HISPANO EUROPEA DE GESTION Y SERVICIOS

Financial statement

for the period ended 31 December 2008

KPMG

Independent Auditors' Report*

The Shareholders
Hispano Europea de Gestion y Servicios OOD

Report on the Financial Statements

We have audited the accompanying financial statements of Hispano Europea de Gestion y Servicios OOD ("the Company"), which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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, as adopted by the European Union. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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 principles 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 opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2008, and of 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.

Gilbert McCaul
Partner

KPMG Bulgaria OOD
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Dobrina Kaloyanova
Registered Auditor

10 June 2009

* Unofficial translation from Bulgarian

HISPANO EUROPEA DE GESTION Y SERVICIOS OOD, SOFIA

INCOME STATEMENT

for the year ended 31 December 2008

in BGN'000

	Note	31/12/2008 **BGN'000**
Interest income	(9)	5
Material expenses	(10)	(17)
Expenses for hired services	(11)	(107)
Personnel expenses	(12)	(1)
Depreciation expense	(1 и 2)	(1)
Other expenses	(13)	(58)
Financial expenses	(14)	(3)
Profit (loss) before tax		**(182)**
Tax expense	(15)	
Profit (loss) after tax		**(182)**

The income statement is to be read in conjunction with the notes to and forming part of the financial statements on the respective pages.

Date: 18.05.2009

Manager : NIKOLA PETKOV

Preparer: ELKA DJUNEVA

Испано Европея Де Гестион Сервисиос ООД София

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HISPANO EUROPEA DE GESTION Y SERVICIOS

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2008

in BGN'000

	Note	Capital BGN'000	Statutory reserves BGN'000	Other reserves BGN'000	Revaluation reserve BGN'000	Retained earnings BGN'000	Total equity BGN'000
Balance on 01.01.2008							
Capital		600		5			605
Current year profit (loss)						(182)	
Balance on 31.12.2008		**600**	**0**	**5**	**0**	**(182)**	**423**

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements on the respective pages.

Date: 18.05.2009

Manager : NIKOLA PETKOV

Preparer: ELKA DJUNEVA

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HISPANO EUROPEA DE GESTION Y SERVICIOS OOD, SOFIA

BALANCE SHEET

as at 31 December 2008
in BGN'000

	Note	31/12/2008 **BGN'000**
ASSETS		
Non-current assets		
Computer equipment	(1)	4
Other non-current assets	(2)	2
Total non-current assets		6
Current assets		
Trade receivables	(3)	16
Cash and cash equivalents	(4)	408
Total current assets		424
TOTAL ASSETS		**430**
EQUITY AND LIABILITIES		
EQUITY		
Registered capital		600
Other reserves		5
Retained earnings		(182)
Total equity	(5)	423
Non-current liabilities		0
Total non-current liabilities		0
Current liabilities		
Trade and other payables	(6)	6
Personnel liabilities	(7)	1
Tax liabilities	(8)	0
Total current liabilities		7
Total liabilities		**7**
TOTAL EQUITY AND LIABILITIES		**430**

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements on the respective pages.

Date: 18.05.2009

Manager : NIKOLA PETKOV

Preparer: ELKA DJUNEVA

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HISPANO EUROPEA DE GESTION Y SERVICIOS

STATEMENT OF CASH FLOWS
for the year ended 31 December 2008
in BGN'000

	Note	31/12/2008 **BGN'000**
Cash flows from operating activities		
Payments to counterparties		(182)
Payments to employees and officers		(8)
Foreign exchange commissions and bank fees		(3)
Net cash from operating activities		**(193)**
Cash flows from investing activities		
Interest received		6
Cash used for purchases of property, plant and equipment		(5)
Net cash from investing activities		**1**
Cash flows from financing activities		
Capital contributions		600
Net cash from financing activities		**600**
Net increase (decrease) in cash and cash equivalents		408
Cash and cash equivalents on 1 January		0
Cash and cash equivalents on 31 December	(4)	**408**

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements on the respective pages.

