Prepared by Todorka Stancheva
Address Sofia, Bulgaria

**PROFIT & LOSS STATEMENT**

| Description | PLESIO ESTATE JSC (in €) | |
|---|---|---|
| from: | 1/Jan/2008 | 1/Jan/2007 |
| to: | 31/Dec/2008 | 31/Dec/2007 |
| **Sales** | 151.596,00 € | 147.214,21 € |
| **Cost of sales** | 0,00 € | 0,00 € |
| **Gross profit** | 151.596,00 € | 147.214,21 € |
| Distribution expenses | 0,00 € | |
| Administration expenses | 95.444,03 € | 94.532,34 € |
| Other operating income | 0,00 € | 0,00 € |
| **Profit from operations** | 56.151,97 € | 52.681,87 € |
| Finance cost/income | -142,40 € | -110,33 € |
| Financial Cost | 350,54 € | 148,07 € |
| Financial Income | 208,14 € | 37,74 € |
| Share of profit from associates | | |
| **Profit before tax** | 56.009,57 € | 52.571,54 € |
| Income tax expense | 5.554,43 € | 5.870,85 € |
| **Profit after tax** | 50.455,14 € | 46.700,69 € |
| Earnings per share | | |

**PROFIT & LOSS STATEMENT**

| Description | PLESIO ESTATE JSC (in €) | |
|---|---|---|
| from: | 1/Jan/2008 | 1/Jan/2007 |
| to: | 31/Dec/2008 | 31/Dec/2007 |
| **Sales** | 151.596,00 € | 147.214,21 € |
| **Cost of sales** | 0,00 € | 0,00 € |
| **Gross profit** | 151.596,00 € | 147.214,21 € |
| **Other operating income** | 0,00 € | 0,00 € |
| **Expenses** | 95.444,03 € | 94.532,34 € |
| Personel | 4.760,37 € | 405,93 € |
| Overtime - Bonus | | |
| Social Security | 326,22 € | 2,03 € |
| Marketing | 0,00 € | 0,00 € |
| Transportation | 0,00 € | 0,00 € |
| Consumption | 0,00 € | 0,00 € |
| Leasing on Rents | 0,00 € | 0,00 € |
| Third Party Expenses | 0,00 € | 8.137,65 € |
| Infrastructure Utilities | 36.355,06 € | 28.130,71 € |
| Depreciation | 43.672,79 € | 40.980,40 € |
| Other Expenses | 10.329,59 € | 16.875,62 € |
| Other operating income | | |
| **Profit from operations** | 56.151,97 € | 52.681,87 € |
| Financial Cost | 350,54 € | 148,07 € |
| Financial Income | 208,14 € | 37,74 € |
| Share of profit from associates | | |
| **Profit before tax** | 56.009,57 € | 52.571,54 € |
| Income tax expense | 5.554,43 € | 5.870,85 € |
| **Profit after tax** | 50.455,14 € | 46.700,69 € |
| Earnings per share | | |

20.01.2009 Съставил: Ръководител:

