



INDEPENDENT AUDITOR'S REPORT

To

The General Meeting of Shareholders of

SIRMA GROUP HOLDING AD

Report on the audit of the consolidated financial statements Opinion

We have audited the consolidated financial statements of "SIRMA GROUP HOLDING" AD and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31

December 2016 and its consolidated financial results of operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis for expressing an opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the section of our report entitled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of the Law on Independent Financial Audit (LAFA) that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the LAFA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed as part of our audit of the consolidated financial statements as a whole and the formation of our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How was this key audit matter addressed in our audit?
A significant portion of the Company's non-current assets represent long-term investments in the form of shares and units in subsidiaries and associated companies. Long-term investments represent 76.80% of the total parent value. The Company The assessment of long-term on the assets On has been determined investments as a key issue, since the shares and stakes of the companies in which the company has participations are not traded on a regulated market, nor have transactions been carried out with them between unrelated parties during the current and previous reporting periods, which is assessed by requires significant the guidance regarding the existence of conditions for their defining the structure of the group and the scope The company assigns an external appraiser to evaluate the long-term investments in the companies in which the equity participation is fell below the carrying amount of the investment.	During our audit, we took into account the objectivity, independence and expertise of the external evaluators. We also assessed the accuracy of the inputs related data, to long-term investments used in the Company's at impairment the used from tests, taking into account management's objectivity in assessing the presence of other indicators of impairment for of long-term investments. We also focused on the adequacy of the disclosures regarding long-term investments included in Appendix 1.3 to the financial statements, of consolidation.

Other information other than the consolidated financial statements AND the auditor's report thereon

Management is responsible for the other information. The other information consists of a consolidated report on the activities and a corporate governance statement prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon, which we received before the date of our auditor's report.

Our Opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent specifically stated in our report.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether

due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, ^{this is} as applicable, matters related to the going concern basis of accounting and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial

Statements Our objectives are to obtain reasonable assurance about whether

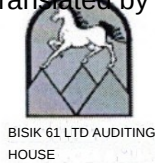
the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to





provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, and the override of internal control.

- We obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of use management's on basis of accounting based on the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and, if such disclosures are inadequate, to modify our opinion. Our conclusions or are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to operate as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the Group audit. We bear sole responsibility for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and that we will communicate with them all relationships and other matters that may reasonably be considered to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report except when law or regulation precludes public disclosure of information about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report in connection with other legal and regulatory requirements

Additional matters that the Accounting Act and the Public Offering of Securities Act require reporting

In addition to our responsibilities and reporting under ISAs described above in the section "Other information other than the consolidated financial statements and the auditor's report thereon" with respect to the consolidated management report and the corporate governance statement of the Group, we also performed the procedures added to those required under ISAs, in accordance with the Guidelines of the professional organization of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (IDEC), issued on 29.11.2016/approved by its Management Board on 29.11.2016. These procedures concern checks for the existence, as well as checks on the form and content of this other information, in order to assist us in forming opinions on whether the other information includes the disclosures and reports provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100n, para. 10 of the POSA in connection with Art. 100n, para. 8, item. 3 and 4 of the POSA), applicable in Bulgaria.

Opinion in relation to Art. 37, para. 6 of the Accounting Act

Based on the procedures performed, our opinion is that:

- a) The information included in the consolidated management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.
- b) The consolidated activity report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(n), para. 7 of the Public Offering of Securities Act.
- c) the Group's corporate governance statement for the financial year for which the consolidated financial statements were prepared presents the information required by Art. 100 (n), para. 8 of the Law on the Public Offering of Securities information. Opinion in relation

to Art. 100(n), para. 10 in connection with Art. 100 n, para. 8, item. 3 and 4 of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding we have gained of the Group's activities and the environment in which it operates, in our opinion, the description of the main features of the Group's internal control and risk management systems





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The Group in connection with the financial reporting process, which is part of the consolidated activity report and the information under Art. 10, paragraph 1, letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, do not contain cases of material misreporting.

We communicate with management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Responsible for the audit, registered auditor

Manager

Boyko Kostov

Sofia, 24.04.2017,

Auditor's address:

Sofia

st. "Kr. Kyulyavkov" 15A, floor 7, office 13