Date: 18.05.2009

Manager : NIKOLA PETKOV

Preparer: ELKA OJUNEVA

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1. REPORTING ENTITY

Hispano Europea de Gestion y Servicios OOD (the "Company)" was established with Articles of Incorporation as EOOD ("Limited liability company with a sole owner") on 14 January 2008. On 29 January 2008, it was registered with the Trade Register at the Ministry of Justice. The sole capital owner was Francisco Aguilar Palazuelos. The Company's capital of BGN5,000 was allocated in 500 shares of BGN10 each.

The address of the Company's registered office is City of Sofia, Mladost 1 suburb, bl. 80, entrée. Б, 9th floor, apt. 75.

Ownership and management

The Company is represented and managed by its managers – Francisco Aguilar Palazuelos, citizen of Spain, born on 5 July, 1947, with National identification document / Tax identification number series and number 32359546-H, address: Spain, La Coruna, 4 Marques de Figueroa Street, 2nd floor, right 15007; and Nikola Iliev Petkov, citizen of Bulgaria, Unified identification number 4806123204, personal card No. 158440260, issued on 10 March, 2000 By the Ministry of Internal Affairs in Sofia, address: Sofia, Mladost 1 suburb, bl. 80, entrée. Б, 9th floor, apt. 75.

On 31 March 2008, by virtue of Articles of Incorporation, it was resolved to increase the Company's capital to BGN600,000 and transform the Company into OOD (limited liability company). The capital was registered to the following owners:

	Owners	%	Number of shares	Amount in BGN
1	**Francisco Aguilar Palazuelos**	0.83	500	5,000
2	**Asesoria Ramilo E Botana, S.L.**	5	3,000	30,000
3	**Guillermo Grandio Chao**	5	3,000	30,000
4	**Salvador Fernandez Moreda**	10	6,000	60,000
5	**S.A. de Obras y Servicios, Copasa**	10	6,000	60,000
6	**Hispano Bulgara de Gestion, S.L.**	11	6,600	66,000
7	**Hispano Europea de Gestion y Servicios, S.L.**	23.17	13,900	139,000
8	**CXG-Corporacion Caixa Galicia, S.A.**	15	9,000	90,000
9	**Ibartecan, S.L.**	10	6,000	60,000
10	**Arias Hermanos Construcciones, S.A.**	10	6,000	60,000
	TOTAL	100	60,000	600,000

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The Company is managed by a Managing Board and its Managers. The Managing Board is the ultimate managing body and comprises of all owners and their representatives. The managers who are not owners, participate in the Managing Board meetings with advisory vote.

As at 31 December 2008, the Company employs one employee on employment contract.

Activity

The activity of the Company during the reporting period comprises domestic and international trade in Bulgaria and abroad; investments in all types of real estate for own use or for leasing purposes; purchases and sales, construction and furnishing of real estate for the purposes of sale or lease; research, consulting and construction related to roads, highways, above-ground and under-ground railroads; renewable and non-renewable energy sources; distribution of electricity and other energy; energy efficiency; as well as all other activities that are not banned by law.

2. MAIN ASPECTS OF COMPANY'S ACCOUNTING POLICY

Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) effective as of 1 January 2008 and approved for implementation in Bulgaria in accordance with the Accountancy Law (Law on Amendment and Modification of the Accountancy Law, effective 1 January 2008). A list of IFRSs, IASs, IFRICs and SICs adopted for implementation in Bulgaria and effective as at the balance sheet date, is presented below.

The company maintains its accounting records in accordance with the legal requirements of Bulgarian accounting, tax and trade legislation.

The financial statements are prepared in accordance with the following underlying principles: going concern, accrual basis, substance over form, conservatism, matching of income and expenses, consistency of presentation.

All significant groups of similar items are presented separately in the financial statements. Financial assets and liabilities are not offset unless this is explicitly allowed under IASs, and, offsets are explained, if necessary.

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All financial information is presented in Bulgarian lev (BGN) and rounded to the nearest thousand, unless indicated otherwise.

