statements for the same period. The management of the Company is responsible for the preparation of this Separate Annual Report on the activities dated 22 March 2016. The historical financial information presented in the Separate Annual Report on the activities is consistent, in all material respects, with the information disclosed in the Company's separate financial statements as at 31 December 2015, prepared in accordance with International Financial Reporting Standards, as approved by the Commission of the European Union.

*Deloitte Audit OOD*

**Deloitte Audit OOD**

*[Signature]*  
**Desislava Dinkova**

**Proxy of the General Manager Sylvia Peneva  
Registered Auditor**

*AFA*

**AFA OOD**

*[Signature]*  
**Valia Iordanova Iordanova**

**General Manager  
Registered Auditor**

*[Signature]*

**Valentina Todorova Brankova  
Registered Auditor**

**22 March 2016**

*This is a translation from Bulgarian of the Independent Auditors' Report on the Separate Financial Statements of Neochim AD for the year ended 31 December 2015.*