0338 Веселин Дичев Регистриран одитор

Плесио Истейт АД София Sofia Plesio Estate JSC

Заверил ДЕС: /В. Дичев/

Prepared by Todorka Stancheva
Address Sofia, Bulgaria

**BALANCE SHEET**

| Description | PLESIO ESTATE JSC (in €) 31/Dec/2008 Book Value | Depreciation | Balance | PLESIO ESTATE JSC (in €) 31/Dec/2007 Book Value | Depreciation | Balance |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Fixed Assets** | 1.311.025,92 € | 146.071,79 € | 1.164.954,13 € | 1.226.677,47 € | 102.399,00 € | 1.124.278,47 € |
| **Intangible assets** | 299,00 € | 299,00 € | 0,00 € | 299,00 € | 240,85 € | 58,15 € |
| Trademarks, licences and similar rights | 299,00 € | 299,00 € | 0,00 € | 299,00 € | 240,85 € | 58,15 € |
| Goodwill | | | | | | |
| **Property, plant and equipment** | 1.310.726,92 € | 145.772,79 € | 1.164.954,13 € | 1.226.378,47 € | 102.158,15 € | 1.124.220,32 € |
| Land and buildings | 1.290.150,32 € | 143.372,25 € | 1.146.778,07 € | 1.210.198,47 € | 100.809,87 € | 1.109.388,60 € |
| Land | | | | | | |
| Buildings | | | 0,00 € | | | 0,00 € |
| Leasehold improvements | | | | | | |
| Investment property | 1.290.150,32 € | 143.372,25 € | 1.146.778,07 € | 1.210.198,47 € | 100.809,87 € | 1.109.388,60 € |
| Office equipment,operational and other equipm | 20.576,60 € | 2.400,54 € | 18.176,06 € | 16.180,00 € | 1.348,28 € | 14.831,72 € |
| Operational equipment | 16.180,00 € | 1.887,59 € | 14.292,41 € | 16.180,00 € | 1.348,28 € | 14.831,72 € |
| Office furniture and fixtures | 4.396,60 € | 512,95 € | 3.883,65 € | | | 0,00 € |
| Transportation | 0,00 € | 0,00 € | 0,00 € | | | 0,00 € |
| EDP Hardware | | | | | | |
| Advance payments and construction in progress | 0,00 € | 0,00 € | 0,00 € | 0,00 € | 0,00 € | 0,00 € |
| Adavance payments | | | | | | |
| Construction in progress | | | | | | |
| Accounting for leases | | | | | | |
| Financial assets | 0,00 € | 0,00 € | 0,00 € | 0,00 € | 0,00 € | 0,00 € |
| Investments in equity compnaies | | | | | | |
| Loan due from equity companies | | | | | | |
| Investments in affiliated companies | | | | | | |
| Loan due from affiliated companies | | | | | | |
| Security investments | | | | | | |
| Other loans | | | | | | |
| **Inventories** | 0,00 € | 0,00 € | 0,00 € | 0,00 € | 0,00 € | 0,00 € |
| Merchandise | | | | | | |
| Work in progress | | | | | | |
| Finished goods | 0,00 € | | 0,00 € | | | 0,00 € |
| **Receivables Clients** | 1.803,72 € | | 1.803,72 € | 83.220,68 € | | 83.220,68 € |
| Advance payments | | | | | | |
| Other receivables and other assets | | | | | | |
| Personnel | | | | | | |
| Tax | 899,59 € | | 899,59 € | 126,05 € | | 126,05 € |
| Court receivables | 0,00 € | | 0,00 € | 82.190,50 € | | 82.190,50 € |
| Other | 852,15 € | | 852,15 € | 852,15 € | | 852,15 € |
| Accounts receivables | | | 0,00 € | | | 0,00 € |