Functional currency

The functional currency used for the presentation of financial information is Bulgarian lev (BGN). On 1 July 1997, the exchange rate of Bulgarian lev to German mark was fixed as follows: BGN1 : DEM1. Upon the adoption of the Euro as official currency of the European Union, the exchange rate of Bulgarian lev was pegged to the Euro, as follows: BGN1.95583 : Euro1.

Upon initial recognition, foreign currency transactions are reported in functional currency and the exchange rate effective on the transaction date is applied. Cash, receivables and payables denominated in foreign currency are reported in functional currency by applying the exchange rate published by the Bulgarian National Bank on the last business day of the month. As at 31 December, these are translated in Bulgarian lev using the closing exchange rate published by the Bulgarian National Bank.

Exchange rate differences associated with settlement of transactions denominated in foreign currency or with reporting of foreign currency transactions at exchange rates different from the exchange rates upon initial recognition are reported in profit or loss as they occur.

Revenues

Revenues are recognized as earned on accrual basis to the extent economic benefits are obtained by the Company and provided that they can be measured reliably.

Revenue from services rendered is recognized when substantially all risks and rewards pertaining to ownership of goods and services are transferred to the buyer.

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date provided that this stage can be measured reliably; and in proportion to the expenses incurred for the transaction and its completion.

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Expenses

Expenses are recognized as incurred based on the accrual and matching principles.

Expenses associated with future periods are deferred and recognized when contractual services are received. They are presented as prepaid expenses.

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Financial income and expenses are recognized in profit or loss on a net basis and comprise interest income from current and depository bank accounts, as well as exchange rate differences from foreign currency transactions.

Operating income and expenses are recognized as incurred regardless of related cash receipts and disbursements. Income and expenses are recognized and reported in accordance with the matching principle of income and expenses.

Property, plant and equipment

Property, plant and equipment (PP&E) are presented at cost less accumulated depreciation and accumulated impairment losses.

Initial measurement

Upon acquisition, property, plant and equipment is measured at *cost* which includes purchase price, custom duties and all direct costs incurred to place the asset into operation. Direct costs mainly include site preparation, delivery and initial handling, assembly, fees paid to individuals involved with the project, non-recoverable taxes (VAT) and other taxes.

Upon initial acquisition, fixed assets are measured at acquisition cost which comprises their purchase price and additional costs associated with the acquisition.

The Company has adopted a policy of capitalizing fixed assets with value above BGN700. Fixed assets under this limit are expensed as incurred regardless of their long-lived nature.

Subsequent measurement

The Company has adopted the cost model under IAS 16 *Property, Plant and Equipment* for measurement of property, plant and equipment – i.e. acquisition cost less accumulated depreciation less accumulated impairment losses.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Accumulated depreciation is

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accrued by consistent application of the straight-line methodology. The estimated useful lives and depreciation rates are, as follows:

	Depreciation rate (%)	Useful life (years)
Buildings and constructions	4	25
Plant	30	3.33
Machines and equipment	30	3.33
Vehicles	25	4
Furniture and fittings	15	6.66
Computer equipment	50	2

Subsequent costs

The costs of the day-to-day servicing, repairs and maintenance of property, plant and equipment are recognized in profit or loss as incurred. The cost of modernization or improvement of functionality of an item of property, plant and equipment resulting in extension of its useful life, improvement of its productivity and capacity, is recognized in the carrying amount of the item. The remaining useful life is assessed at the capitalization date.

Impairment of long-lived assets

The carrying value of long-lived assets is subject to impairment testing when there are events or circumstances indicating that their carrying value may exceed their recoverable value. In such cases, the carrying value is reduced to reflect the recoverable value of the assets.

Intangible assets

Intangible assets are presented in the balance sheet at cost less accumulated amortization and accumulated impairment, or at revalued amounts, i.e. fair value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The carrying value of intangible assets is subject to impairment testing when there are events or circumstances indicating that the carrying value may exceed their recoverable value. In such cases, impairment losses are recognized in profit and loss.

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Long-term investments

Long-term investments are reported at acquisition value (cost).

