DE NOVO EAD

FINANCIAL STATEMENTS

For the period from January 12^{th} 2012 to December 31^{st} 2012, and as of that date

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MANAGEMENT REPORT

I. Review on the Activity and further Development of De Novo EAD

De Novo EAD was entered into the Commercial Register on 12 January 2012, after it had been granted License by the Financial Supervision Commission to provide investment services and activities. The activity in the first several months was concentrated on resolving administrative and structural issues that are common for the start of business at any investment intermediary. The first transaction in financial instruments /government securities/ was made on 14.02.2012, and the first transaction on regulated market – Bulgarian Stock Exchange Sofia AD – was made on 02.03.2012, as meanwhile De Novo EAD was accepted as member of the Central Depository AD. We have also succeeded, and we made it in exceptionally short period of time, to pass through the complex procedure for membership at the Frankfurt Stock Exchange. The first transaction at XETRA was made on 15.05.2012. In that way, as at 1 June 2012, De Novo EAD fulfilled its major strategic purpose to position itself on the financial services market.

Year 2012 was interesting, but at the same time very unstable for the world economy as a whole. The debt crises in Europe was advancing and receding several times throughout the year and as a result the region entered a new recession. The US economy is in a period of low growth /under 2%/, and the possible falling from the "fiscal cliff" at the end of 2012 additionally restricted the business investments and the consumption of the people. The rate of growth in the emerging economies is trending lower, though from high levels. The major risks are more to the downside and, for example in China they are related to the ability of the administration to navigate a "soft landing" of the economy. If we add to the picture the political risks – elections in the USA, France and Greece, controlled transition in power in China and Russia, political turmoil in Italy, civil war in Syria, etc., the question that logically arises is: How did the financial markets managed to file a relatively good performance in 2012? What made the investors to set aside those risks? And the answer is – the central banks! In 2012, the Federal Reserve, the European Central Bank, the Swiss, the English and the Japan central banks took a leading role on the stage of the world economy. Using different non-standard measures, they maintained very accommodative monetary policy, thus trying to stimulate growth by creating "easy money". And their strong commitment made investors come back to the old mantra – "Don't fight the FED!"

It is impossible to tell whether those "easy money" will continue to support the financial markets in 2013. But it is quite probable that at some point in the second half of the year, the central banks will start to exit the extraordinary measures of their accommodative monetary policy.

In 2012, Bulgaria registered anemic economic growth, alarming level of unemployment and falling standard of living. According to a research of "Open society" Institute in four categories - economy, democracy, standard of living and positive government - Bulgaria ranks 29 from a total of 35 countries. While in 2011 Bulgaria is close to the average levels of economic freedom and business conditions in Europe, in 2012 we are at the bottom of the ranking. Bulgaria has low government debt /17% of GDP/, but huge and constantly increasing corporate debt /227% of GDP/, which blocks the economic growth. That means that the negative impact and the heavy consequences of the economic crises are transferred thoroughly to the real business. The trend towards increase in the corporate liabilities continues. The deteriorating financial results of the business made the banks to restrict long-term financing thus limiting new investments as potential growth engine. It is very sad to find out that at the present moment the Bulgarian business is totally dependent on the state, and this state-oligarchic model of development is absurd for a free market economy in 21 century.

On this state-oligarchic background, it is quite logical that the "ice age" for the Bulgarian financial markets continues. The volumes on the Bulgarian Stock Exchange – Sofia are miserable. There are no new corporate bonds issues as most of the issuers are in fact insolvent. The only live segment is the government securities market. The institutional investors, which are hostages by law of that market segment, allocate enormous amounts in government bonds, thus bringing the yield in the long end of the yield curve /7-10 years/ down to 2.5 – 3.5%. We think that those yield levels are unreasonably low when assessing the risk-reward balance and we expect correction in that segment in the second half of 2013.