| Accounts receivables | | | 0,00 € | | | 0,00 € |
| Cheques receivables | | | | | | |
| Prepaid Expences | 51,98 € | | 51,98 € | 51,98 € | | 51,98 € |
| Accounts due from other group companies | 0,00 € | | 0,00 € | 0,00 € | | |
| Accounts due from other receivables | | | | | | |
| Deferred income | | | | | | |
| Deferred expenses and deferred charges | | | | | | |
| **Other Assets** | 29.626,35 € | 0,00 € | 29.626,35 € | 58.286,26 € | 0,00 € | 58.286,26 € |
| **Cash and cash equivailents** | 29.626,35 € | 0,00 € | 29.626,35 € | 58.286,26 € | 0,00 € | 58.286,26 € |
| Cash on hand | 678,26 € | | 678,26 € | 715,58 € | | 715,58 € |
| Cash on banks | 28.948,09 € | | 28.948,09 € | 57.570,68 € | | 57.570,68 € |
| Time deposits | | | | | | |
| **Deferred taxes** | | | 0,00 € | | | |
| **Start up and business expansion expenses** | | | | | | |
| **Total assets** | 1.342.455,99 € | 146.071,79 € | 1.196.384,20 € | 1.368.184,41 € | 102.399,00 € | 1.265.785,41 € |
| **Shareholders' Equity and Liabilities** | | | | | | |
| **Shareholders' equity** | 1.188.034,43 € | | 1.188.034,43 € | 1.179.609,91 € | | 1.179.609,91 € |
| Capital stocks | 1.058.000,00 € | | 1.058.000,00 € | 1.058.000,00 € | | 1.058.000,00 € |
| Additional paid-in-capital | 0,00 € | | 0,00 € | | | 0,00 € |
| Reserves retainend from earnings | | | | | | |
| Reserves retainend from earnings | 79.579,29 € | | 79.579,29 € | 74.909,22 € | | 74.909,22 € |
| Net income for the period, after tax | 0,00 € | | 0,00 € | 0,00 € | | 0,00 € |
| Net profit | 50.455,14 € | | 50.455,14 € | 46.700,69 € | | 46.700,69 € |
| **Minorities** | | | | | | |
| **Long term liabilities** | 3.129,96 € | | 3.129,96 € | 2.181,70 € | | 2.181,70 € |
| Provision for taxes | | | | | | |
| Deferred Tax liabilities | 3.129,96 € | | 3.129,96 € | 2.181,70 € | | 2.181,70 € |
| Provisions for pensions | | | | | | |
| Deferred Income (more 1 year) | | | | | | |
| Other provisions | | | | | | |
| **Short term bank loans** | | | | | | |
| **Other short term liabilities** | 5.219,81 € | | 5.219,81 € | 83.993,80 € | | 83.993,80 € |
| Liabilities | | | | | | |
| Liability from Finance Leases | | | | | | |
| Liabilities due to banks | | | | | | |
| Advance payments | 0,00 € | | 0,00 € | 0,00 € | | 0,00 € |
| Accounts payabie -trade- notes payables | 3.278,33 € | | 3.278,33 € | 4.845,79 € | | 4.845,79 € |
| Accounts due to affiliated companies | | | | | | |
| Accounts due to other group companies | 0,00 € | | 0,00 € | 0,00 € | | 0,00 € |
| Deferred Income (less 1 year) | | | | | | |
| Tax liabilities | 1.941,48 € | | 1.941,48 € | 3.148,01 € | | 3.148,01 € |
| Other liabilities | 0,00 € | | 0,00 € | 76.000,00 € | | 76.000,00 € |
| **Total liabilities** | 1.196.384,20 € | 0,00 € | 1.196.384,20 € | 1.265.785,41 € | 0,00 € | 1.265.785,41 € |

