



PROFI CREDIT

Profireal Group

ANNUAL REPORT

2014

PROFI CREDIT Bulgaria EOOD

BASIC ECONOMICS FACTS AND FIGURES OF PROFI CREDIT BULGARIA EOOD

	2014	2013	2012
Number of loans provided	14 168	14 530	12 998
Nominal value of loans provided (in TBGN)*	55 488	64 471	52 790
Net amount of loans provided (in TBGN)	21 283	21 735	16 971
Credit for individuals - share in total production	100%	100%	100%
SME business loans - share in total production	0%	0%	0%
Human Resources			
Number of external credit advisors	679	703	724
Number of external collectors	84	60	75
Number of employees	145	132	108
Financial Indicators (in TBGN)			
Total assets	51 954	45 688	34 932
Receivables from loans provided to clients	50 203	44 011	34 107
Total revenues	30 332	29 251	28 950
Total costs	28 183	25 272	28 526
Profit/Loss before taxation	2 149	3 979	424
Deferred tax	341	-	3
Profit/Loss after taxation	2 490	3 979	427

** Nominal value of loans provided includes the loan principal paid-off to client including the future interest income/future income from loan's additional services provided*

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1. THE PROFIREAL GROUP

The PROFIREAL Group is a transnational financial group which operates on the financial markets of Central and Eastern Europe. It is one of the most prominent providers of loans and credits in the Czech Republic, Slovakia, Poland, Bulgaria and newly in Russia. The Group consists of two divisions. The companies belonging in the PROFI CREDIT division operate in the area of financial loans and credits, while those falling under the PROFI INVESTMENT division deal with development of new investment projects. Until the January 2014 the group also consisted of division PROFIDEBT that operated in purchase and collection of receivables.

PROFIREAL Group focuses on countries of Central and Eastern Europe.



PROFIREAL Group SE with registered office in the Netherlands is the parent company of the group. The group has been providing financial loans and credits since the year 2000, when it started this project in the Czech Republic and Slovakia.

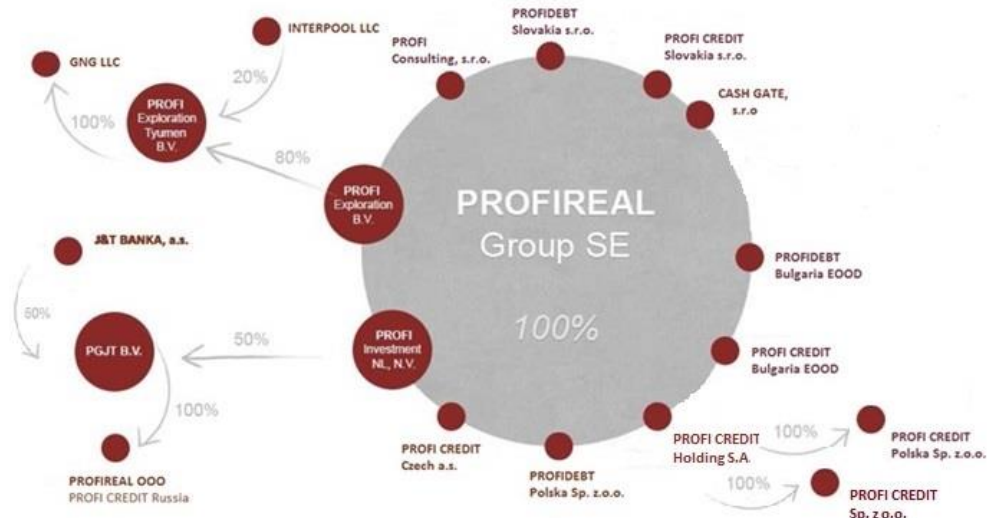
Throughout its time in business PROFIT CREDIT has succeeded in providing more than 930 000 loans. The strongest position belongs to the division in the Czech Republic. The share of the Czech Republic of the total volume of provided loans and credits is 41 %. Currently the highest profitability is achieved in Poland.