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognized in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Other leases are operating leases and, except for investment property, the leased assets are not recognized on the Group's balance sheet. Investment property held under an operating lease is recognized on the Group's balance sheet at its fair value.

Investments

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In the individual financial statements of the Company, investments in subsidiaries are reported at cost, less any impairment losses.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. In the individual financial statements of the Company, investments in associates are reported at cost, less any impairment losses.

Financial instruments

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Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, including service concession receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise petty cash, current bank accounts and depository bank accounts with original maturity of three months or less.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

This category comprises of investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized directly in equity.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Other financial instruments

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Inventories

Inventories are measured at the lower of cost and net realizable value.

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Upon acquisition, inventories are measured at cost. Upon use, the cost of inventories is based on the weighted average principle.

Inventories are analyzed on an annual basis for impairment indications to their net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The estimate of net realizable value is based on the most reliable data available at the measurement date. It is based on expert reports, price information from recent purchases and/or offer prices, contracted sales prices and other information sources.

In cases where impairment is deemed necessary, it is directly expensed through the income statement.

Trade and other receivables

Trade receivables are presented based on the price on the original invoice less allowance for bad debts. Losses from doubtful and bad debts are estimated when there is significant uncertainty regarding the collectability of a part of the receivable or the entire receivable. Non-collectible receivables are written-off once there are legal grounds for the write-off.

Cash and cash equivalents

Cash and cash equivalents comprise petty cash, cash in current and depository accounts.

For the purposes of preparing the statement of cash flows:

- *Cash received from clients and cash disbursed to suppliers have been presented* gross, including VAT (20%);
- Interest received on bank accounts is presented as investing activity;
- Restricted cash is treated as cash and cash equivalents; however, it is presented on a separate line in the statement of cash flows;
- VAT paid for purchases of fixed assets is presented as payment to suppliers in the cash flow from operating activities section to the extent it is part of operating activities of the Company for the respective period and is claimed.

Trade and other payables

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Trade and other payables are reported at the original invoice amount which is assumed to represent the transaction value and will be paid in future against the received goods or services.

Retirement and other liabilities to employees under social and labor legislation

The Company does not maintain a private voluntary social contribution fund.

Social and retirement plans at the Company as an employer are based on the Bulgarian legislation and represent defined contribution plans.

The undiscounted amount of current personnel compensation, such as salaries, bonuses and fringe benefits (payable within 12 months after being earned), is recognized in the income statement during the period when it was earned, and in the balance sheet as current liability (less all statutory deductions). The undiscounted amount of the employer portion of social and health insurance contributions is recognized as an expense in the income statement and current liability in the balance sheet during the period for which the compensation relates.

The labor and social security relations with employees are based on the Labor Code and the effective social security legislation and labor contracts. The applicable social security rates and their allocation between employer and employee are based on the Budget Law for the respective year.

Income taxes

Current tax

Current tax expense is determined in accordance with the Bulgarian tax legislation – The Law on the Corporate Income Taxes. The applicable tax rate for 2008 was 10%.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those that affect neither accounting nor taxable profit or loss on the transaction date.

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Deferred tax assets are recognized for all deductible temporary differences and for tax losses carried forward to the extent that it is probable that the related tax benefit will be realized.

Deferred taxes that relate to items recognized directly in equity or other balance sheet line are recognized in equity or in the respective balance sheet line.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. As at 31 December, 2008, deferred taxes have been determined using tax rate of 10%. Deferred taxes are presented as non-current assets or liabilities in the balance sheet, and tax expense in the income statement.

Going Concern

These financial statements have been prepared applying the assumption that the Company is a going concern and will continue to operate in the foreseeable future.

In the last three months of 2008, the world credit crisis has, in practice, transformed into a world economic market crisis. It has impact over all sectors and industries. The probability of slowdown of the economic growth, and even entering into recession of some economic regions and countries, is significant. This affects the Company in continuing its operations in a more difficult and unpredictable business environment. The Company's management anticipates that its existing capital resources and sources of funding (cash flows from operations and access to bank credit facilities) will be adequate to satisfy its liquidity requirements through calendar year 2009.

