

Transparency Report 2012


„HLB Bulgaria“ Ltd.

29 March 2013

Under the provisions of art.40 “m” of the Law on independent financial audit

Global in Reach, Local in Touch

No 149-151, “Konstantin Velichkov” blvd., 1st floor, office 2, Sofia, 1309, Bulgaria. Web site: www.hlb-bg.com
Telephone: + 359 2 920 22 01 / +359 2 920 50 21. Fax: +359 2 920 36 65. E-mail: office@hlb-bg.com

HLB Bulgaria is member of  international. A worldwide organization of accounting firms and business advisers

Content

1	Legal Status and Ownership.....	3
2	Network, where HLB is a member	3
3	Management Structure	4
3.1	Organizational Structure	4
3.2	Partner’s remuneration.....	4
4	System of Internal quality control	5
4.1	Last quality review by the Commission for Public Oversight of certified auditors	5
4.2	Independence policies	5
5	List of audited public interest entities	5
6	Staff participation in training organized by ICPA and other organizations	6
7	Revenue from services provided	6



1 Legal Status and Ownership

“HLB Bulgaria” Ltd. (“Company”) is registered under the Trade Law of Republic of Bulgaria. The company was established on 25.03.1999, under company file № 4023/1999, of the Sofia City Court as “BIEX Audit” Ltd. Since 13.06.2008 the Company is renamed to “HLB Bulgaria” Ltd.

Shareholders of the Company:

- Zlatka Stefanova Koleva – General Manager, Certified Public Accountant;
- Galina Petrova Petrova – Certified Public Accountant;
- Evgeni Ivanov Ivanov – Certified Public Accountant;
- Kalin Apostolov Apostolov – Certified Public Accountant;
- Milena Velcheva Hristova – Certified Public Accountant;
- Mario Volodiev Zaharinov;
- Lyubomir Volodiev Zaharinov.

The Company is a specialized audit firm, registered at the Institute Of Certified Public Accountants under №017. The main activity of the company is independent financial audit and consulting.

2 Network, where HLB is a member

„HLB International” (“HLBI”) is international network of independent audit companies and business consultants, created in 1969. The network members are situated in more than 100 countries with 1,750 partners and 14,000 people personnel in more than 480 offices.

Companies - members of HLBI have extensive experience in servicing clients of different size and type of activity, ranging from large public companies to sole commercial companies. HLBI members have significant experience in projects of national and international importance for different purposes. The Companies have long-standing experience, high expertise and contacts, on which is built the reputation and professionalism of the HLBI. The Services provided by network members include audit and consultations on accounting and tax legislation and other financial services of local and international level.

At the beginning of 2008, after an analysis and evaluation of the quality of services, the specialized audit company was accepted as a member of the HLBI and on 11.04.2008, "BIEX Audit" Ltd signed a contract with HLBI.

Under the terms of the contract:

- The Company is required to perform its activity in accordance with internationally recognized procedures and criteria for quality control adopted by HLBI.
- HLBI undertakes not to appoint other representatives in the country without the consent of "HLB Bulgaria" Ltd.
- The Company is committed to make every effort to fulfill the engagements that were forwarded by another member of HLBI. Based on its discretion the Company may refuse to execute such engagements if they are considered to be unacceptable.
- The Company must implement all HLBI procedures, designed to improve the quality of audit services.
- The Company is subject to quality control reviews on the performed audit services. The reviews are done by a member firms defined by HLBI.



3 Management Structure

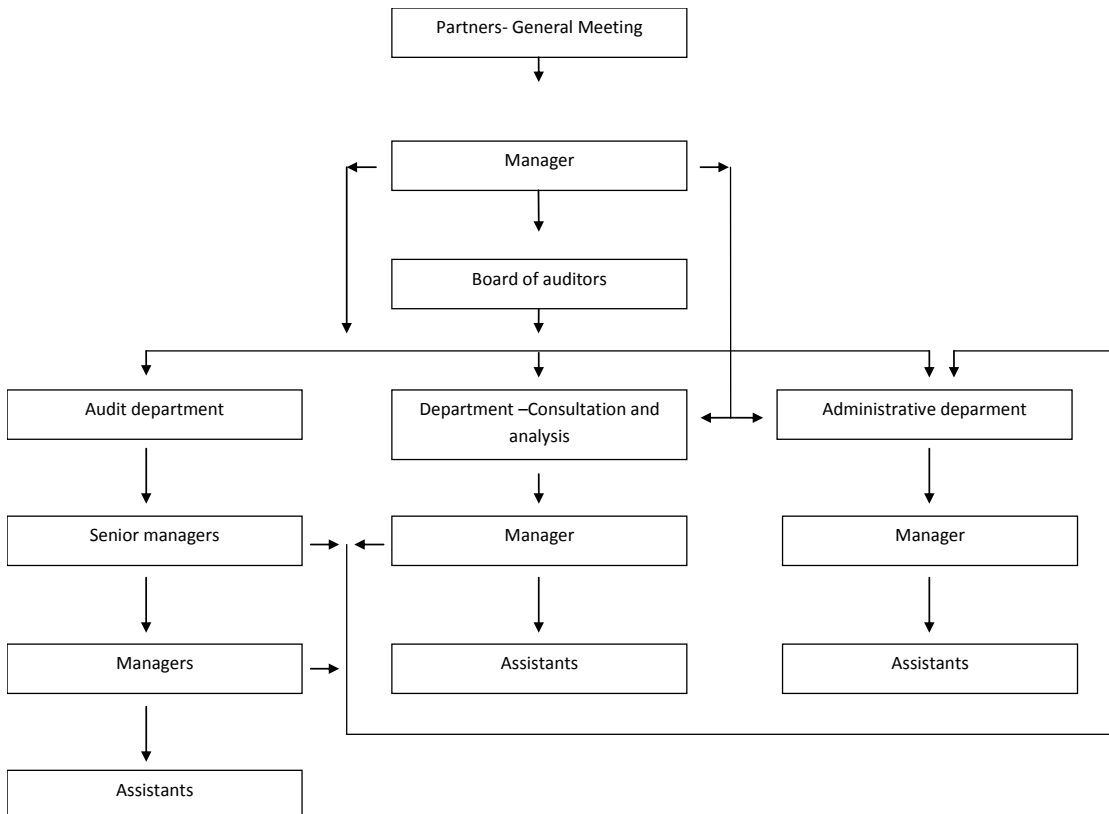
Representatives of the Company:

