DE NOVO EAD

FINANCIAL STATEMENTS

As at December 31st 2014

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MANAGEMENT REPORT

I. REVIEW ON THE ACTIVITY AND DEVELOPMENT OF DE NOVO EAD

Year 2014 reminded us that we are living in the 21 century and the world is changing. And it is changing fast. Some important events happened in 2014 that place new challenges to the world and Europe in particular – the annexation of Crimea by Russia, the conflict in Ukraine, the emergence of Islamic State and the strong refuges inflow from Syria, Afghanistan, Iraq and the Africa continent.

In that complex geopolitical environment, defined by some analysts as "the new cold war", the world economy performed relatively well, experiencing no major cataclysms. Though at different points of their monetary policy stance, the central banks around the world continue their massive interference aimed at achieving higher economic growth and limiting the potential deflation risk.

The competition among the central banks in their efforts to support the economies in the respective region is so intense that they are forced to apply more and more non-standard measures. The headlines in the financial media are full of new, a little bit forgotten or unknown up to now terms – "currency wars", "quantitative easing", "negative interest rates", etc.

The European Central Bank appeared to be quite passive against that background, while the European markets indexes performed considerably worse than those in the USA or Asia. The DAX index of the 30 blue chip companies in Germany registered modest gains of just 2.5% in 2014.

The ECB is expected to embark on new much wider pro-growth measures in 2015. Such a policy, combined with the huge slump in the price of oil and the other resources and with the significant devaluation of the Euro against the other major currencies, gives competitive advantages to the European economy. That makes us expect good results from the European companies and better performance of the European capital markets in 2015.

Year 2014 reminded us once again that Bulgaria is not changing. And Bulgaria lags behind in our changing world. And the Bulgarians quickly forget the lessons of important events in their most recent history and are ready to let such events happen again.

Bulgaria registered second consecutive null year. The year 2014 resembled very much to the previous 2013 – three governments, early elections, anemic economic growth.

The bankruptcy of the fourth largest bank in the country added a chilly touch to the financial sector but the stress in the system was short-lived and couldn't provide the necessary changes to wake it up from its deep lethargy. Existing problems like inefficient supervision, suspicious reporting or lack of precision in some legal provisions can be easily overcome provided some minimum political will is shown. The new government is issuing positive indications in that direction – at least at program and strategy level. We hope that those good intentions will soon be applied into practice.

The Bulgarian Stock Exchange – Sofia registered 49% slump in the traded volumes to 774.9 million BGN in 2014 compared to 1,52 billion BGN in 2013. Those numbers clearly reveal the lack of whatsoever interest towards the capital market in the country – both from investors or potential new issuers.

Though De Novo EAD financial results register considerable improvement in 2014 compared to 2013, they are still not satisfactory. Nevertheless, we consider the stable traded volumes on the international and local markets as a positive indicator for De Novo EAD improved positions among the market participants.

MARKET	NUMBER OF TRANSACTIONS		VOLUME /thousands BGN/	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Bulgaria	382	236	121 415	86 175
Abroad	3 276	4 048	195 690	233 421
Total	**3 658**	**4 284**	**317 105**	**319 596**

We carried out one public offer of securities in the period /Web Media Group AD/.
A control check-up of the overall activity of De Novo EAD was carried out in 2014 by both our regulating body - the Financial Supervision Commission and the National Security State Agency. The Financial Supervision Commission check-up is still running as at the end of the year, while the check-up by the National Security State Agency has ended as no abuse of law of any kind were registered.

At the start of 2015, De Novo EAD will wrap the third year since its establishment. Every business is considered as starting business up to that benchmark point. We think that we have laid stable grounds for the transition to the next stage in the development of De Novo EAD – one with more stable financial results and better return to our shareholders.

II. DISCLOSURE OF INFORMATION RELATED TO THE IMPLEMENTATION OF FSC's ORDINANCE No. 35 on the capital adequacy and liquidity of investment intermediaries

In accordance with the provisions of FSC's Ordinance No. 35 on the capital adequacy and liquidity of investment intermediaries, De Novo EAD has adopted and implemented Rules for risk assessment and management, Procedures for making adjustments to current valuations or reserves, Rules on disclosure of information, and Policy on remunerations.
The investment intermediary's objectives and policy in relation to risk management were defined in the Operational Guidelines, according to which the Company follows moderate conservative risk management policy in order to achieve a stable and sustained increase in the profit and above all - preservation of the equity value.

As of 31.12.2014, according to the audited balance sheet data, the company's equity amounts to BGN 1 506 thousand; whereas, the capital base amounts to BGN 1 492 thousand and is calculated as follows:

Item		31.12.2014 BGN '000	31.12.2013 BGN '000
A	**Initial Equity (BGN), including:**	**1 555**	**1 500**
1	Issued (registered capital)	1 550	1 500
2	Statutory reserves	5	5
3	Other reserves		-
B	**Additional equity**		-
1	Debt-capital (hybrid capital instruments)		-
C	**Total initial and additional equity** (A+B)	**1 555**	**1 555**
D	**Net income and retained earnings**	**(49)**	**(45)**
E	**Balance sheet equity (C+D)**	**1 506**	**1 510**
F	**Total decrease in initial and additional equity**	**14**	**18**
1	Non-current intangible assets	14	18
2	Interests in insurers and re-insurers and insurance holdings	-	-
	CAPITAL BASE (E-F)	**1 492**	**1 492**