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NOTES

1. COMPUTER EQUIPMENT

The Company has adopted a policy of expensing fixed assets with value under BGN700 through the income statement. Fixed assets with value exceeding this limit are capitalized.

During 2008, the following fixed assets were acquired:

A) On 15.02.2008 r. laptop TOSHIBA SATELLITE U300-13J-2G-13

B) On 20.11.2008 r. laptop

C) On 04.12.2008 r. computer system Persy Stinger

D) On 04.12.2008 r. combined device Phaser 6110 MFP/S Copier/Printer/Scanner

	Computer equipment	**Total**
Cost		
01.01.2008 balance	0	0
Acquisitions	5	5
Disposals	0	0
31.12.2008 balance	5	5
Accumulated depreciation		
01.01.2008 balance	0	0
Acquisitions	1	1
Disposals	0	0
31.12.2008 balance	1	1
Carrying value on 01.01.2008	**0**	**0**
Carrying value on 31.12.2008	**4**	**4**

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DEPRECIATION EXPENSE

	31.12.2008 BGN'000
COMPUTER EQUIPMENT	1
TOTAL:	**1**

2. OTHER NON-CURRENT ASSETS

Other non-current assets include accrued VAT receivable related to fixed assets purchased prior to the Company's registration under the VAT Law. During 2009, the Company will be registered under the VAT Law and this tax will be claimed and offset.

3. TRADE RECEIVABLES

	31.12.2008 BGN'000
Advance receivables	14
Prepaid expenses	2
TOTAL:	**16**

Advance receivables relate to advances provided by the Company.

Prepaid expenses include apartment rent deposit under a lease contract dated December 2008.

The maturity structure of the receivables is, as follows:

	31.12.2008 BGN'000
Current receivables, aged less than 1 year	**14**
Past-due receivables, aged greater than 1 year	-
TOTAL:	**14**

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4. CASH AND CASH EQUIVALENTS

	31.12.2008 BGN'000
Bank accounts	403
Petty cash	5
TOTAL:	**408**

Cash consists of:

- BGN403 thousand denominated in Bulgarian lev.
- BGN5 thousand denominated in foreign currency.

Foreign currency cash is denominated in Bulgarian lev and Euro. The closing exchange rate of Bulgarian lev for Euro published by the Bulgarian National Bank as at 31 December 2008 was Euro1 = BGN1.95583.

5. CAPITAL AND RESERVES

As at 31 December 2008, owners' capital amounts to BGN600,000.

On 31 March 2008, by virtue of Articles of Incorporation it was resolved to increase the Company's capital to BGN600,000 and transform the Company into OOD (limited liability company). The capital was registered to the following owners:

	OWNERS	%	SHARES	AMOUNT
1	**Francisco Aguilar Palazuelos**	0.83	500	5,000
2	**Asesoria Ramilo E Botana, S.L.**	5	3,000	30,000
3	**Guillermo Grandio Chao**	5	3,000	30,000
4	**Salvador Fernandez Moreda**	10	6,000	60,000
5	**S.A. de Obras y Servicios, Copasa**	10	6,000	60,000
6	**Hispano Bulgara de Gestion, S.L.**	11	6,600	66,000
7	**Hispano Europea de Gestion y Servicios, S.L.**	23.17	13,900	139,000
8	**CXG-Corporacion Caixa Galicia, S.A.**	15	9,000	90,000
9	**Ibartecan, S.L.**	10	6,000	60,000
10	**Arias Hermanos Construcciones, S.A.**	10	6,000	60,000
	TOTAL	100	60,000	600,000

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	31.12.2008 BGN'000
Registered capital	600
Other reserves	5
Current year loss	(182)
TOTAL:	**423**

Current year loss is generated by the expenditures made during the year.

Current year loss for 2008 is: BGN182 thousand.

6. TRADE AND OTHER LIABILITIES

	31.12.2008 BGN'000
Office rent	2
Transportation	4
TOTAL:	**6**

All trade liabilities are current up to 1 year.

As of the date of this report, current liabilities in the amount of BGN158 thousand have been paid.