- Zlatka Koleva – General Manager;
- Julia Kafalieva – Procurator.

Managers of the Company:

- Zlatka Koleva – General Manager.

3.1 Organizational Structure



3.2 Partner’s remuneration

Shareholders equity owners of the Company, directly involved in the activity, are employed by the specialized audit company. The received remunerations are formed under an employment contract and additional fees depending on their results. A dividend is received after decision for profit distribution.

Shareholders equity owners of the Company who are not directly involved in the company’s activity receive dividend after a decision for profit distribution.



4 System of Internal quality control

Company's rules for professional audit practice are binding on all partners and employees of the company, regardless of their status and position. Company's rules for professional audit practice include provisions and rules for internal quality control. People responsible for the audit engagement teams are obliged to implement procedures for ongoing monitoring of the quality of the engagement, which should be tailored to the individual audit engagement and respond to internal rules.

Quality control procedures of the audit services on different engagements are performed by an auditor, different from the responsible one. Board of certified Auditors of the Company considers all matters relevant to the quality control of the audit services and once a year is testing a sample of the engagements to see whether it is in compliance with company's policy and quality control procedures. Discuss and provides solutions for issues occurred in the course of their audit work related to quality control.

Under the structure of the Company, the Board of certified Auditors is responsible for the construction, operation and evaluation of the effectiveness of internal quality control. The Board of certified Auditors has not found violations of quality control audit services in 2012.

4.1 Last quality review by the Commission for Public Oversight of certified auditors

Last quality review of the audit services provided by "HLB Bulgaria" Ltd has ended on 07.12.2010.

4.2 Independence policies

The Company complies with independence policy, which is consistent with the International Auditing Standards, the Law on Independent Financial Audit and "HLB Bulgaria" Ltd policy. Independence policy is mandatory for compliance by all partners and employees.

All Partners and all employees are required to meet with the rules and independence policy applied by the company. Partners and employees declare and confirm on an annual basis the principles of independence and all circumstances related to this policy. Upon any change of circumstances each partner and employee must immediately declare this change to the management of the company. The Company annually examines the circumstances declared.

5 List of audited public interest entities

In 2012, the Company has audited the financial statements for the year end 2011 of the following companies:

- „Bulgartabac - Holding” JSC
- „Asenovgrad - Tabac” JSC in liquidation
- „Blagoevgrad BT” JSC
- “Pleven - Bulgartabak” JSC
- „Shumen – Tabac” JSC
- „Haskovo Tabac” JSC – in liquidation
- „Sofia - Bulgartabac” JSC
- „Slyntze Stara Zagora - Tabac” JSC
- „Jelezopytna Infrastruktura Holdingovo Druzestvo” JSC
- „Trace Group Hold” JSC
- „Holding Pytishta” JSC
- „Vipom” JSC
- „Moststroj” JSC in bankruptcy



- „SolarProHolding” JSC
- „Alfa Energy Kyrdzali” JSC
- „Metropoliten” JSC

6 Staff participation in training organized by ICPA and other organizations

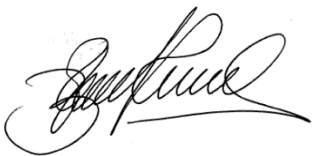
In 2012 the staff of the specialized audit firm is involved in the following trainings:

- Auditors training;
- ISA training;
- IFRS training;
- Consolidated packages training;
- Cooperate management, risk and ethics (ACCA);
- Audit ISA (ACCA);
- IFRS (ACCA).

7 Revenue from services provided

The revenues realized from services provided in 2012 are €782 thousand BGN:

- Revenues from services related to independent audit €658 thousand;
- Revenues from consulting services: €124 thousand.



Zlatka Koleva
General Manager
„HLB Bulgaria” Ltd.

Sofia, 25th March 2013