The capital requirements for risk coverage amount to BGN 40 thousand. In accordance with the adopted policy for calculation of capital requirements, De Novo EAD applies the standard approach, except for the operational risk, to which the base indicator approach is applied.
The capital requirements reflecting the nature and the scope of the operations as at 31.12.2014 are shown in the following table:

Item	Capital Coverage requirement in BGN'000
Credit risk	19
Settlement risk	-
Exposition, currency and commodity risk	-
Operational risk	21
Total capital requirements	40

The capital requirement for credit risk is calculated on the basis of the following reference information (in BGN), as at 31.12.2014:

Item	Balance
Computers and peripherals	6 196.44
Property, plant and equipment	9 056.95
Depreciation of fixed tangible assets	-9 946.99
Receivables on exchange rate differences in respect of forward exchange contracts	-
Accrued interest	-
Receivables on exchange rate differences in respect of Netting revaluations	-
Accounts with administration institutions	4 121.19
Other debtors	2 530.06
Receivables from suppliers	819.34
Receivables from clients	6 251.20
Repo agreements	-
Deferred Expenses	370.69
TOTAL:	**19 398.88**

According to the standard approach, receivables are classified in groups, where appropriate weights are assigned, and the capital coverage requirement is calculated as 8% of the risk weighted value of the respective exposure, as follows:

Type of receivables (group)	Amount of receivables	% risk weight	Risk-weighted amount of receivables	Capital coverage requirement (8%)
Receivables from institutions	4 121.19	20	824.24	65.94
Retail exposures	8 781.26	75	6 585.95	526.88
Other exposures	6496.43	100	6 496.43	519.71
Total:	**19 398.88**	-	-	**1 112.53**

The capital requirements for Operational Risks are calculated using the base indicator approach and amount to 15% of the average of the net interest and non-interest income for the last three years, whereas the extraordinary income, the insurance indemnities and income from liquidation of the investment portfolio are not taken into consideration.

Year	Amount	Average	Capital requirement in BGN (15%)
2013	68 122.58		
2012	206 236.98-		
2011	-		
		137 179.78	**20 576.97**

The rules and procedures for assessment and maintenance of the value, types and allocation of the internal capital that are necessary for the adequate coverage of the risks, to which De Novo EAD is exposed, are an element of the Risk Assessment and Management Rules, whose reliability and efficiency is inspected by the Board of Directors on January 30th each year.

III. DISCLOSURE OF MANDATORY AND OTHER RELEVANT INFORMATION

As of the date of this report, members of the Board of Directors are:

Simeon Petkov	Chairman
Iordan Popov	Executive Director
Petar Manov	Board Member
Hristo Bratinov	Board Member

The members of the Board of Directors do not directly own shares and/or bonds issued by De Novo EAD and have not been granted special rights or options for acquiring shares and/or bonds of the Company. During the reporting period the Board of Directors has not taken resolutions for transactions with related parties beyond the usual business of the Company.

The total paid-out remuneration of the Board Members for 2014 amounts to BGN 60 thousand.
The Board has ruled that the non-paid out part of the fix remuneration for 2014, amounting to BGN 12 thousand, along with the respective amount for 2013 of BGN 33 thousand should be differed until the Company generates an adequate income, and therefore this non paid- out remuneration would not be considered as payable by the Company.

Each one of the Board Members is also participating in the Management of De Novo Partners KDA, which is the Sole owner of the capital of the investment intermediary. The Board Members are also general partners of De Novo Partners KDA and they bear jointly and severally an unlimited liability in that Compnay. The Board Members jointly exercise the rights of the Sole owner of De Novo EAD.

None of the Board Members is general partner in a third entity, nor participates in the management of a company with scope of activity, similar to that of De Novo EAD.

IV. RESPONSIBILITY OF THE MANAGEMENT

The Management is required by law to prepare, at the end of each year, the Financial Statements of the Company. The Financial Statements shall give a true and fair view of the Company's financial position at year end, and of its financial results. The present Financial Statements are prepared in compliance with the International Financial Reporting Standards (IFRS), as approved by the European Commission.
The Management confirms to have consistently applied adequate accounting policies when preparing the Financial Statements as at December 31st 2014, and that the assumptions made are reasonable and prudent. The Management further attests that the Accounting Standards in force have been applied, and the Financial Statements have been prepared on the principle of the "going concern".

The management is fully responsible for the correctness of the accounting, the appropriate asset management, and the enforcement of measures against frauds and nuisance.

The Company does not conduct any activities, related to research and development.
After the date of the Financial Statements there are no known significant events, which could impair the Company's activity or would be subject to specific disclosure.