7. PERSONNEL LIABILITIES

	31.12.2008 BGN'000
Accrued salaries	1
TOTAL:	**1**

Personnel liabilities include accrued salary for the month of December 2008. For 2008, personnel expense in the income statement amounts to BGN1 thousand.

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8. TAX LIABILITIES

	31.12.2008 BGN'000
Personnel income tax	0
Tax as per Art. 204 of the Law on Corporate Income Tax	0
TOTAL:	**0**

The Company's tax liabilities are current.

9. INTEREST INCOME

	31.12.2008 BGN'000
Interest income	5

Includes interest received on current and depository bank accounts.

10. MATERIAL EXPENSES

	31.12.2008 BGN'000
Stationary	2
Expensed fixed assets with value under BGN700	11
Representative expenses	4
Total	**17**

Fixed assets with value under BGN700 are mainly office furniture and equipment.

11. EXPENSES FOR HIRED SERVICES

	31.12.2008 BGN'000
Dinners to guests	2
Translation of documents	5
Incorporation expenses	1

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Accounting services	3
Transportation services	1
Rents	13
Consulting services	68
Other	14
TOTAL:	107

Expenses for hired services include mainly consulting services related to the management of the Company in the Bulgarian economic environment. The Company has signed a contact for consulting services with a Bulgarian company. Included here are office rent expenses. The Company uses the services of a translation agency to translate the documentation of the Company in English and Spanish for the purposes of presenting it to the foreign owners.

12. PERSONNEL EXPENSES

	31.12.2008 BGN'000
Salaries	1
Social security costs	0
TOTAL:	**1**

At the end of the year, the Company hired an administrative assistant who coordinates the activity of the Company and is a contact person for the foreign owners. Her December salary was accrued for at the end of the year and paid out in January 2009. The statutory social security obligations were paid to the state budget also in January 2009.

13. OTHER EXPENSES

	31.12.2008 BGN'000
Business trips	56
Expense tax under the Law on Corporate Income Tax	1
Other expenses	1
TOTAL:	58

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This line includes expenditure for business trips made by the owners and financial experts which support the activity of the Company and the reporting to the owners in Spain. Business trip expenditures are classified for analytical purposes into travel, hotel, per diem. Business trips comply with the requirements of the ORDER for business trips and specializations abroad (Adopted by virtue of PMS № 115 dated 3.6.2004, published in SG (State Gazette), issue 50 dated 11.06.2004; modified by issue 80 in 2004, amended by issuehttp://www.juen.bg/naredba/nsluksch_2004_086_001.htm 86 in 2004, modified by issue 36 in 2005, amended by issue 96 in 2005, modified by issue 2 in 2006, issue 23 in 2007, amended by issue 98 dated 27.11.2007 - effective 01.01.2007) and ORDER for domestic business trips (Adopted by virtue of PMS № 72 dated 30.12.1986, published in SG issue 11 dated 10.02.1987, amended by issue 21 dated 15.03.1991 effective 15.03.1991, issue 2 dated 7.01.1994 effective 1.01.1994, amended by issue 62 dated 11.07.1995 effective 1.07.1995, issue 34 dated 25.04.1997, amended by issue 40 dated 30.04.1999 effective 1.05.1999, amended by issue 2 dated 8.01.2008 effective 1.01.2008).

14. FINANCIAL EXPENSES

	31.12.2008 BGN'000
Bank fees and commissions	2
Foreign currency transactions	1
Total:	**3**

Financial expenses represent fees paid to financial institutions (banks) for wire transfers and maintenance of bank accounts. The Company mainly uses Bulgarian lev and Euro in its transactions. Foreign currency transaction losses relate to foreign exchange transactions of Euro.

15. INCOME TAX EXPENSE

The accounting result of the Company for 2008 is an operating loss in the amount of BGN182 thousand.

