

Report of the auditors to Resource Center Foundation

Scope

We have audited the financial statements of the Resource Center Foundation as at 31 December 2002 set out on pages 1 to 14 in accordance with International Standards on Auditing. The financial statements have been prepared in conformity with International Financial Reporting Standards.

Respective responsibilities of management and auditors

The financial statements have been prepared by, and are the sole responsibility of the management of the Resource Center Foundation. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We have conducted an audit of the financial statements 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Resource Center Foundation as of 31 December 2002, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board.

Without qualifying our opinion we draw attention to the following:

The expenditure from grants, contributions and projects exceeds revenue on grants, contributions and projects by Eur 72,042 for 2002. Furthermore, the Foundation has incurred administrative expenses amounting to Eur 128,824. The management of the Foundation believes that as the contracts cover a period more than 12 months, within the timeframe of the projects the operating expenses will not exceed the budgeted costs for the projects, or otherwise the donors will subsequently reimburse these expenses. In case the donors do not reimburse these costs a risk that the Foundation might not be able to continue its activities in the foreseeable future might arise (refer to accounting policy (d) and (n)).

27 October 2003

KPMG Bulgaria OOD