The amount of provided loans and credits by division PROFIT CREDIT achieved in 2014 year to year growth 7%. This result was mainly supported by growth in Profi Credit Poland almost 17%, Profi Credit Slovakia almost 7% and the company in Czech more than 3%. Nominal value of provided loans and credits by division PROFIT CREDIT almost reached amount 300 million €.

The mission of the recently created PROFIT INVESTMENT division is to support business operations of the PROFIREAL Group. PROFIT INVESTMENT's main tasks include seeking investment opportunities and high-potential projects on both international and local scale. The firm not only acquires stakes in existing projects that need a partner with a strong capital backing, but also offers startup capital for new ventures. The portfolio of the division PROFIT INVESTMENT includes the company PROFIDEBT Slovakia, s.r.o.

The goal of PROFIREAL Group is to develop its business processes and permanently adjust them to the economic situation in the individual countries. The main emphasis is placed on quality risk management, on the optimization of all processes inside the individual group companies, cost savings, and maintaining the shares in the market segment.

PROFIREAL Group Structure as at 31. 12. 2014.



2. LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Ladies and Gentlemen,

Dear Partners,

I am privileged appealing you after one very exciting and dynamic year for our company.

The results achieved in 2014 are clear message that PROFIT CREDIT Bulgaria responds ever more consistently and adequately to the various challenges of the non-banking financial sector in Bulgaria. Something more – the company have managed to answer in more successful way to the constantly increasing requirements and expectations of our clients.

After eight years, dominated by active and constant development our primary goal is still the same – achieving fast adaptation to the client needs combined with maximal levels of customer satisfaction. Persecution of this goal has led to substantial changes in our product portfolio, but also has confirmed our capability to understand and predict the market needs and requirements. As a result now we could boast with clear and transparent conditions on the products coupled with high-quality client's service and flexible repayment opportunities.

Last year we could again be proud that we continued investing in working environment improvement and development of professional skills and knowledge of our employees and associates. I truly believe that exactly the strong perseverance, dedication and high efforts of all employees of PROFIT CREDIT Bulgaria are the major and most important reason of company's success and leading position.

I would like to thank to all employees and associates of PROFIT CREDIT Bulgaria for the everyday efforts and strong care to our clients, as well as for their responsible attitude they have demonstrated towards finding the best solution to each individual customer, which is a supreme goal and mission of PROFIT CREDIT Bulgaria throughout all years of the company existence.

In conclusion, I would like to appeal to our customers and partners, thanking to all of them for their trust in our company. I would like to assure them that me and the entire team of PROFIT CREDIT Bulgaria will continue doing our best for protecting their interests and satisfying their needs at higher extent possible.



Zdravko Raychev
Chief Executive Officer – PROFIT CREDIT Bulgaria EOOD

3. CHARACTERISTICS OF PROFI CREDIT BULGARIA

3.1. Company Bodies



Immediately after his graduation Petr Vrba joined PROFIREAL Group taking a manager's position.

He subsequently rose to a member of the Board of Directors and since April 2006 he has been an Executive Director (CEO) of "Development" Section of PROFI CREDIT Czech a.s. In this job he is in charge of all the subsidiary companies specialized in loan and credit providing. Petr Vrba is a member of the Board of Directors of PROFI CREDIT Bulgaria.

Petr Vrba graduated from the University of Pardubice with a specialization in the area of Management, Marketing and Logistics.

Petr Vrba

Statutory Executive



Svetoslav Nikolov started his career in PROFI CREDIT Bulgaria since its beginning in year 2006 occupying the position of a Director of "Finance" Department. In November 2012 he was appointed as Managing Director of PROFI CREDIT Bulgaria.

Svetoslav Nikolov holds a Master's degree in Public Finance as a graduate of the University of National and World Economy, and a Bachelor's degree in Accounting and Control as a graduate of "D. A. Tsenov" Academy of Economics. He had taken expert positions in finance and accounting in a series of companies, among which Napredak Holding AD, Huvepharma AD and Ogneuporni Glini (Refractory Clay) AD.