16. RELATED PARTIES

Related parties are:

Francisco Aguilar Palazuelos - Shareholder

Asesoria Ramilo E Botana, S.L. - Shareholder

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Guillermo Grandio Chao - Shareholder
Salvador Fernandez Moreda – Shareholder
S.A. de Obras y Servicios, Copasa - Shareholder
Hispano Bulgara de Gestion, S.L. - Shareholder
Hispano Europea de Gestion y Servicios, S.L. - Shareholder
CXG-Corporacion Caixa Galicia, S.A. - Shareholder
Ibartecan, S.L. - Shareholder
Arias Hermanos Construcciones, S.A. - Shareholder
Unifaia – a company managed by Nikola Iliev Petkov

During the year, the Company has entered into ***transactions with the following related parties:***

Company	Relationship
CXG-Corporacion Caixa Galicia, S.A.	SHAREHOLDER
Hispano Europea de Gestion y Servicios, S.L.	SHAREHOLDER
Hispano Bulgara de Gestion, S.L.	SHAREHOLDER
Unifaia EOOD	NIKOLA ILIEV PETKOV – MANAGER

Information about transactions with related parties:

	Transactions for 2008 BGN'000	Paid in 2008 BGN'000
Purchases from related parties, including:		
Purchases of services from::		
CXG-Corporacion Caixa Galicia, S.A.	13	13
Hispano Europea de Gestion y Servicios, S.L.	43	43
Hispano Bulgara de Gestion, S.L.	7	7
Unifaia EOOD	36	36
Purchases of fixed assets from:		
Hispano Europea de Gestion y Servicios, S.L.	**1**	**1**

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Total:	**100**	**100**

As at 31 December, 2008 there are no outstanding receivables from or payables to related parties.

The transactions made with related parties during the year for purchases and sales of goods and services have been made on an arm's length basis.

17. FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31.12.2008 BGN'000
Cash and cash equivalents	408
Total:	**408**

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	**Contractual cash flows**	**6 months or less**
Trade payables	6	(6)	(6)
Personnel payables	1	(1)	(1)
Total:	**7**	**(7)**	**(7)**

Market risk – currency risk

The Company's exposure to currency risk is insignificant because the transactions made are in Bulgarian lev (BGN) or Euro which has fixed exchange rate to the Bulgarian lev.

Sensitivity analysis

A change in the exchange rate of Bulgarian lev or Euro to third currencies would not affect the financial reports of the Company because of the reasons discussed above.

Market risk – interest rate risk

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The Company does not hold interest bearing assets or liabilities other than cash deposits. Cash deposits bear floating interest.

Sensitivity analysis

A change in interest rates by 1% would have insignificant impact on the equity of the Company. The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

18. SUBSEQUENT EVENTS

There are no subsequent events that may require a disclosure or adjustments to the financial reports for the year ended 31 December 2008.

Date: 18 May, 2009

Preparer: ELKA TSONEVA DJUNEVA

Manager: NIKOLA ILIEV PETKOV

List of International Financial Reporting Standards (IFRS) и interpretations (IFRIC), applicable in Bulgaria

- IFRS 1 - First-time adoption of International Financial Reporting Standards
- IFRS 2 - Share-based payments
- IFRS 3 - Business combinations
- IFRS 4 - Insurance contracts
- IFRS 5 - Non-current assets held for sale and discontinued operations
- IFRS 6 - Exploration for and evaluation of mineral resources
- IFRS 7 - Financial instruments: Disclosures
- IAS 1 - Presentation of financial statements
- IAS 2 - Inventories
- IAS 7 - Statement of cash flows
- IAS 8 - Accounting policies, changes in accounting estimates and errors
- IAS 10 - Events after the reporting period
- IAS 11 - Construction contracts
- IAS 12 - Income taxes