This short review on the economic conditions in Bulgaria and around the world has its logical impact on the number and volume of transactions in financial instruments, effected by us in 2012. The figures are presented in the following table:

Market	Number of transactions	Volume in BGN '000
Local	174	20 185
Foreign	1 418	138 326
Total	**1 592**	**158 511**

Structure of the effected transactions according to the type of financial instruments:

Instruments	Number of transactions	Volume in BGN '000
Debt Instruments	44	21 421
Capital Instruments	1 548	137 090
Total	**1 592**	**158 511**

Year 2012 was quite successful for De Novo EAD – both in administrative aspect and as financial result. In the first year since the establishment of the company we succeeded to create the necessary organization for effective provision of its activity as an investment intermediary. The approved membership on the Frankfurt Stock Exchange is a real success for us. It gives us competitive advantages and opportunity to offer quality products to our clients. In early 2013 we plan to launch our own electronic trading platform for transactions on XETRA and the Bulgarian Stock Exchange which will help us attract new clients.

Assets management will continue to be our main activity in 2013, as the focus will be put on short-term investments on the European financial markets. The huge dynamics in the market sentiment predetermined our investment strategy for 2012 – we were traders rather than long-term investors. This strategy remains intact in the beginning of 2013. Of course we closely monitor the market for changes in the sentiment that could suggest new investment opportunities.

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 are initially defined in the Operational Guidelines of the Company, 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 it was earlier discussed, under the present volatile market conditions, the Company was focusing predominantly on the daily-basis trade. Thus, as at 31.12.2012, 98% of the Company's equity represents cash in bank accounts and short term deposits.

As of 31.12.2012, according to the audited balance sheet data, the company's equity amounts to BGN 1 527 thousand, whereas the capital base amounts to BGN 1 478 thousand and is calculated as follows:

	Item	31.12.2012 BGN '000
A	**Initial Equity (BGN), including:**	**1 500**
1	Issued (registered capital)	1 500
2	Statutory reserves	-
3	Other reserves	-
B	**Additional equity**	-
1	Debt-capital (hybrid capital instruments)	-
C	**Total initial and additional equity (A+B)**	**1 500**
D	**Net income and retained earnings**	**27**
E	**Balance sheet equity (C+D)**	**1 527**
F	**Total decrease in initial and additional equity**	**22**
1	Non-current intangible assets	22
2	Interests in insurers and re-insurers and insurance holdings	-
	CAPITAL BASE (C-F)	**1 478**

The capital requirements for risk coverage amount to BGN 2 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 31.12.2012 are shown in the following table:

Item	Capital Coverage requirement in BGN'000
Credit risk	2
Settlement risk	-
Exposition, currency and commodity risk	-
Operational risk	-
Total capital requirements	**2**

The capital requirement for credit risk is calculated on the basis of the following reference information (in BGN), as at 31.12.2012:

Item	Balance
Computers and peripherals	5 129.45
Vehicles	-
Property, plant and equipment	9 056.95
Depreciation of fixed tangible assets	-2 928.23
Receivables on exchange rate differences in respect of forward exchange contracts	503.78
Accrued interest	312.29
Receivables on exchange rate differences in respect of Netting revaluations	863.13
Accounts with administration institutions	1 201.04
Other debtors	2.20
Receivables from suppliers	842.59
Receivables from clients	7 696.48
TOTAL:	**22 679.68**

According to the standard approach, receivables are classified in groups, appropriately weighs are assigned, and the capital coverage requirement is calculated in the amount of 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	1 201.04	20	240.21	19.22
Retail exposures	9 377.88	75	7 033.41	562.67
Other exposures	12 100.76	100	12 100.76	968.06
Total:	**22 679.68**			**1 549.95**

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

At the incorporation of the Company, Mr. Vladislav Gorchilov was also Board Member. Later on, upon his request, he was discharged of duties and this fact was entered into the Commercial Register as of August 28th 2012.

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. As at the date of this report no pending deals are known, that might significantly impact the business of the Company.

The total remuneration of the Board Members for 2012 amounts to BGN 84 thousand.

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. 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.

Sofia, January the 3rd , 2013

Board of Directors

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 2012, 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.