ИНВЕСТИЦИОНЕН ПОСРЕДНИК · ДЕ НОВО ЕАД · DE NOVO EAD · INVESTMENT INTERMEDIARY

Chairman of the Board
Simeon Petkov

Executive Director
Iordan Popov

Sofia, 30.01.2015

Statement of Financial Position

As at December 31st 2014
BGN '000

	Notes	31.12.2014	31.12.2013
Assets			
Long Term Assets			
Long term financial assets			491
Long term non-financial assets	3	20	26
		20	**517**
Current Assets			
Cash and Equivalents	4	4 156	1 791
Stocks		-	319
Other	5	14	40
		4 170	**2 150**
Total ASSETS		**4 190**	**2 667**
Equity and Liabilities			
Equity			
Share Capital	6	1 550	1 550
Reserves		5	5
Profit (Loss) brought forward		(45)	(45)
Profit (Loss) for the reporting period		(4)	
		1 506	**1 510**
Current Liabilities			
Liabilities to Financial Institutions			247
Cash Liabilities to Clients	7	2 681	904
Other Liabilities	8	3	6
		2 684	**1 157**
Total EQUITY and LIABILITIES		**4 190**	**2 667**

Compiled by
Hristo Bratinov

Executive Director
Iordan Popov

Chairman of the Board
Simeon Petkov

ИНВЕСТИЦИОНЕН ПОСРЕДНИК ДЕ НОВО ЕАД DE NOVO EAD INVESTMENT INTERMEDIARY

Stoyanka Apostolova,
Managing Partner
CPA, Registered Auditor
BDO Bulgaria Ltd.

Nedyalko Apostolov,
Manager
BDO Bulgaria Ltd.

София Рег. №015

Sofia, 30.01. 2015
This Statement of Financial Position is to be assessed along with the Notes, representing an integral part thereto.

Statement of Comprehensive Income

BGN '000	Notes	31.12.2014	31.12.2013
Interest and similar income		17	24
Interest and similar expenses		(10)	(8)
Net Interest Income		**7**	**16**
Other operating income	9	113	52
Gross Operating Income		**120**	**68**
Operating Expenses	10	(124)	(113)
Pre-tax Profit (Loss)		**(4)**	**(45)**
Tax expense	11	-	-
Profit (Loss)		**(4)**	**(45)**
Other Comprehensive Income			-
Total Comprehensive Income		**(4)**	**(45)**
Net Profit (Loss) per Share, in BGN		**0.00**	**(0,03)**

ИНВЕСТИЦИОНЕН ПОСРЕДНИК • ДЕ НОВО ЕАД • DE NOVO EAD • INVESTMENT INTERMEDIARY

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Nedyalko Apostolov,
Manager
BDO Bulgaria Ltd.

София
Рег. №

Sofia, 30.01. 2015

This Statement of Comprehensive Income is to be assessed along with the Notes, representing an integral part thereto.

Statement of Changes of Owner's Equity

BGN '000	Share Capital	Reserves	Profit (Loss)	Total
Balance as at December 31st, 2013	1 550	5	(45)	1 510
Dividend paid-out				
Increase in reserves				
Increase in share capital				
Net Profit (Loss) for the period	-	-	(4)	(4)
Balance as at December 31st,2013	**1 550**	**5**	**(49)**	**1 506**

Compiled by
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Executive Director
Jordan Popov

Chairman of the Board
Simeon Petkov

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DE NOVO EAD

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Nedyalko Apostolov,
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BDO Bulgaria Ltd.

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Рег. №015

Sofia, 30.01. 2015

This Statement of Changes in Owner's Equity is to be assessed along with the Notes, representing an integral part thereto.

Statement of Cash Flow

In BGN '000	Notes	31.12.2014	31.12.2013
Cash from operating activities			
Profit before taxation		(4)	(45)
Adjustments for:			
Depreciation		6	8
(Increase)/decrease in long term non-financial assets		-	(1)
(Increase)/decrease in long term financial assets		491	(491)
(Increase)/decrease in stocks		319	(319)
(Increase)/decrease in other current receivables		26	(29)
(Increase)/decrease in trade and other payables		1 774	(1535)
Net cash flow from operating activities		**2 612**	**(2 412)**
Proceeds from liabilities to Financial Institutions		(247)	247
Proceeds from issue of share capital		-	50
Net increase (decrease) in cash and cash equivalents		**2 365**	**(2 115)**
Cash and cash equivalents at beginning of period		**1791**	**3 906**
Cash and cash equivalents at end of period		**4 156**	**1 791**

Compiled by
Hristo Bratinov

Executive Director
Iordan Popov

Chairman of the Board
Simeon Petkov

ДЕ НОВО ЕАД
DE NOVO EAD
ИНВЕСТИЦИОНЕН ПОСРЕДНИК
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Stoyanka Apostolova,
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BDO Bulgaria Ltd.

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Рег. №018

Nedyalko Apostolov,
Manager
BDO Bulgaria Ltd.

Sofia, 30.01. 2015

This Statement of Cash Flow is to be assessed along with the Notes, representing an integral part thereto.

Notes to the Financial Statements

1. GENERAL PROVISIONS

De Novo EAD (the Company) is an investment intermediary as defined in the Markets in Financial Instruments Act (MIFIA). As per License RG-03-0238, dated 03.01.2012, issued by the Financial Supervision Commission (FSC), the Company is authorized to perform the investment services and activities, stipulated in art. 5, para 2 p.p.1-7 of MIFIA, as well as the additional services as per art.5 para 3 p.p.1-6 of the same act, within the European Union and European Economic Area. The Company is entered into the Commercial register with the Registry Agency of the Republic of Bulgaria on 12.01.2012 under EIK 201850473. The headquarters and business address of the Company are at 28, Hristo Belchev str., municipality of Sredets, Sofia.
The Company is managed by a Board of Directors, and is legally represented by the Chairman of the Board and the Executive Director, acting jointly.
The Company is member of the Central Depository, the Bulgarian Stock Exchange and the Deutsche Boerse in Frankfurt am Main, Germany.

