



Independent auditor's report

To the Shareholders of Heta Asset Resolution Bulgaria OOD

Report on the Financial Statements

We have audited the accompanying financial statements of Heta Asset Resolution Bulgaria OOD ("the Company"), which comprise the statement of financial position as of 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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 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 the auditor's 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, the auditor considers 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 policies 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.

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Registered with the Sofia City Court under company file number 13424/1997.

This version of our report/the accompanying documents is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Heta Asset Resolution Bulgaria OOD as of 31 December 2014, and 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

We draw attention to Note 2 to these financial statements, which refers to the intention of the management to wind down the operations of the Company in the future. These financial statements have therefore been prepared using a non-going concern basis of accounting. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Company.

In our opinion, the Annual Report set out on pages 2 to 4, is consistent with the accompanying financial statements of the Company as of 31 December 2014.

sign. ill.

Boryana Dimova
Registered Auditor

sealed by Specialised audit firm PricewaterhouseCoopers Audit OOD

sign. ill.

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

31 July 2015
Sofia, Bulgaria

HETA ASSET RESOLUTION BULGARIA OOD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amounts are in thousands of Bulgarian leva, unless otherwise stated)

	Notes	2014	2013
Interest income	5	1,404	3,159
Interest expense	6	(1,622)	(2,387)
Net interest income		(218)	772
Other operating income	7	9,735	6,377
Other operating expenses	8	(25,670)	(43,756)
(Impairment) / reversal of impairment of non-transferred equipment under finance lease contracts, net	18	(5,077)	(685)
Impairment of repossessed assets	18	(9,053)	(8,560)
Gain on initial recognition of repossessed assets		2,367	2,898
(Impairment) / reversal of finance lease receivables, loans granted and other assets, net	18	(29,353)	(51,888)
Loss for the year before tax		(57,269)	(94,842)
Income tax expense	9	-	-
Loss for the year		(57,269)	(94,842)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		(57,269)	(94,842)

The accompanying financial statements were approved by the management of Heta Asset Resolution Bulgaria OOD on 31 July 2015 and were signed by:

sign. ill.

Matias Julius Erhard Freiherr Grote
 General Manager

sign. ill.

Nikolay Neshev
 General Manager

sign. and seal illegible
 Desislava Markova
 Chief Accountant

Certified as per auditors' report:

signed

Boryana Dimova
 Registered Auditor

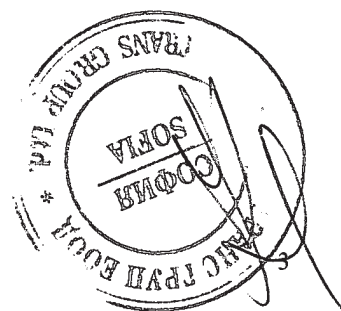
sealed by Specialised Audit Firm PricewaterhouseCoopers Audit, Sofia, reg. No 035
 Date 31 July 2015

signed

Tsvetana Tsankova
 PricewaterhouseCoopers Audit OOD

Date 31 July 2015

The notes on page 8 to page 51 form integral part to these financial statements.
 Translation from Bulgarian language



HETA ASSET RESOLUTION BULGARIA OOD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

(All amounts are in thousands of Bulgarian levs, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash and cash equivalents	16	10,189	2,521
Investment properties	12	3,677	9,650
Non-transferred equipment under finance lease contracts	15	2,673	10,369
Repossessed assets	15	17,288	25,968
Other assets	15	5,498	11,744
Finance lease receivables	14	18,563	67,591
Loans granted	17	3,171	14,080
Tangible assets	10	66	504
Total assets		<u>61,125</u>	<u>142,427</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Loans received from related parties	20	77,363	210,665
Provisions	21	21,368	17,288
Payables to clients	23	3,374	5,025
Other payables	22	1,932	3,445
Total liabilities		<u>104,037</u>	<u>236,423</u>
EQUITY			
Share capital	19	405,273	296,920
Accumulated loss		(448,185)	(390,916)
Total equity		<u>(42,912)</u>	<u>(93,996)</u>
Total liabilities and equity		<u>61,125</u>	<u>142,427</u>

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Matias Julius Erhard Freiherr Grote

General Manager

sign. ill.