Chairman of the Board
Simeon Petkov

ДЕ НОВО ЕАД
DE NOVO EAD
ИНВЕСТИЦИОНЕН ПОСРЕДНИК
INVESTMENT INTERMEDIARY

Executive Director
Iordan Popov

Sofia, 03.01.2013

Statement of Financial Position

As at December 31st 2012
BGN '000

	Notes	as at Dec. 31st 2012
Assets		
Long Term Assets		
Long term non-financial assets	3	33
		33
Current Assets		
Cash and Equivalents	4	3 906
Other Assets	5	11
		3 917
Total ASSETS		**3 950**
Equity and Liabilities		
Equity		
Share Capital	6	1 500
Reserves		-
Profit (Loss)		27
		1 527
Current Liabilities		
Cash Liabilities to Clients	7	2 409
Other Liabilities	8	14
		2 423
Total EQUITY and LIABILITIES		**3 950**

Compiled by
Hristo Bratinov

Executive Director
Iordan Popov

Chairman of the Board
Simeon Petkov

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

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

София
Рег. №016
"БДО БЪЛГАРИЯ"

Sofia, 03.01. 2013

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

Statement of Comprehensive Income

For the period starting on Jan.12th 2012 and ending on Dec.31st 2012

In BGN '000

	Notes	For the period 12.01.- 31.12.2012
Interest and similar income		31
Interest and similar expenses		(7)
Net Interest Income		**24**
Other Operating Income	9	164
Gross Operating Income		**188**
Operating Expenses	10	(161)
Pre-tax Profit		**27**
Tax expense	11	-
Profit (Loss)		**27**
Other Comprehensive Income		-
Total Comprehensive Income		**27**
Net Profit (Loss) per Share, in BGN		**0,02**

Compiled by
Hristo Bratinov

Executive Director
Iordan Popov

Chairman of the Board
Simeon Petkov

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

Инвестиционен посредник Де Ново ЕАД De Novo EAD Investment Intermediary

София Рег. №016

Sofia, 03.01. 2013

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

For the period starting on Jan.12th 2012 and ending on Dec.31st 2012

In BGN '000	Share Capital	Reserves	Profit (Loss)	Total
Balance as at January 12th 2012	1500	-	-	**1 500**
Net Profit (Loss) for the period	-	-	27	**27**
Balance as at December 31st 2012	**1 500**	**-**	**27**	**1 527**

Compiled by
Hristo Bratinov

Executive Director
Iordan Popov

Chairman of the Board
Simeon Petkov

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

ДЕ НОВО ЕАД
DE NOVO EAD
ИНВЕСТИЦИОНЕН ПОСРЕДНИК
INVESTMENT INTERMEDIARY

София
Рег. №018

Sofia, 03.01. 2013

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

For the period starting on Jan.12th 2012 and ending on Dec.31st 2012

In BGN '000	Notes	For the period 12.01. - 31.12.2012
Operational Cash Flow		
Pre-tax Profit		27
Adjustments for:		
Depreciation		6
(Increase)/Decrease of Long term non-financial assets		(39)
(Increase)/Decrease of current receivables		(11)
Increase/(Decrease) of current liabilities		2 423
Net Operational Cash Flow		2 406
Cash and Equivalents net increase		2 406
Cash and Equivalents at beginning of period		**1 500**
Cash and Equivalents at end of period		**3 906**

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.

София Рег. №016

Sofia, 03.01. 2013

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. Initially, the headquarters and business address of the Company were at 115A, Tzarigradsko chosse in Sofia and have been changed later on, to the present one – 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 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
Financial Statements have been prepared in accordance with the International Financial Reporting Standards adopted for use in the European Union, including International Accounting Standards and their interpretations issued by the International Accounting Standards Board (collectively IASB).
The adopted accounting policies shall be consistent with those, applied in the previous period, unless otherwise expressely stated.

New and amended standards and interpretations

(I) The following existing standards issued by the IASB and adopted by the EU have amendments effective for the current reporting period:
• IFRS 7 Financial instruments: Disclosure
(Ii) The following existing standards issued by the IASB and adopted by the EU have amendments that are not yet effective for the current reporting period:

• IAS 27 Separate Financial Statements (amended) - effective from 01.01.2013

• IAS 28 Investments in associates and joint ventures – effective from 01.01.2013

• IAS 21 The Effects of Changes in Foreign Exchange Rates;

• IFRS 1 First-time Adoption of International Financial Reporting Standards;
(Iii) New standards issued by the IASB and adopted by the EU but not yet effective.

The new IFRS standards 10, 11, 12 and 13 shall enter into force for periods ending on or after the beginning of 1 January 2013. Standards can be implemented sooner, but IFRS 10, 11 and 12 should be implemented together.