Svetoslav Nikolov

Statutory Executive



Zdravko Raychev
Statutory Executive

Since the beginning of year 2013 Zdravko Raychev has been holding the office of an Executive Director (CEO) of the company for Bulgaria. He has been a member of the management team of PROFIT CREDIT Bulgaria since its establishment in year 2006 taking the positions of Director of “Sales Development” Department, Director of “Sales” Department, and from year 2010 – Director of “Collection” Department. From the end of the said year Zdravko Raychev has also been a Managing Director of PROFIT CREDIT Bulgaria.

Zdravko Raychev holds a university degree in Marketing and Management, and a Master’s degree in Business Economics. He has experience in manager’s positions in the management and development of service business and work in financial services projects under USAID programs.



Jaromir Vsetecka
Statutory Executive

Jaromir Vsetecka is a graduate of the University of Pardubice.

He holds a university degree with specialization in Marketing, Management and Logistics. After his graduation, Jaromir Vsetecka started his career in Risk Department of GE Money Bank, initially as an Analyst and later as a Senior analyst. Since September 2004, he took the position of Logistics Coordinator in the same company.

In July 2006 Jaromir Vsetecka was appointed to the position of Product manager for Central Europe in PROFIT CREDIT Division. Since beginning of 2013, he has been holding the position of Global Chief Operations Officer. In 2014 Jaromir Vsetecka was also elected to the position of Managing Director of PROFIT CREDIT Bulgaria.

3.2. Company Profile

PROFI CREDIT Bulgaria EOOD is a private limited liability company, established on 19th of April 2006 and specialized in the field of lending.

The company performs its business activity in accordance to the Commercial Law of Republic of Bulgaria, the Credit Institutions Act and Ordinance No. 26 of the Bulgarian National Bank for financial institutions, dated 23.04.2009.

PROFI CREDIT Bulgaria EOOD is officially registered at the financial institutions register according to the Article 3, Paragraph 2 of the Credit Institutions Act, in correspondence to order of the Bulgarian National Bank Deputy issued on 05.02.2010. Considered at the date of preparation of the present report, PROFIT CREDIT Bulgaria is in process of re-registration according to the amended requirements of Ordinance No. 26 of the Bulgarian National Bank for financial institutions.

PROFI CREDIT Bulgaria EOOD is a leading company, specialized in providing fast consumer loans to individuals, as well as business loans to the small and medium-sized business in country. The company has established itself as one of the most recognizable and popular providers of quick consumer loans in country with more than 79 000 successfully disbursed loans with nominal value exceeding 290 000 000 BGN.

The company puts a strong emphasis on the constant and ongoing care to clients through providing flexible and up-to-date financial products fully tailored to the client's needs and profile. Highly distinctive product characteristics of company products coupled with strong personal approach to each individual client make PROFIT CREDIT Bulgaria a preferred partner in case of need of financing. The company's core business model leans exclusively on personal attitude towards client – a personal credit advisor is appointed to each individual client, consulting the client for free during the entire loan's life-cycle – since moment of initial loan application until the day of successful loan repayment.

3.3. Product Offer

PROFI CREDIT Bulgaria provides non-purpose consumer loans to individuals, as well as business loans to small and medium-sized enterprises in country. The Company offers three different product groups – PROFIT CREDIT Standard, PROFIT CREDIT Business Energy and PROFIT CREDIT Business, intended to various target groups of customers.

PROFIT CREDIT Standard is the major product group of the company. Within the PROFIT CREDIT Standard product group the company provides non-purpose consumer loans to individuals with regular provable income or partly official incomes. Loan amounts of credits provided vary between BGN 100 and 5 000, and loan tenors for repayment – between 3 and 24 months.

In an answer to the permanent efforts of company to develop its products and adapt last in maximal extent to the needs of clients, in 2014 the company has introduced opportunity for optional purchase of value-added services package to the loans from PROFIT CREDIT Standard product group. Package of value-added services provide a range of opportunities and privileges to the borrowers, including:

- High-priority consideration of the loan request and faster disbursement of the loan amount;
- Opportunity for free postponement of up to 4 monthly installments on the loan upon client's request or after occurrence of certain negative circumstances like unemployment, long-term disability, significant decrease in client's household income, etc.;
- Opportunity for reducing the size of up to 4 monthly installments on the loan upon client's request or after occurrence of certain negative circumstances;
- Opportunity for changing the maturity date of the payments on the loan;
- Simplified procedure for obtaining additional amounts on the loan without necessity of another application.