20.01.2009 Съставил: Ръководител:

0338 Веселин Дичев Регистриран одитор

Заверил ДЕС: /В. Дичев/

Prepared by Todorka Stancheva
Address Sofia, Bulgaria

**STATEMENT OF CASH FLOWS**

| Description | PLAISIO ESTATE JSC (in €) | |
|---|---|---|
| from: | 1/Jan/2008 | 1/Jan/2007 |
| to: | 31/Dec/2008 | 31/Dec/2007 |
| **Operating Activities** | | |
| Profits before taxes | **56.009,57 €** | **52.571,54 €** |
| Plus/less adjustments for: | | |
| Depreciation/amortization | 43.672,79 € | 40.980,40 € |
| Fixed assets omissions | | |
| Provisions | | |
| Exchange differences | | |
| Results (income, expenses, profit and loss) from investing activities | | |
| Interest expenses and related costs | | |
| Plus/less adjustments for changes in working capital or related to operating activities: | | |
| Decrease/ (increase) in inventories | 0,00 € | |
| Decrease/ (increase) in receivables | 81.416,96 € | -2.364,69 € |
| (Decrease)/ increase in liabilities (except for banks) | -78.773,99 € | -40.070,28 € |
| Less: | | |
| Interest charges and related expenses paid | | |
| Paid taxes | -4.606,17 € | -4.955,18 € |
| Total inflows / (outflows) from operating activities (a) | **97.719,16 €** | **46.161,79 €** |
| **Investing Activities** | | |
| Acquisition of subsidiaries, affiliated companies, joint-ventures and other investments | | |
| Purchase of tangible and intangible fixed assets | -84.348,45 € | 0,00 € |
| Earnings from sales of tangible and intangible fixed assets | | |
| Received interest | | |
| Received dividends | | |
| Total inflows / (outflows) from investing activities (b) | **-84.348,45 €** | **0,00 €** |
| **Financing Activities** | | |
| Proceeds from share capital increase | 0,00 € | 0,00 € |
| Proceeds from issued loans | | |
| Payments of loans | | |
| Payments of financial leasing liabilities (capital installments) | | |
| Dividends paid | -42.030,62 € | |
| Total inflows / (outflows) from financing activities (c) | -42.030,62 € | 0,00 € |
| **Net increase / (decrease) in cash and cash equivalent for the period** (a) + (b) + (c) | **-28.659,91 €** | **46.161,79 €** |
| **Cash and cash equivalent in the beginning of period** | **58.286,26 €** | **12.124,47 €** |
| Cash and cash equivalent in the end of period | **29.626,35 €** | **58.286,26 €** |

20.01.2009 Съставил: Ръководител:

Плесио Истейт АД София Sofia Plesio Estate JSC

0338 Веселин Дичев Регистриран одитор

Заверил ДЕС: /В. Дичев/

Prepared by Todorka Stancheva
Address Sofia, Bulgaria

**STATEMENT OF CHANGES IN EQUITY**

| Description | Issued Share Capital | Issue of Shares At a Premium | General Reserve | Special Reserve | Revaluation Reserve | Tax free Reserve | Reserves Taxed at a Preferential Rate | Revenue Reserve | Total |
|---|---|---|---|---|---|---|---|---|---|
| | PLESIO ESTATE JSC (in €) 31/Dec/2008 | | | | | | | | |
| **Balanse, January 1, 2008** | 1.058.000,00 | | 74.909,22 | | | | | 46.700,69 | 1.179.609,91 |
| Increase/(decrease) of the share capital | 0,00 | | | | | | | | 0,00 |
| Distributed dividends | | | | | | | | (42.030,62) | (42.030,62) |
| Net income recognized directly in equity | | | 4.670,07 | | | | | (4.670,07) | 0,00 |
| Net income (loss) for the period, after tax | | | | | | | | 50.455,14 | 50.455,14 |
| Acquisition (sale) of own shares | | | | | | | | | 0,00 |
| **Balanse, December 31, 2008** | 1.058.000,00 | 0,00 | 79.579,29 | 0,00 | 0,00 | 0,00 | 0,00 | 50.455,14 | 1.188.034,43 |

**STATEMENT OF CHANGES IN EQUITY**

| Description | Issued Share Capital | Issue of Shares At a Premium | General Reserve | Special Reserve | Revaluation Reserve | Tax free Reserve | Reserves Taxed at a Preferential Rate | Revenue Reserve | Total |
|---|---|---|---|---|---|---|---|---|---|
| | PLESIO ESTATE JSC (in €) 31/Dec/2007 | | | | | | | | |
| **Balanse, January 1, 2007** | 1.058.000,00 | | | | | | | 74.909,22 | 1.132.909,22 |
| Increase/(decrease) of the share capital | | | | | | | | | 0,00 |
| Distributed dividends | | | | | | | | | 0,00 |
| Net income recognized directly in equity | | | 74.909,22 | | | | | -74.909,22 | 0,00 |
| Net income (loss) for the period, after tax | | | | | | | | 46.700,69 | 46.700,69 |
| Acquisition (sale) of own shares | | | | | | | | | 0,00 |
| **Balanse, December 31, 2007** | 1.058.000,00 | 0,00 | 74.909,22 | 0,00 | 0,00 | 0,00 | 0,00 | 46.700,69 | 1.179.609,91 |