Nikolay Neshev

General Manager

sign. and seal illegible

Desislava Markova

Chief Accountant

Certified as per auditors' report:

signed

Boryana Dimova

Registered Auditor

sealed by Specialised Audit Firm

Date 31 July 2015

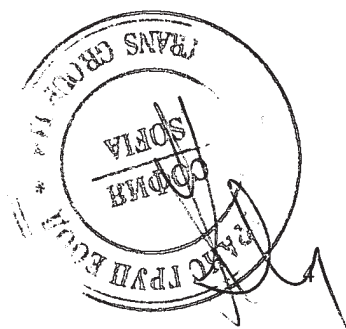
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Tsvetana Tsankova

PricewaterhouseCoopers Audit OOD

sealed by Specialised Audit Firm PricewaterhouseCoopers Audit, Sofia, reg. No 035

Date 31 July 2015



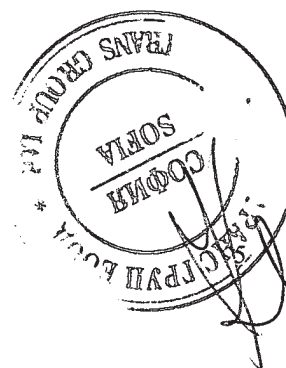
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HETA ASSET RESOLUTION BULGARIA OOD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amounts are in thousands of Bulgarian leva, unless otherwise stated)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(57,269)	(94,842)
ADJUSTMENT FOR:			
Depreciation and amortisation and investment properties		6,087	14,770
Unrealised foreign exchange loss		53	3
Impairment of assets and gain on initial recognition of repossessed assets		41,045	58,157
Receivables forfeited		221	78
Gain on disposal of repossessed assets		(1,371)	(1,196)
Provisions for unused leave and employee benefits		(21)	(9)
Provision on court disputes and compensations upon restructuring		8,870	17,047
Interest income from the tax administration		(5,129)	-
Interest income		(1,404)	(3,159)
Interest expense		1,622	2,387
Cash flows used in operating activities		(7,296)	(6,764)
Interest paid		(1,649)	(2,355)
Interest received		6,568	3,195
Interest paid, net		4,919	840
Adjustments in working capital:			
Decrease in receivables on finance leases		74,906	38,221
Decrease in loans granted		9,284	261
Receivables written off		(52,655)	-
Decrease in VAT receivables		3,709	8,802
Decrease / (increase) in other assets		2,756	(18,731)
Decrease in payables to clients and other payables		(2,995)	(8,639)
Cash flows from operating activities, net		32,628	13,990
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	10, 11	(7)	(172)
Cash flows from / (used in) investing activities, net		(7)	(172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received		4,439	3,360
Loans repaid		(29,368)	(17,158)
Other cash flows from financing activities		(24)	2
Cash flows used in financing activities, net		(24,953)	(13,796)

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**HETA ASSET RESOLUTION BULGARIA OOD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

(All amounts are in thousands of Bulgarian levs, unless otherwise stated)

CASH FLOW STATEMENT (CONTINUED)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Net increase in cash and cash equivalents		7,668	22
Cash and cash equivalents on 1 January	16	<u>2,521</u>	<u>2,499</u>
Cash and cash equivalents on 31 December	16	<u><u>10,189</u></u>	<u><u>2,521</u></u>

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General Manager

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Nikolay Neshev

General Manager

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Desislava Markova

Chief Accountant

Certified as per auditors' report:

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Boryana Dimova

Registered Auditor

Date 31 July 2015

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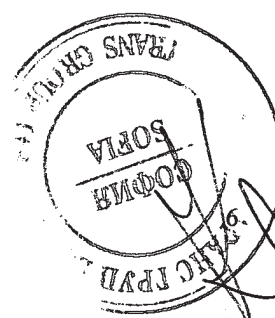
Tsvetana Tsankova

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HETA ASSET RESOLUTION BULGARIA OOD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amounts are in thousands of Bulgarian levs, unless otherwise stated)

	Share capital (note 19)	Retained earnings	Total
Balance on 1 January 2013	296,920	(296,074)	846
Loss for the year	-	(94,842)	(94,842)
Other comprehensive income	-	-	-
Total comprehensive income	-	(94,842)	(94,842)
Balance on 31 December 2013	<u>296,920</u>	<u>(390,916)</u>	<u>(93,996)</u>
Balance on 1 January 2014	296,920	(390,916)	(93,996)
Loss for the year	-	(57,269)	(57,269)
Other comprehensive income	-	-	-
Total comprehensive income	-	(57,269)	(57,269)
Transactions with the owners:			
Transformation of debt into equity	108,353	-	108,353
Balance on 31 December 2014	<u>405,273</u>	<u>(448,185)</u>	<u>(42,912)</u>

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