2. ACCOUNTING POLICIES

2.1. Framework of Financial reporting

The accounting in the Company is carried out in compliance with the Bulgarian commercial and tax legislation.

The Company prepares and presents its financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Interpretations Committee (IFRIC) as adopted by the European Union ("EU") and applicable in the Republic of Bulgaria.

In 2014 The Company has adopted all new and revised IFRS by IASB, approved by the EC, which are effective for 2014, and which relate to the activities of the Company as follows:

New standards, amendments and interpretations effective as of 1 January 2014

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period.

- IFRS 10 Consolidated Financial Statements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
- IFRS 11 Joint Arrangements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
- IFRS 12 Disclosure of Interests in Other Entities, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
- IAS 27 Separate Financial Statements (revised in 2011), effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
- IAS 28 Investments in associates and joint ventures (Revised in 2011), effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2012, published in the Official Journal on 29 December 2012
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 13 December 2012, published in the Official Journal on 29 December 2012
- Amendments to IAS 36 Impairment of assets – Recoverable amount Disclosures for Non-Financial Assets, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 19 December 2013, published in the Official Journal on 20 December 2013
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 19 December 2013, published in the Official Journal on 20 December 2013
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities – Transition guidance, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 4 April 2013, published in the Official Journal on 5 April 2013
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 27 Separate Financial Statements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 20 November 2013, published in the Official Journal on 21 November 2013

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies. *(In case of change in the accounting policies, the text as per IAS 8.28 to be added to the respective standard or interpretation).*

Standards, interpretations and amendments in standards that are issued by IASB and endorsed by EU but not yet effective

- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (issued on 21 November 2013), effective 1 July 2014, endorsed by the EU on 17 December 2014, published in the Official Journal on 9 January 2015
- Annual Improvements 2010 - 2012 of (issued on 12 December 2013), effective 1 July 2014, endorsed by the EU on 17 December 2014, published in the Official Journal on 9 January 2015
- Annual Improvements 2011 - 2013 of (issued on 12 December 2013), effective 1 July 2014, endorsed by the EU on 18 December 2014, published in the Official Journal on 19 December 2014
- IFRIC 21 Levies (issued on 20 May 2013) effective 1 January 2014, endorsed by the EU on 13 June 2014, published in the Official Journal on 14 June 2014

Documents issued by the IASB/IFRIC not yet endorsed by the EU

These new or revised standards, new interpretations and amendments to existing standards that at the reporting date are already issued by the International Accounting Standards Board have not yet been endorsed by the EU and therefore are not taken into account by the Company in preparing these financial statements.

- IFRS 9 Financial Instruments (issued on 12 November 2009) and Additions to IFRS 9 and IFRS 7 Mandatory Effective Date and Transition Disclosures (issued on 16 December 2011), effective 1 January 2015, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (issued on 19 November 2013)
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014), effective 1 January 2016
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), effective 1 January 2017
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014), effective 1 January 2016
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014), effective 1 January 2016
- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014), effective 1 January 2016
- Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014), effective 1 January 2016
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014), effective 1 January 2016
- Annual improvements to IFRSs 2012-2014 (issued on 25 September 2014), effective 1 January 2016
- Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014), effective 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception (issued on 18 December 2014)

The present Financial Statements are prepared for general purpose, on the principles of the ongoing concern, the accrual, and the historic price.

In order to comply with the IRFS, the Management has to make estimates, assumptions and forecasts, when preparing the Financial Statements. These estimates, assumptions and forecasts may influence the applied policies and the reported value of the assets and liabilities, revenues, and expenditures.

The estimates and the assumptions thereto, are based on expertise and other factors, which are considered by the Management to be reliable enough under the circumstances for assessing the book value of assets and liabilities, and whereas there are no other sources available. Hence, some differences may occur between estimated value and actual value.

The estimates and assumptions are reviewed on a regular basis. The changes of accounting estimates are reflected in the Financial Statements for the period when such changes occurred. However, if the changes do affect not only a given current reporting period, they will be reflected in the Financial Statements for subsequent periods, as well.

The information presented in the financial statements is shown in thousands BGN, unless otherwise stated.

2.2. Reporting Period and referred data

The Financial Statements reflect a reporting period starting as from January the 1st, 2014 and ending on December 31st, 2014. As reference period the previous year is used.

2.3. Reporting Currency

According to the requirements of the Bulgarian legislation, the Company presents its Financial Statements in Bulgarian leva (BGN). The Bulgarian leva is pegged to the Euro at 1 EUR = 1.95583 BGN.

2.4. Foreign Exchange Transactions

Foreign exchange transactions are initially recorded in BGN at the Bulgarian National Bank's fixed rate of exchange, valid for the date of each specific transaction.
Exchange rate differences, resulting from changes in foreign exchange rates are recognized on the Comprehensive income statement, for the period such differences have arisen.
The assets denominated in foreign currency are reported at the closing exchange rate, valid for 31.12.2014.