20.01.2009 Съставил: Ръководител:

0338 Веселин Дичев Регистриран одитор

Плесио Истейт АД София Sofia Plesio Estate JSC

Заверил ДЕС: /В. Дичев/

COSMOS Ltd.
12, Graf Ignatiev St., 1000 Sofia, Bulgaria
Phone: (+359 2) 980 1278, e-mail: cosmos.bg@mbox.contact.bg
TRANSLATION SERVICES

Translated from Bulgarian

# INDEPENDENT AUDITOR'S REPORT

**TO**
**The Shareholders of**
**Plesio Estate AD -**
**Sofia City**

**Financial Statement Report**

We have audited the enclosed financial statement of **Plesio Estate AD – Sofia City,** comprising the accounting balance sheet as of 31 December 2008 and the income statement, statement of changes in equity capital, statement of the cash flows for the year ended on such date, as well as the summarized disclosure of the material accounting policies, and other explanatory enclosures.

*Responsibility of the management for the financial statement*

The responsibility for the preparation and truthful presentation of this financial statement in compliance with the International Financial Reporting Standards is assumed by the management. This responsibility involves: development, implementation and maintenance of an internal control system, relating to the preparation and truthful presentation of financial statements, which should be free of any significant inaccuracies, deviations and discrepancies, regardless of whether these are due to fraud or error; selection and application of appropriate accounting policies; and preparation of accounting estimates, which should be reasonable under the specific circumstances.

*Auditor's responsibility*

Our responsibility comes down to rendering an auditor's opinion on such financial statement, based on the audit performed by us. Our audit was conducted in accordance with the professional requirements of the International Standards on Auditing. These standards enforce compliance with the ethical requirements, and they require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of significant inaccuracies, deviations and discrepancies.

The audit comprises the implementation of procedures for the purposes of obtaining auditor's evidence regarding the sums and disclosures, presented in the financial statement. The selected procedures depend on the auditor's discretion, including an assessment of the risks of significant inaccuracies, deviations and discrepancies in the financial statement, regardless of whether these are due to fraud or error. When performing such evaluations of the risk, the auditor takes account of the internal control system, relating to the preparation and truthful presentation of the financial statement on the part of the enterprise, in order to



COSMOS Ltd Sofia Bulgaria

elaborate auditing procedures, suited to these circumstances, however not intended to express an opinion regarding the efficiency of the enterprise internal control system. The audit also involves assessment of the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates, as made by the management, as well as evaluation of the overall presentation in the financial statement.

We believe that the audit performed by us provides sufficient and proper grounds for the auditor's opinion rendered by us.

*Opinion*

As a result, we hereby certify that the financial statement truthfully represents, in all material aspects, the financial standing of **Plesio Estate AD – Sofia City** as of 31 December 2008, as well as its financial performance and the cash flows for the year ended on such date, in compliance with the International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

*Annual statement of operations of the Company pursuant to the requirements of the Accountancy Act (Art. 33).*

In compliance with the requirements of the Bulgarian Accountancy Act (Art. 38, para. /4/), we have familiarized ourselves with the management's annual statement of operations of the Company for the reporting year 2008. This statement does not constitute part of its annual financial statement for the said period. The responsibility for the preparation of such annual statement of operations is assumed by the Company management. The background financial information, presented in the annual statement of operations, corresponds in all material aspects to the information, presented and disclosed in the financial statement of the Company as of 31.12.2008, prepared in compliance with the International Financial Reporting Standards, as adopted by the European Union Commission.

20.01.2009
Sofia

Registered Auditor: /Sgt. /
Veselin St. Dichev

Seal of Veselin Dichev,
Registered Auditor No. 0338

I, the undersigned Stanislav Georgiev Haralampiev, do hereby certify that the foregoing translation from Bulgarian into English of the attached document, namely **Independent Auditor's Report**, is true and correct to the best of my knowledge. The translation consists of 2 (two) pages.