• IFRS 10 Consolidated Financial Statements - This standard replaces IFRIC 12 and parts of IAS 27. The focus of the standard is whether a company unit should be included in the financial statements of the parent company. The goal is to determine the exercised control.

• IFRS 11 Joint Arrangements - This standard replaces IAS 13 and IFRIC 31. It focuses on the rights and obligations of companies under joint agreements to under legal form.

• IFRS 12 Disclosure of Interests in Other Entities - This standard specifies the disclosure requirements to IFRS 10 and 11 and replaces the existing disclosure requirements in IAS 28.

• IFRS 13 Fair Value Measurement - The standard provides guidance on how the concept of fair value is to be applied in practice.

The adoption of new standards and amendments to existing standards in 2012 did not lead to changes in the accounting policies of the Company.

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 enough reliable 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, then they will be reflected in the Financial Statements for subsequent periods, as well.

2.2. Reporting Period and referred data

The Company was officially open for business as from 12th of January 2012. Thus, the Financial Statements contain financial information as at December 31st 2012 and for the period from 12.01.2012 up to and including 31.12.2012, only. There is no available comparative information for past periods.

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. Except for as otherwise expressly stated, the financial statements are presented in thousands of 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 31.12.2012.

2.5. Property, machinary, 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 a tangible asset starts in the month, following the month, in which the respective asset was acquired or put into operation.

2.6. Commercial 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 31.12.2012 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 31.12.2012 the cash in foreign currency is booked at the closing rate of BNB.

2.8. Commercial 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 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.
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 2012 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 differed 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 differed tax liabilities are reported for all taxable temporary differences except when at initial recognition asset and liability occur in transaction. The transaction does not reflect on the accounting or the tax profit or loss as at the moment of its conclusion.

Differed 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 differed tax assets occurred 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 to utilized unused tax losses or credits.

As at the date of each balance sheet the Company reviews unrecognized differed tax assets as recognizes the same from prior period up to the degree where probability occurs for future taxable profit to provide refunding of the differed tax asset.

As at 31.12.2012, 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.
As at 31.12.2012 the Company does not possess any financial instruments, as defined under MiFIA.

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 leva.

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 31.12.2012 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:

	31.12.2012r. BGN'000
Long term tangible assets	11
Long term intangible assets	22
	33

The long term tangible assets have the following structure:

	Machinary	Other	Computers and Peripherals	Total
Book value				
As at 12.01.2012	-	-	-	-
Newly acquired	-	9	5	14
Written off	-	-	-	-
As at 31.12.2012	-	9	5	14
Depreciation				
For the period 12.01.-31.12.2012	-	(1)	(2)	(3)
As at 31.12.2012	-	(1)	(2)	(3)
Balance sheet value				
As at 12.01.2012	-	-	-	-
As at 31.12.2012	-	8	3	11

The structure of the long term intangible assets is:

	Licenses
Book value	
As at 12.01.2012	25
Newly acquired	-
Written off	-
As at 31.12.2012	25

Depreciation	
As at 12.01.2012	-
For the period 12.01.- 31.12.2012	(3)
As at 31.12.2012	(3)
Balance sheet value	
As at 12.01.2012	25
As at 31.12.2012	**22**

4. CASH and EQUIVALENTS

	31.12.2012 BGN'000
Cash in hand	-
Cash at sight with banks	2 907
Other (short term deposits)	999
	3 906

The Cash and Equivalents have the following distribution:

	De Novo's money	**Clients' money**	**Total**
Cash in hand	-	-	-
Cash at sight with banks	749	2 158	2 907
Other (short term deposits)	748	251	999
	1 497	**2 409**	**3 906**

5. OTHER SHORT-TERM ASSETS

	31.12.2012 BGN'000
Receivables from Clients	9
Receivables from Institutions	1
Others	1
	11

Receivables from Clients represent the amount of taxes and commissions accrued up to 31.12.2012 and payable upon expiration of the respective contract.

6. EQUITY

Sole owner of the capital is De Novo Partners KDA (201662667 of the Commercial register), and this Company holds all of the 1 500 000 registered ordinary shares, with a notional value of BGN 1 each one. As at 12.01.2012, the Share Capital of the Company in the amount of BGN 1 500 000 has been fully paid up in cash by the sole owner. As at the date of this report there are no any general or specific reserves yet.