2.5. Property, machinery, plants and non-tangible assets

The Property, plants and equipment, and the non-tangible assets, are recorded at acquisition cost, which includes the purchase price and all other expenses related to the acquisition of the respective asset. The Management has determined as material threshold the value of BGN 700. All assets with acquisition value bellow this threshold are recorded as direct expense in the Comprehensive income statement.
Any subsequent expenses, directly attributable to the non-current assets mentioned above, are added up to the book value of the respective asset, provided that such expenses are likely to induce future benefits, beyond the standard, initially recorded efficiency of the respective asset. All other subsequent expenses are directly recorded as expense for the respective period.

The depreciation of the tangible assets is calculated using the linear model, whereas the difference between the book value and the residual value is evenly distributed over the useful live span of each specific asset. The depreciation of an asset begins when such asset is available and ready for use at the site, and in the condition, deemed necessary by the Management. At the end of each financial year the residual values, the useful live span periods and the depreciation models of the assets are subjected to review. In the event of discrepancies they are altered accordingly.

The long term tangible assets are depreciated over their useful live, using the linear model. The reported or adjusted value (as the case may be) is therefore decreased to the residual value, using the following annual rates, which are also valid for tax purposes:

Buildings	4%
Machines, production equipment, installations	30%
Computers, software and software leases	50%
Vehicles	25%
Other fixed tangible assets	15%

Intangible assets include software products and licences. Purchased intangible assets are initially recognized at acquisition cost, which includes the purchase price (including customs duties and unrecoverable taxes) and any other direct costs necessary to bring the asset to working condition for its intended use.
Intangible assets are carried at cost, less any depreciation and possible impairment losses. The Company does not determine recoverable value for intangible assets. Under certain reliable conditions, however, the Company may revaluate the book value of an intangible asset and determine its recoverable value.
An Intangible asset is written off on disposal or when it is withdrawn from use and no future economic benefits are expected from it.

The intangible assets are depreciated using the linear model at the following annual rates:

License as Investment intermediary	15%
Software and software leases	50%

The accrual of depreciation of the long-term non-financial assets starts in the month, following the month, in which the respective asset has been acquired, or put into operation.

2.6. Trade and other receivables

The commercial and other receivables are booked at their discounted value, whereas the model of the effective interest rate is used. The provisions, if any, decrease the value accordingly.
As far as the commercial and other receivables are all short term and do not bear interest, their nominal value is approximately equal to their discounted value. At the end of each reporting period the Management conducts review in order to assess any indication for impairment of the receivables. Provisions are made when there is clear evidence that the respective amount due will not be recovered in full, as per the original agreement. The provisions are recognized in the Comprehensive income statement.
As at 31.12.2014 there are no provisions booked.

2.7. Cash and Equivalents

Cash and Equivalents include cash in hand and in bank accounts, in national and foreign currency.
The cash, denominated in leva, is booked at its nominal value, whilst the cash in foreign currency is booked at the prevailing exchange rate, reported by the Bulgarian National Bank (BNB), valid for the day of its acquisition. The foreign exchange transactions (except for the forex deals) are booked at the central exchange rate, published daily by BNB. The cash denominated in foreign currency is valued on daily basis, using the central rate of BNB, and the profits and losses are reflected in the Comprehensive income statement. As at 31.12.2014 the cash in foreign currency is booked at the closing rate of BNB.

2.8. Trade and other Liabilities

The commercial and other liabilities are all short term, do not bear interest, and are therefore booked at their repayment value.

2.9. Provisions

Provisions are accounted for when an outgoing cash flow is likely to take place in connection to present liabilities, resulting from past events, and the amount of such liabilities is identified. If the Company may expect to recover the provisions made, the respective amount is also booked as asset. The provision expenses have to be shown in the Income Statement net of the recovered expenses, if any.

2.10. Impairment of assets

The book value of the non-financial assets (except for investment property, inventory and deferred tax assets) is reviewed at each reporting date for potential impairment. In case there is ground for impairment, valuation is made in order to estimate the recoverable amount of the specific asset.
The recoverable amount of an asset, or an object, generating cash-flow is the higher than its value, when in use, and its fair value, less the sale expenses. To assess the value of an asset in use, future cash flows are discounted to their current value, whereas a specific pre-tax discount rate is applied. This discount rate shall reflect the current market value, the time value of money, and the intrinsic risks, associated with the asset.
The impairment loss is recognized when the carrying amount of asset or group of assets, generating cash-flow, is higher than the respective recoverable value. The impairment losses are reflected in the Income Statement.

The recoverable value of receivables is appraised as the present value of the future cash-flow, whereas the discount rate applied is the effective interest rate used, when the respective asset was originally recognized. The short-term receivables are not discounted.
Under certain circumstances the subsequent increase of recoverable value of an asset may invoke effect of reversal in the Income Statement.

Evaluation of recoverable value
The recoverable value of the Company`s receivables is valuated as current value of the future cash flows, discounted with applied initial effective interest rate (i.e. the effective interest rate calculated at initial recognition of those financial assets). Short- term receivables are not discounted.