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- IAS 14 - Segment reporting
- IAS 16 - Property, plant and equipment
- IAS 17 - Leases
- IAS 18 - Revenue
- IAS 19 - Employee benefits
- IAS 20 - Accounting for government grants and disclosure of government assistance
- IAS 21 - The effects of changes in foreign exchange rates
- IAS 23 - Borrowing costs
- IAS 24 - Related party disclosures
- IAS 26 - Accounting and reporting by retirement benefit plans
- IAS 27 - Consolidated and separate financial statements
- IAS 28 - Investments in associates
- IAS 29 - Financial reporting in hyperinflationary economies
- IAS 31 - Interests in joint ventures
- IAS 32 - Financial instruments: disclosure and presentation
- IAS 33 - Earnings per share
- IAS 34 - Interim financial reporting
- IAS 36 - Impairment of assets
- IAS 37 - Provisions, contingent liabilities and contingent assets
- IAS 38 - Intangible assets
- IAS 39 - Financial instruments: recognition and measurement
- IAS 40 - Investment properties
- IAS 41 - Agriculture
- IFRIC 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IFRIC 2 - Members' Shares in Co-operative Entities and Similar Instruments
- IFRIC 4 - Determining whether an Arrangement contains a Lease
- IFRIC 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- IFRIC 7 - Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 - Scope of IFRS 2
- IFRIC 9 - Reassessment of Embedded Derivatives
- IFRIC 10 - Interim Financial Reporting and Impairment
- IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions

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- SIC 7 - Introduction of the Euro
- SIC 10 - Government Assistance - No Specific Relation to Operating Activities
- SIC 12 - Consolidation - Special Purpose Entities
- SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers
- SIC 15 - Operating Leases - Incentives
- SIC 21 - Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 - Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
- SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- SIC 29 - Service Concession Arrangements: Disclosures
- SIC 31 - Revenue - Barter Transactions Involving Advertising Services
- SIC 32 - Intangible Assets - Web Site Costs

Standards, Interpretations and amendments to published Standards that have been adopted by the European Union but are not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:

- Amendment to IFRS 2 Share-based Payment (effective from 1 January 2009) - The amendments to IFRS 2 are not relevant to the Company's operations as the Company does not have any share-based compensation plans.
- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009) - Revised IFRS 3 is not relevant to the Company's operations as the Company does not have any interests in subsidiaries that will be affected by the revisions to the Standard.
- IFRS 8 Operating Segments (effective from 1 January 2009) - The Standard introduces the "management approach" to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. The Standard will have no effect on the profit or loss or equity.
- Revised IAS 1 Presentation of Financial Statements (effective from 1 January 2009) - The revised Standard requires information in financial statements to be aggregated based on shared characteristics and introduces a statement of comprehensive income. The Company plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

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- Revised IAS 23 Borrowing Costs (effective from 1 January 2009) - Revised IAS 23 is not relevant to the Company's operations as the Company does not have any qualifying assets for which borrowing costs would be capitalized.
- Amendments to IAS 27, Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2009) - Amendments to IAS 27 are not relevant as these is individual financial statement of the Company and the company does not prepare consolidated financial statements.
- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2009) - The Company has not yet completed its analysis of the impact of the revised Standard.
- Amendments to IAS 32 Financial Instruments: Presentation, and IAS 1, Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) - The amendments are not relevant to the Company's financial statements as it has not in the past issued puttable instruments that would be affected by the amendments.
- Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 July 2009) - The amendments to IAS 39 are not relevant to the Company's operations as the Company does not apply hedge accounting.
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2009) - The Company does not expect the Interpretation to have any impact on the consolidated financial statements.
- IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009) - IFRIC 15 is not relevant to the Company's operations as the Company does not provide real estate construction services or develop real estate for sale.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008) - IFRIC 16 is not relevant to the Company's operations as the Company has not designated any hedges of a net investment in a foreign operation.
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 15 July 2009) - As the Interpretation is applicable only from the date of application, it will not influence the financial statements for periods prior to the date of adoption of the interpretation. Further, since it relates to future dividends that will be at the discretion of the board of directors/shareholders it is not possible to determine the effects of application in advance.
- IAS 40, Investment Property (effective for annual periods beginning on or after 1 January 2009) - The Company expects to adopt the amendments to IAS 40 prospectively from 1

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January 2009. This will result in the remeasurement of investment property under construction at 1 January 2009 to fair value, with the change in value at that date recorded through the income statement. It is not possible to quantify the financial statement effect of this remeasurement prior to 1 January 2009.

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