Despite the short period of time being offered, the service packages were highly appreciated by the consumers and became preferred choice of the clients of PROFIT CREDIT Bulgaria, taking higher shares in sales.

PROFIT CREDIT Business Energy is easy, quick and collateral free loan intended to finance micro and small enterprises as well as self-employed people, including freelancers and craftsmen. PROFIT CREDIT Business Energy does not require any collateral (pledge, mortgage, co-debtor, etc.). Loan amounts offered vary between BGN 500 and 1000, and the repayment tenor is fixed at 12 months.

PROFIT CREDIT Business product is intended to provide financing to micro and small businesses, freelancers and agricultural producers. Product is targeted to businesses, who are looking for easy, fast and convenient financing in order increasing the working capital or making business investments. Loan amounts available vary between 1 000 and 11 000 BGN and repayment term – from 12 to 48 months. Depending on the risk profile of customers and the amount of the loan, PROFIT CREDIT Business is available with or without collateral. PROFIT CREDIT Business product provides various benefits for returning customers like price discount, higher loan amount availability, etc.

PROFIT CREDIT Bulgaria is strongly committed in building long-term and transparent relationship with its clients based on mutual trust. This is why the company strives to offer better product conditions to its good and loyal customers. In respond to this the company has developed a loyalty program, rewarding good company clients with attractive opportunities for discounts in the price of the value-added service packages to the loans.

Additional advantage to the consumer loans of PROFIT CREDIT Bulgaria is the “refinancing” capability that provides the customer access to financing, which to be used for purposes of covering existing obligations of client towards another creditors or towards another loan in company. Through the “refinancing” opportunity client has a convenient tool for consolidation of existing obligations or/ and for reducing the size of monthly payment on the credits. The loan disbursed via the “refinancing” opportunity is not limited to covering existing client’s obligations only, but part of loan amount could be granted to client non-

purposefully i.e. it could be used as additional amount for meeting different financial needs of client. The “refinancing” opportunity is very highly appreciated by the clients of PROFIT CREDIT Bulgaria achieving increasing popularity in last years.

Aiming to provide flexible and convenient solutions to its clients, PROFIT CREDIT Bulgaria has developed and implemented a simplified loans granting procedure, which strongly differentiates company to the other financial institutions in sector, ensuring quick and easy obtaining of the loan amount. Distinctive part of all company products is that they don't charge client with additional fees related to loan request consideration or loan amount disbursement. Products have clear and transparent conditions – during the loan application process client receives a full package of contractual documentation and it is duly informed regarding the loan parameters and conditions.

