НС КОНСУЛТИНГ ООД
ЕИК 175282408
Бул. „България” № 73
Вх. А, ет. 2, # 107
София 1404
България

INDEPENDENT AUDITOR'S REPORT (Translated in English language by the company based on the 2014 annual financial statements, prepared in Bulgarian language.)

TO THE SHAREHOLDERS OF BILLBOARD AD

Report on the financial statements

We have audited the accompanying financial statements of BILLBOARD AD (*the* "Company"), including the statement of financial position as at 31 December 2014, the separate statement of comprehensive income, separate statement of changes in equity and individual cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, presented on page 1- 55.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the International Financial Reporting Standards as adopted for use in the European Union and for such an internal control system as the management decides is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or mistake.

Auditor's responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. These standards require compliance with ethical requirements on our part, and that the audit is planned and conducted so that we can obtain reasonable assurance as to whether the financial statements are free of material misstatements.

The audit involves performing procedures aiming to obtain audit evidence on the amounts and disclosures presented in the separate financial statements. The selected procedures depend on the auditor's judgment, including the assessment of risks of material misstatement in the separate financial statements, whether due to fraud or mistake. While carrying out such risk assessments the auditor considers the internal control system related to the preparation and fair presentation of the separate financial statements by the Company in order to develop audit procedures that are appropriate under these circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. The audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluation of the overall presentation in the separate financial statements.

We believe that the audit conducted by us provides sufficient and reasonable grounds for our qualified audit opinion.

Basis to express qualified audit opinion

1. In 2014 the Company has recognized an impairment loss on capitalized expenditures under investment projects to be implemented on the property of the Company amounting to BGN 2,109 thousand. As disclosed under explanatory note 1.13.1 in the separate financial statements, the Company has undertaken to pay in 2014 not less than EUR 850 thousand of the principal under a contract for financial liabilities refinancing as the funds should be provided by a new loan or by selling the above-mentioned property. In addition, pursuant to the concluded contract, the Company shall be obliged to give the lending bank a power of attorney authorizing the bank to sell the property and subsequently dispose with the funds received from the sale to repay the loan. This circumstance creates uncertainty regarding the implementation of the investment projects on the said property of the Company, and is an indication for impairment loss on capitalized expenditures in the separate financial statements at 31 December 2013 amounted to BGN 2,089 thousand. However, in 2013 the Company has not recognized impairment losses on these capitalized expenditures in accordance with IAS 36, and this has led to a modification of the auditor's opinion of the previous auditor regarding the recoverable amount and fair presentation of these assets in the separate financial statements as of 31 December 2013. If these losses or part of them had been recognized in previous years, impairment losses on assets for the current year would have been smaller, respectively the 2014 net results would have been bigger.

2. In 2014 the Company has recognized an impairment loss on financial assets under granted loans amounting to BGN 244 thousand. As of 31 December 2013 these assets were overdue for more than 360 days but in 2013 impairment losses were not recognized in accordance with IAS 39, as it has led to a modification of the auditor's opinion of the previous auditor regarding the recoverable amount and fair presentation of these assets in the separate financial statements as of 31 December 2013. If these losses or part of them had been recognized in previous years, impairment losses on assets for the current year would have been smaller, respectively the 2014 net results would have been bigger.

3. As of 31 December 2014 the Company indicated receivables from customers which were overdue for more than 360 days in the amount of EUR 408 thousand for which an impairment loss has not been recognized. We were not provided with analysis of the collectability of these receivables as of 31 December 2014, to support the evaluation of the Company for their recoverable value as of that date, as a result of which we were not able to obtain reasonable assurance on the extent to which these assets are presented in a reliable way in the separate financial statements in accordance with IAS 39.

4. The previous auditor was not present at the inventarization of the inventories as of 31 December 2013 and this has led to a modification of the auditor's opinion of the previous auditor regarding the value of inventories as of 31 December 2013 and the related effects on the expenditures for used raw materials and consumables for the year ended on that date. We did not observe the annual inventarization of inventories as of 31 December 2014, referred to in the separate financial statements in the amount of BGN 1,468 thousand. Due to the nature of the documentation maintained by the Company we were not able to obtain reasonable assurance about the existence of inventories as of 31 December 2014 by means of alternative audit procedures. Respectively we were not able to identify whether any adjustments to the value of these assets are necessary. Due to the fact that balances of inventories accounts directly affect the reported in the current period costs for materials and therefore the reported operational results, we were not able to identify whether any adjustments to the 2014 operational results would be necessary.

5. We did not observe the annual inventarization of the Company's cash as of 31 December 2014, referred to in the separate statement of financial position amounted to BGN 939 thousand and we could not obtain reasonable assurance on the existence of these assets at that date by means of alternative audit procedures. Due to the fact that balances of cash accounts directly affect the financial position as of 31 December 2014 and the reported cash flows for the year then ended, we were not able to identify whether any adjustments to these elements of the separate financial statements would be necessary.

Qualified opinion

In our opinion, except for the possible effects of the issues set out in the paragraph "Basis for qualified opinion", the separate financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2014 as well as the financial results from its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted for use in the European Union.

Matter of Emphasis

We would like to emphasize on the explanatory note 1.13.1 to the separate financial statements, where it is said that under the concluded bank loan contract the company must meet certain financial and operating criteria as calculation of the indicators shall be assessed on a quarterly and annual basis based on the consolidated data for the Group. As of 31 December 2014 there were indications that the Company would not comply with all conditions set as the bank was notified on this fact. The company, with a formal letter, had requested the Bank to abandon its claims on compliance with the implementation of financial indicators as of 31 December 2014, stating motivated arguments therefore. To date, the bank has not provided a response to the letter of the Company, as the liabilities under the bank loan were classified as current and non-current liabilities in accordance with the conditions agreed in advance. Our opinion is not qualified with regard to this issue.

Other matter

The separate financial statements of the Company for the year ended on 31 December 2013, were audited by another auditor who had expressed a qualified opinion on these statements on 31 March 2014. The reasons for qualification are set out in the paragraph "Basis for qualified opinion" above.

Report on other legal and regulatory requirements

We conducted procedures to verify the compliance between the accompanying Annual Report on the Activities of the Company for the year ending on 31 December 2014 and the annual separate financial statements.

Management's responsibility for the annual activity report

Management is responsible for preparation of the Annual Activity Report in accordance with the requirements of the Accountancy Act.

Auditor's responsibility

Our responsibility is to express an opinion on the compliance between the Annual Report on the Activities of the Company and the annual financial statements for the same reporting period.

Opinion

In our opinion, the Annual Report on the Activities of the Company for the year ended on 31 December 2014 have been prepared in all material respects in accordance with the information presented in the annual separate financial statements for the same reporting period.

Snezhana Kaloyanova
Registered Auditor

Nino Kaloyanov
Manager

NS CONSULTING LTD.
31 March 2015
Sofia