The recoverable value of the other assets is higher than their fair value, less sale expenses and their value in use. In order to assess the value in use the future cash flows are discounted to their current value as a specific pre-tax discount rate is applied. This discount rate shall reflect the current market value, the time value of money, and the intrinsic risks, associated with the asset. When use of asset does not result in separate cash flows, recoverable value is determined for the generating cash flows subject where evaluated asset belongs.

Reversal value of impairment
Impairment loss regarding receivables has reversal value if occur in result of increase in the recoverable value could be objectively related to event occur after the recognition of the impairment loss. The impairment loss regarding the rest of the assets has reversal value if there is change in valuations used for determination of the recoverable value.
The impairment loss has a reversal value only up to the amount of the carrying value of the asset after depreciations which it would have had if the impairment loss were not recognized.

2.11. Recognition of Revenues and Expenditures

The revenues and expenditures are shown on accrual basis in the Income statement for the period in which the respective activity is carried out, regardless of the fact whether the specific amount is actually paid out or received. The principle of congruence of cause and value shall be observed.
Income on contractual services with continuous performance, including construction contracts, are defined as at balance sheet preparation date according to the stage of contract`s completeness.

2.12. Financial Revenues and Expenditures

The financial revenues include interest income, income from transactions in financial instruments and foreign exchange, commissions and taxes.

The financial expenditures include taxes and commissions payable to banks, exchanges and clearing houses, as well as expenses related to transactions in financial instruments and foreign exchange.

The interest income and expense are shown in the Income statement on the basis of the effective interest rate.

2.13. Taxes

The taxes due are calculated in compliance with the relevant legislation and include current and differed taxes. The nominal rate for the corporate tax for 2014 is 10%.

The amount of the current profit tax is calculated on the profit for tax-purposes, being the financial result, adjusted for tax purposes, as required by law.

The deferred taxes are calculated on all temporary differences between the tax base of assets and liabilities and their value carried forward to the date of the respective financial report, using the balance sheet method. In order to determine the amount of the differed taxes, estimated tax rates are applied.

The deferred tax liabilities are reported for all taxable temporary differences except when they occur at the initial recognition of an asset or liability in a transaction, and the transaction does not reflect on the accounting or the tax profit or loss as at the moment of its occurrence.

Deferred tax assets are reported for all temporary differences deductable up to the degree where future taxable profit for realization of assets is probable.

The Company recognizes deferred tax assets occurring from unused tax losses or credits up to the degree where there is enough taxable temporary differences or other compelling evidence that sufficient taxable profit against which unused tax losses or credits can be utilized.

As at the date of each balance sheet the Company reviews unrecognized deferred tax assets and recognizes the unrecognized deferred tax assets from the prior period up to the degree where probability occurs for future taxable profit to provide for a refund of the deferred tax asset.
As at 31.12.2014, the Company does not report any differed tax assets or liabilities.

The Company is registered under the VAT Act and levies a 20% tax on its sales.

2.14. Financial Instruments

Financial instruments are classified as held for trading. Financial instruments are initially valuated at acquisition - at acquisition cost, which includes all transaction costs.
According to the Risk management rules of the Company, the subsequent valuation of the financial instruments is performed on a daily basis using readily available closing prices, provided by an independent source, including stock exchange prices or prices from market information platforms and quotations from independent brokers/dealers with sound reputation. For the purposes of the mark-to-market valuation of financial instruments the more conservative from the rates "bid" and "ask" prices is used, unless the Company is a market-maker, regarding specific financial instrument, and may close the position at a mid-market price.
When market valuation is not possible, the Company may use a valuation model for the positions and its portfolios. The valuation model is each valuation that is compared to values of comparative valuation /benchmark/, is being extrapolated, or otherwise derived from market data. The valuation model should meet certain requirements provided for in Ordinance No. 35 on capital adequacy and liquidity of investment intermediaries of Financial Supervision Commission.

2.15. Risk Management

Significant risks may be classified into the following main categories – credit risk, market risk, liquidity risk and currency risk.

Credit risk

Credit risk is the risk due to the inability of clients and counterparties to meet their obligations.
The Company's credit risk is associated mainly with its commercial and financial receivables. The amounts presented in the balance sheet are on net basis excluding allowances for doubtful receivables, considered by the Management as doubtful on the basis of previous experience and current economic conditions. The credit risk related to liquidity resources and financial instruments is limited since the counterparties are mainly banking institutions with high credit rating.

Market risk

Market risk represents any change in the market conditions as market prices of the financial instruments, exchange rates and interest rates.

Liquidity risk

Liquidity risk originates from the time structure of cash flows of assets, liabilities and off-balance sheet instruments of the Company.
The Management has built the necessary framework for managing the risk.

Currency risk

As a result of the Currency Board in the country, the Bulgarian currency is pegged to EUR. Since the Company presents its financial statements in BGN these statements are exposed only to the effect from changes in foreign exchange rates of currencies outside the Euro zone and the Lev.

2.16. Derivatives

Derivatives represent off-balance sheet financial instruments, valued on the basis of interest rates, foreign exchange rates or other market prices. The derivatives are an effective tool for management of the market risk and limitation of the exposure to a given counterparty.