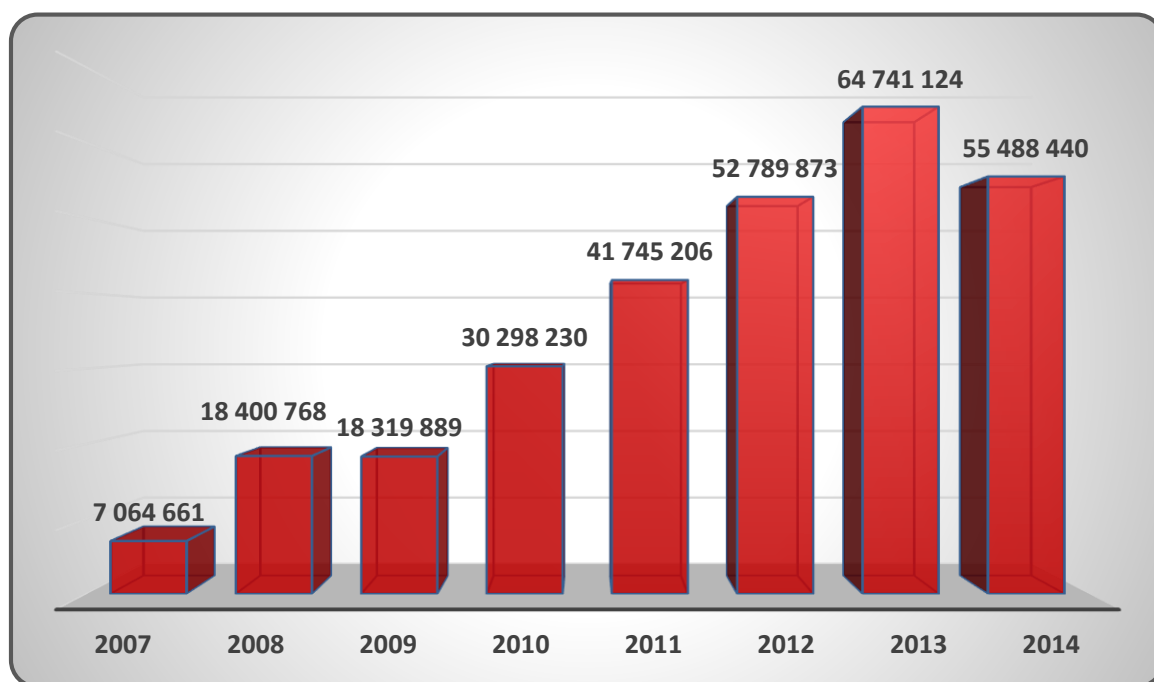
In order ensuring maximal transparency, the company disburses the loan amount to the strongly specified by client personal bank account. Loans repayment is performed through equal monthly installments. Clients are permitted to choose the installments maturity date according to their personal preferences and requirements. For achieving greater convenience in loans repayment, the company has concluded partnership agreements with leading payment service providers in the country, including Easy Pay, EPay.bg, Cash Terminals, which clients could use for convenience in loan repayment, together with the traditional repayment alternatives such as bank transfer, direct debit, etc.

PROFIT CREDIT Bulgaria abides by the principle of responsible lending providing loans, which are fully tailored to the client's repayment capabilities. Vision of company is not to lend the client with higher loan amount than it is really capable repaying. In case that certain client cannot be approved for the whole amount of the loan applied for , loan amount can be reduced. The core business model of company, which is built on personal relationship between the client and the credit advisor provides reliable evaluation of risk and solvency of each individual client.

3.4. Business Results

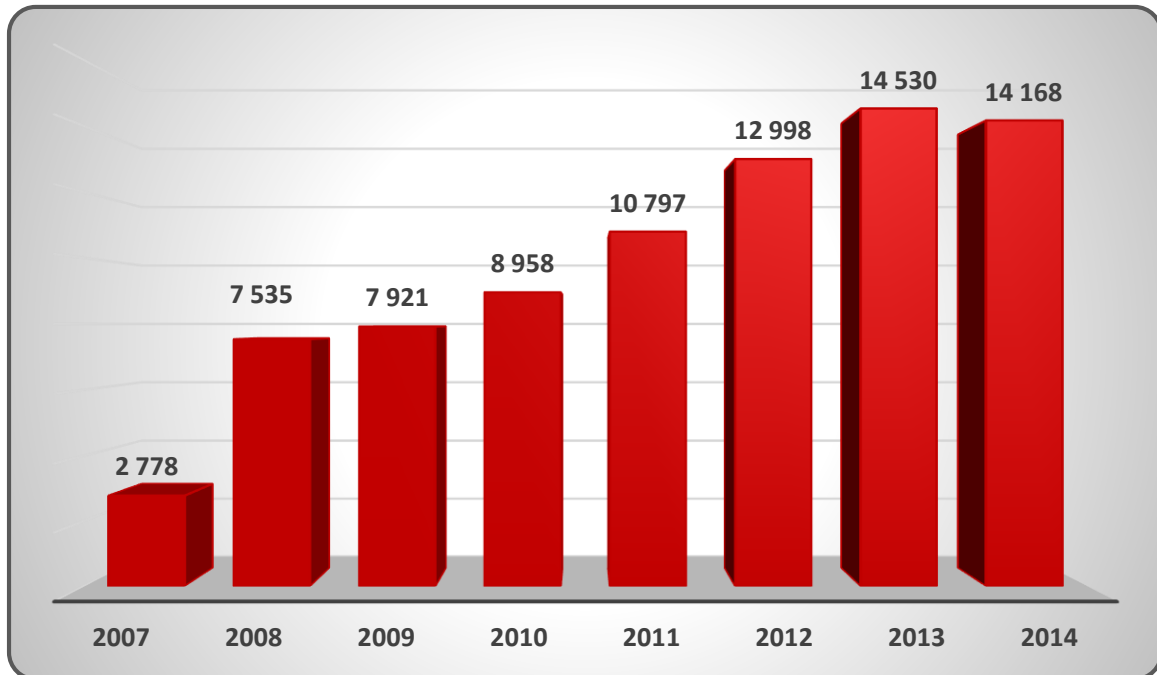
In 2014 PROFIT CREDIT Bulgaria disbursed 14 168 loans amounting to BGN 55 488 440.