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 31.12.2012 the other liabilities are:

	31.12.2012 **BGN'000**
VAT and Income tax payable	2
Compulsory Pension and Health insurance payments due	6
Remuneration to staff	5
Service suppliers	1
	14

9. OTHER OPERATING INCOME

	For the period **12.01-31.12.2012** **BGN'000**
Foreign currency exchange gains	20
Foreign currency exchange losses	(17)
Net foreign currency exchange gains (losses)	**3**
Revenues from transactions in financial instruments	243
Expenditures for transactions in financial instruments	(160)
Net income from transactions in financial instruments	**83**
Income from other services	-
Book value from other services	-
Net result from other services	-
Commissions and similar revenues	109
Commissions and similar expenditures	(31)
Net commissions and similar income	**78**
	164

10. OPERATING EXPENSES

	For the period 12.01-31.12.2012 BGN'000
Remunerations, Social security and Health insurance	109
Expenses on materials and external services	42
Depreciation	6
Others	4
Total	**161**

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

	For the period 12.01-31.12.2012 BGN'000
Current remuneration of the staff and Board members	84
Board members additional remuneration	9
Compulsory Pension and Health insurance for account of the employer	16
Total	**109**

The expenses for materials and external services comprise of:

	For the period 12.01-31.12.2012 BGN'000
Materials	12
Office rent	14
Software rent	6
Others	10
Total	**42**

11. TAXES

As per the legal framework in Bulgaria, the pre-tax profit of the Company has to be modified for tax purposes. Upon these modifications, the Company has no tax obligations.

	For the period 12.01-31.12.2012 BGN'000
Pre-tax profit	27
Net increase (decrease) of pre-tax profit for tax purposes	(42)
Taxable profit	-
Tax rate 10%	-
Tax expense	-

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

	For the period 12.01-31.12.2012 BGN'000
Yearly depreciation booked	6
Yearly tax depreciation	(6)
Gains from disposal of financial instruments on regulated markets	(107)
Losses from disposal of financial instruments on regulated markets	65
Net increase (decrease) of pre-tax profit for tax purposes	**(42)**

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 31.12.2012 there are no particular related parties transactions which are subject to individual reporting.

At the reporting date, the cash liabilities of the Company to related parties amount to BGN 1 165 thousand and come from its capacity of investment intermediary (see Note 7 above). The company's receivables from related parties are BGN 4 thousand, being accrued remuneration for portfolio management. This remuneration is payable upon expiry of the respective contracts for portfolio management.

As at 31.12.2012 the revenues from related parties amount to BGN 106 thousand, with the following structure:

	For the period 12.01-31.12.2012 BGN'000
Interest income	1
Revenues from transactions in financial instruments	20
Revenues from foreign exchange operations	1
Commissions and fees	84
Total	**106**

The corresponding expenditures as at the reporting date amount to BGN 26 thousand, being:

	For the period 12.01-31.12.2012 BGN'000
Interest expenses	6
Expenditures for transactions in financial instruments	20
Total	**26**

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:

Simeon Petkov
Chairman of the Board

Iordan Popov
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, 2012, 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.

BDO Bulgaria OOD is a specialized auditing company, included in the list of the Institute of CPA in Bulgaria under number 16, member of BDO International.
BDO Bulgaria OOD is registered in the Trade Register with Identification Code 831255576 and VAT Number BG831255576.
BDO Bulgaria OOD, a Bulgarian Limited Liability Company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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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 2012, 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 2012 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, 2012 with regard to the financial information.

SOFIA, 29.01.2013

BDO BULGARIA LTD.

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №016
БДО БЪЛГАРИЯ

STOYANKA APOSTOLOVA, MANAGER
CPA, REGISTERED AUDITOR

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 31.12.2012	Market value as at 31.12.2012 BGN '000	
			Total	of which in Depository Institution
Shares	BGN	1 762 374	1 741	1 741
Units	EUR	150	448	448
Government bonds	BGN	240 000	272	272
Receivables on fixed income instruments	BGN		6	6
Total	BGN		**2 467**	**2 467**