The most commonly used derivatives are:

- currency swap;
- interest swap;
- floors and ceilings;
- forward currency and interest contracts;
- futures;
- options

Contract terms and conditions are determined in standardized documents. Regarding the derivatives the same procedures of controlling the market and credit risk are applied like in the case of the other financial instruments. They are aggregated with the remaining exposures for the purpose of monitoring the overall exposure to a given counterparty and they are managed within the approved limits for a given counterparty. The derivatives are held both for trading and for hedging other instruments, used for managing the interest and currency risk.

The derivatives held for trading are valued at fair value, the gains and losses being referred to the statement of comprehensive income as a result from commercial operations.

The derivatives used as hedging instruments are recognized according to the accounting treatment of the hedging object. Recognition criteria for a hedging derivative are the presence of a documented evidence of the intent to hedge a certain instrument and the hedging instrument should provide reliable basis for eliminating the risk. When a given hedged position is closed, the hedging instrument is recognized as held for trading at fair value. The gains and losses are immediately recognized in the statement of comprehensive income, as this applies for the hedged instrument itself. The hedging transactions which are closed prior to the hedged position are measured at fair value, the gains and losses being reported for the period of existence of the hedged position.

As at 31.12.2014 the Company is not exposed to derivatives.

2.17 Clients' Financial Instruments

Initially the customers' financial instruments are accounted for at the price of the respective order. The subsequent valuation is made on the basis of the fair value method. The differences resulting from the changes in their fair value is accounted as an increase or a decrease in the securities value.

For the purposes of the Financial Supervision Commission and the Investors Compensation Scheme the Company prepares reports, containing data for clients' financial instruments and cash, as well as the payables on them. More detailed information is presented in Section "Additional information for better understanding of the Financial Statements".

3. LONG TERM NON-FINANCIAL ASSETS

The long term non-financial assets include:

	31.12.2014 BGN'000	31.12.2013 BGN'000
Long term tangible assets	6	8
Long term intangible assets	14	18
	20	**26**

The long term tangible assets have the following structure:

	Other	Computers and Peripherals	Total
Book value			
As at 31.12.2013.	9	6	15
Newly acquired			1
Written off			
As at 31.12.2014.	9	6	15
Depreciation			
As at 31.12.2013	(2)	(5)	(7)
For the reporting period	(1)	(1)	(2)
As at 31.12.2014r.	(3)	(6)	(9)
Balance sheet value			
As at 31.12.2013.	7	1	8
As at 31.12.2014.	6	-	6

The structure of the long term intangible assets is:

	Licenses
Book value	
As at 31.12.2013	25
Newly acquired	-
Written off	-
As at 31.12.2014	25
Depreciation	
As at 31.12.2013	(7)
For the reporting period	(4)
As at 31.12.2014	(11)
Balance sheet value	
As at 12.01.2013	18
As at 31.12.2014	14

4. CASH and EQUIVALENTS

	31.12.2014 BGN'000	31.12.2013 BGN'000
Cash at sight with banks	4 156	1 265
Other (short term deposits)		526
	4 156	**1 791**

The Cash and Equivalents have the following distribution:

	De Novo's money		Clients' money		Total	
	31.12.2014 BGN'000	31.12.2013 BGN'000	31.12.2014 BGN'000	31.12.2013 BGN'000	31.12.2014 BGN'000	31.12.2013 BGN'000
Cash at sight with banks	1 475	621	2 681	644	4 156	1 265
Other (short term deposits)	-	266	-	260	-	526
	1 475	**887**	**2 681**	**904**	**4 156**	**1 791**

5. OTHER SHORT-TERM ASSETS

	31.12.2014 BGN'000	31.12.2013 BGN'000
Receivables from Clients	9	23
Receivables from Institutions	4	2
Others	1	15
	14	**40**

Receivables from Clients, amounting to BGN 9 thousands, represent taxes and commissions accrued up to 31.12.2014 and payable upon expiration of the respective contracts. Accrued interest and exchange rate differences for the amount of BGN 1 thousand are shown as "Others".

6. EQUITY

Sole owner of the capital is De Novo Partners KDA (201662667 of the Commercial register).
As at 31.12.2014 the share capital of the Company amounts to BGN 1 550 000 and it is fully paid up in cash. As of the date of these Financial Statements, an amount of BGN 5 thousands is shown as general reserves.

7. CASH LIABILITIES TO CLIENTS

By virtue of law, the Company segregates its customers' money from its own money and holds the customers' money on separate bank accounts (See Note 4 above). The liability of the Company to its creditors is limited to the proprietary assets only and does not include its clients' assets.