VOLUME OF LOANS PROVIDED IN PERIOD 2007 – 2014 (in BGN)



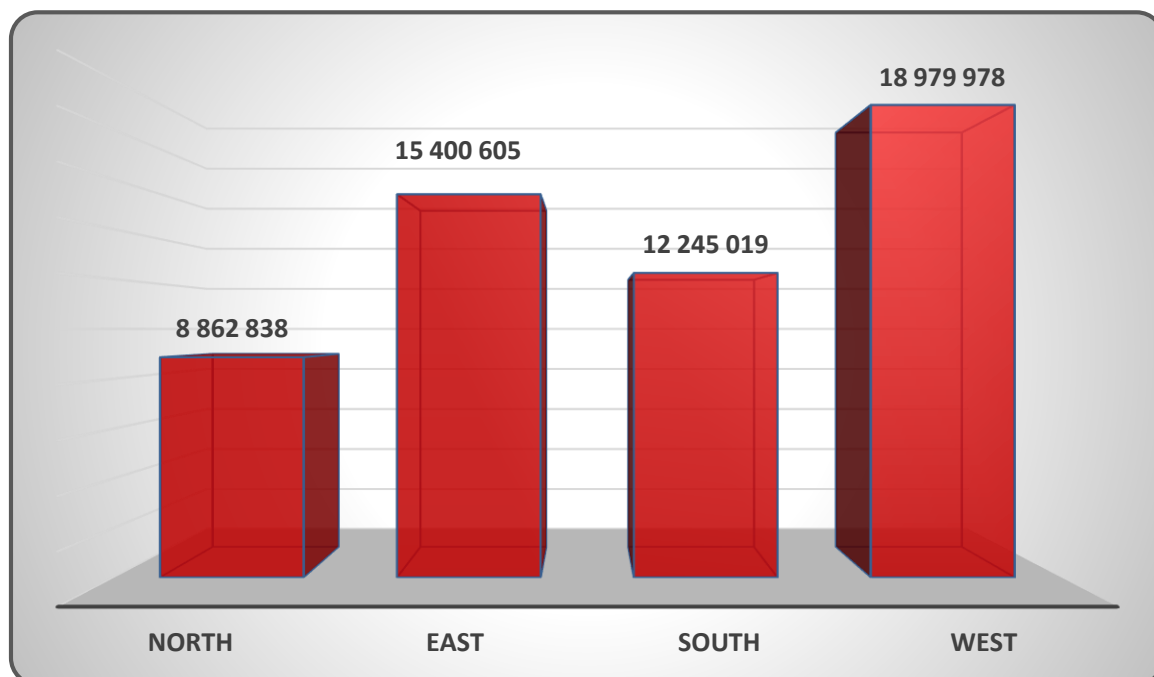
The nominal value of loans provided in 2014 has decreased in comparison to previous year, regardless of the relative consistency in number of loans disbursed. Main reason for significant drop in nominal value is the product changes performed in 2014 and more specifically – restriction of maximal maturity on consumer loans from 48 months to 24 months.

