

INDEPENDENT AUDITORS' REPORT

TO

THE MANAGEMENT OF

**SPECIALIZED HOSPITAL FOR RESIDENTIAL TREATMENT OF PROLONGED
THERAPY AND REHABILITATION OF CHILDREN WITH CERABRAL PALSY
"SANTA SOFIA"**

Report on the Financial Statements

We have audited the accompanying financial statements of SPECIALIZED HOSPITAL FOR RESIDENTIAL TREATMENT OF PROLONGED THERAPY AND REHABILITATION OF CHILDREN WITH CERABRAL PALSY "SANTA SOFIA" which comprise the statement of financial position as at December 31, 2012, and the income statement, statement of changes in equity and statement of 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 National Financial Reporting Standards for Small and Medium Size Enterprises. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SPECIALIZED HOSPITAL FOR RESIDENTIAL TREATMENT OF PROLONGED THERAPY AND REHABILITATION OF CHILDREN WITH CERABRAL PALSY "SANTA SOFIA" as of December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with National Financial Reporting Standards for Small and Medium Size Enterprises.

Report on Other Legal and Regulatory Requirements

Under the requirements of article 38, paragraph (4) of the Bulgarian Accountancy Act we should also express an opinion on the Annual Management Report. We took into consideration the contents of the applied unconsolidated Annual Management Report for year 2012, prepared by the Management of SPECIALIZED HOSPITAL FOR RESIDENTIAL TREATMENT OF PROLONGED THERAPY AND REHABILITATION OF CHILDREN WITH CERABRAL PALSY "SANTA SOFIA". The Annual Management Report is prepared in accordance with the stipulations of article 33, paragraphs (1) and (2) of the Bulgarian Accountancy Act. Management is responsible for the preparation of this Report.

In our opinion the unconsolidated financial information presented in the Annual Management Report as of 31 December 2012 corresponds in all material respects to the financial information represented in the annual unconsolidated financial statements for the same reporting period.

Specialized Audit Enterprise:

„RSM BX” LTD

Manager:

IZABELA DZHALAZOVA

Registered Auditor in charge:

DEYAN KONSTANTINOV

22 March 2013

Sofia, Bulgaria

