



Independent Auditors' Report

To the shareholders of
Industrial Holding Bulgaria Plc

Sofia, 23 March 2006

We have audited the accompanying balance sheet of the Industrial Holding Bulgaria Plc (the Company) as of 31 December 2005, and the related statements of income, cash flows, and changes in equity for the year then ended. These non-consolidated financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements give a true and fair view of the financial position of the Company as of 31 December 2005, and of the results of its operations, its cash flows, and changes in equity for the year then ended in accordance with International Financial Reporting Standards adopted by the Commission of the European Union, as disclosed in significant accounting policies, note (a).

We draw attention to the fact that Industrial Holding Bulgaria Plc should prepare consolidated financial statements in accordance with International Financial Reporting Standards by 30 June 2006. These individual financial statements present a forming part of the consolidated financial statements as disclosed in accounting policy (b) of the notes to the non-consolidated financial statements of the Company.

Steve Nutley
Partner

Dobrina Kaloyanova
Registered Auditor

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