Sworn translator: Stanislav Georgiev Haralampiev

# ДОКЛАД НА НЕЗАВИСИМИЯ ОДИТОР

**ДО**
**Акционерите на**
**"Плесио Истейт" АД –**
**гр. София**

**Доклад върху финансовия отчет**

Ние извършихме одит на приложения финансов отчет на **"Плесио Истейт" АД – гр. София**, включващ счетоводния баланс към 31 декември 2008 година и отчет за доходите, отчет за промените в собствения капитал, отчет за паричните потоци за годината, завършваща на тази дата, както и обобщеното оповестяване на съществените счетоводни политики и другите пояснителни приложения.

*Отговорност на ръководството за финансовия отчет*

Отговорността за изготвянето и достоверното представяне на този финансов отчет в съответствие с Международните стандарти за финансови отчети се носи от ръководството. Тази отговорност включва: разработване, внедряване и поддържане на система за вътрешен контрол, свързана с изготвянето и достоверното представяне на финансови отчети, които да не съдържат съществени неточности, отклонения и несъответствия, независимо дали те се дължат на измама или на грешка; подбор и приложение на подходящи счетоводни политики; и изготвяне на приблизителни счетоводни оценки, които да са разумни при конкретните обстоятелства.

*Отговорност на одитора*

Нашата отговорност се свежда до изразяване на одиторско мнение върху този финансов отчет, основаващо се на извършения от нас одит. Нашия одит бе проведен в съответствие с професионалните изисквания на Международните одиторски стандарти. Тези стандарти налагат спазване на етичните изисквания, както и одитът да бъде планиран и проведен така, че ние да се убедим в разумна степен на сигурност доколко финансовия отчет не съдържа съществени неточности, отклонения и несъответствия.

Одитът включва изпълнението на процедури с цел получаване на одиторски доказателства относно сумите и оповестяванията, представени във финансовия отчет. Избраните процедури зависят от преценката на одитора, включително оценката на рисковете от съществени неточности, отклонения и несъответствия във финансовия отчет, независимо дали те се дължат на измама или на грешка. При извършването на тези оценки на риска одиторът взема под внимание системата за вътрешен контрол, свързана с изготвянето и достоверното представяне на финансовия отчет от страна на предприятието, за да разработи одиторски процедури, които са подходящи при тези обстоятелства, но не с цел изразяване на мнение относно ефективността на системата за вътрешен контрол на предприятието. Одитът също така включва оценка на уместността на прилаганите счетоводни политики и разумността на приблизителните счетоводни оценки, направени от ръководството, както и оценка на цялостното представяне във финансовия отчет.

Считаме, че извършеният от нас одит предоставя достатъчна и подходяща база за изразеното от нас одиторско мнение.

*Мнение*

В резултат на това удостоверяваме, че финансовият отчет представя достоверно, във всички съществени аспекти финансовото състояние на **"Плесио Истейт" АД – гр. София** към 31 декември 2008 година, както и неговите финансови резултати от дейността и паричните потоци за годината, завършваща тогава, в съответствие с Международните стандарти за финансови отчети.

**Доклад върху други правни и регулаторни изисквания**

*Годишен доклад за дейността на Дружеството по изискванията на Закона за счетоводството (чл.33)*

В съответствие с изискванията на българския Закон за счетоводството (чл.38, ал(4)), ние сме се запознали с годишния доклад на ръководството за дейността на Дружеството за отчетната 2008 год. Този доклад не представлява част от годишния му финансов отчет за същия период. Отговорността за изготвянето на този годишен доклад за дейността се носи от ръководството на Дружеството. Историческата финансова информация, представена в годишния доклад за дейността, съответства във всички съществени аспекти на информацията, представена и оповестена във финансовия отчет на Дружеството към 31.12.2008 година, изготвен в съответствие с Международните стандарти за финансови отчети, приети от Комисията на Европейския съюз.

0338 Веселин Дичев Регистриран одитор

20.01.2009 год.
София

Регистриран одитор:
/Веселин Ст. Дичев/