8. OTHER LIABILITIES

As at 31.12.2014 the other liabilities are:

	31.12.2014 BGN'000	31.12.2013 BGN'000
VAT and Income tax payable	-	1
Compulsory Pension and Health insurance payments due	-	4
Remuneration to staff	-	1
Liabilities under CFDs	3	-
	3	6

9. OTHER OPERATING INCOME

	31.12.2014 BGN'000	31.12.2013 BGN'000
Foreign currency exchange gains	46	59
Foreign currency exchange losses	(45)	(57)
Net foreign currency exchange gains (losses)	1	2
Revenues from transactions in financial instruments	538	412
Expenditures for transactions in financial instruments	(507)	(420)
Net income from transactions in financial instruments	31	(8)
Commissions and similar revenues	170	134
Commissions and similar expenditures	(89)	(76)
Net commissions and similar income	81	58
Total	113	52

10. OPERATING EXPENSES

	31.12.2014 BGN'000	31.12.2013 BGN'000
Remunerations, Social security and Health insurance	89	78
Expenses on materials and external services	25	23
Depreciation	6	8
Others	4	4
Total	124	113

The structure of remuneration, social security and health insurance is represented in the following table:

	31.12.2014 BGN'000	31.12.2013 BGN'000
Current remuneration of the staff and Board members	75	62
Compulsory Pension and Health insurance for account of the employer	14	16
Total	**89**	**78**

The expenses for materials and external services comprise of:

	31.12.2014 BGN'000	31.12.2013 BGN'000
Materials	2	2
Office rent	15	15
Software rent	-	1
Others	8	5
Total	**25**	**23**

11. TAXES

As at 31.12.2014 the Company is not liable for paying corporate tax. As per the legal framework in Bulgaria, the pre-tax result of the Company has to be modified for tax purposes as follows:

	31.12.2014 BGN'000	31.12.2013 BGN'000
Pre-tax profit	(4)	(45)
Net increase (decrease) of pre-tax profit for tax purposes	(7)	6
Taxable profit	-	
Tax expense	-	-

The items for the net increase (decrease) of the pre-tax profit for taxes purposes are shown in the following table:

	31.12.2014 BGN'000	31.12.2013 BGN'000
Yearly depreciation booked	6	8
Yearly tax depreciation	(6)	(8)
Dividends received	(2)	(1)
Gains from disposal of financial instruments on regulated markets	(100)	(103)
Losses from disposal of financial instruments on regulated markets	95	110
Net increase (decrease) of pre-tax profit for tax purposes	**(7)**	**6**

12. RELATED PARTIES TRANSACTIONS

Related parties to the Company are its Sole owner – De Novo Partners KDA, the shareholders of the latter, as well as all other companies belonging to the group of the ultimate mother company – Datecs OOD, including the owners of that company. As at 31.12.2014 there are no particular related parties transactions which are subject to individual reporting.
As at 31.12.2014 the revenues from related parties amount to BGN 104 thousand, with the following structure:

	31.12.2014 BGN'000	31.12.2013 BGN'000
Interest income	2	1
Revenues from transactions in financial instruments	14	4
Revenues from foreign exchange operations	1	-
Commissions and fees	87	62
Total	104	67

The corresponding expenditures as at the reporting date amount to BGN 33 thousand, being:

	31.12.2014 BGN'000	31.12.2013 BGN'000
Interest expenses	3	4
Expenditures for transactions in financial instruments	30	23
Total	**33**	**27**

13. TRANSACTIONS AFTER BALANCE SHEET DATE

After the date of this report there are no transactions, which may imply corrections to the Financial Statements or any appendix there to, or otherwise be subject to specific disclosure.

14 APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements are approved by the Management of the Company.
In witness thereof, these Financial Statements are signed by:

ИНВЕСТИЦИОНЕН ПОСРЕДНИК ДЕ НОВО ЕАД DE NOVO EAD INVESTMENT INTERMEDIARY

Simeon Petkov	Iordan Popov
Chairman of the Board	Executive Director

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To

THE SHAREHOLDER

OF DE NOVO EAD

SOFIA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of DE NOVO EAD, which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the International Standards on Auditing. These 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 opinion.

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Opinion

In our opinion the Financial Statements give a true and fair view of the financial position of DE NOVO EAD as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards accepted by EU.

Report on other Legal and Regulatory Requirements

We conducted verification of the annual management report of DE NOVO EAD as of 31 December 2014 with regard to the correspondence between the annual management report and the annual financial statements for the same reporting period in accordance with the requirements of the Accountancy Act.

In our opinion, as a result of this verification the Annual Management Report corresponds to the annual financial statements as of December 31, 2014 with regard to the financial information.

SOFIA, 15.02.2015

BDO BULGARIA LTD.

Stoyanka Apostolova, Managing Partner
CPA, Registered Auditor

Nedyalko Apostolov,
Manager

София
Рег. №016

Additional Information for better understanding of the Financial Statements

Financial Instruments in De Novo EAD's Clients Portfolio

Asset Class	Currency	Quantity/ Notional value as at 31.12.2014	Quantity/ Notional value as at 31.12.2013.	Market value as at 31.12.2014 in BGN'000		Market value as at 31.12.2013 in BGN'000	
				Total	Of which in Depository Institutions	Total	Of which in Depository Institutions
Shares	BGN	4 809 328	3 241 275	5 110	5 110	3 429	3 429
	EUR	669 526	15 552	152	152	1 200	1 200
	USD	251 700	251 700	1	1	1	1
		5 730 554	**3 508 527**	**5 263**	**5 263**	**4 630**	**4 630**
Units	EUR	**150**	**150**	**514**	**514**	**513**	**513**
Government bonds	BGN	-		-	-		
Receivables	BGN	-	-	-	-		
Total		-	-	**5 777**	**5 777**	**5 143**	**5 143**