The total disbursed nominal value of loans in period 2007 – 2014 has reached BGN 290 119 447.

NUMBER OF LOANS DISBURSED IN 2007 – 2014

The WEST region has achieved highest share in 2014 sales with approximately BGN 19 000 000 nominal value disbursed, constituting 34.2% of the total amount of loans provided by the company during the year. WEST region is followed by EAST region (27.8% share in total amount of loans provided), SOUTH (22.1%) and NORTH (16.0%).

VOLUME OF LOANS DISBURSED IN 2014 BY REGIONS (in BGN)



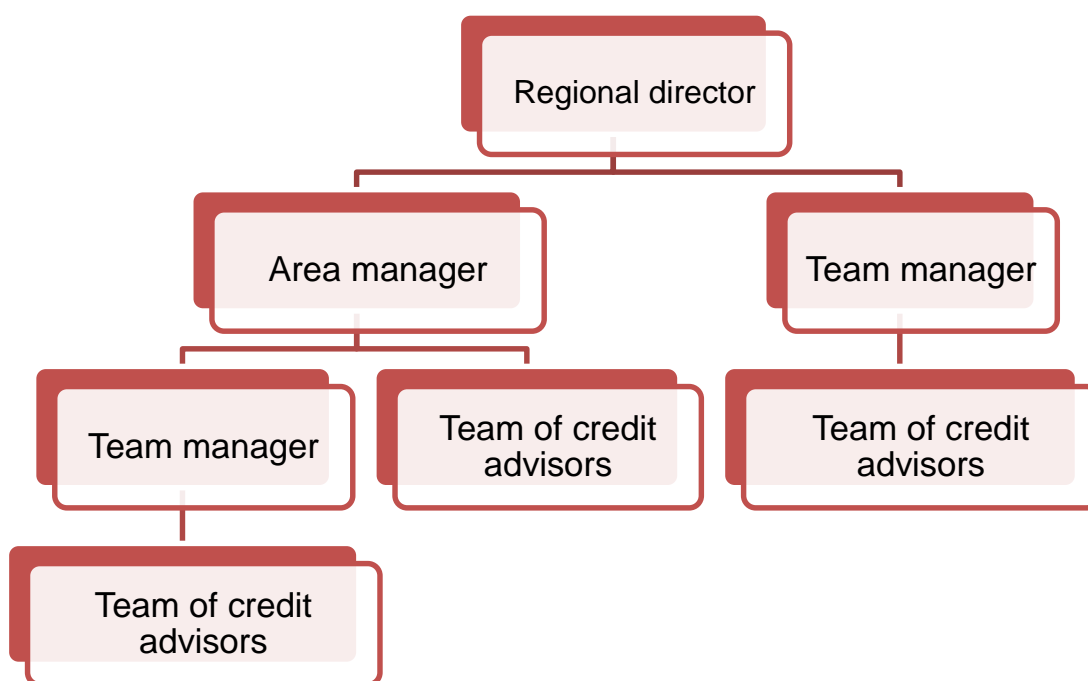
3.5. Business Network

PROFI CREDIT Bulgaria provides its products and serves its customers through a network for direct sales. The sales network is separated into 4 regions – NORTH, EAST, SOUTH and WEST region. In addition to its regional offices PROFIT CREDIT Bulgaria operates in country also with area offices located in most of towns and cities in Bulgaria – Sofia, Varna, Pleven, Blagoevgrad, Plovdiv, Burgas, Shumen, Dobrich, Silistra, Ruse, Veliko Turnovo, Gabrovo, Troyan, Vratsa, Kustendil, Pernik, Petrich, Stara Zagora, Sliven, Yambol, Haskovo, Pazarjik and others. Considered at the end of 2014 company has located sales teams in more than 40 towns and cities in country.

In 2014 the process of developing of the company's sales network and increasing the network geographical coverage was continued through expansion towards new towns and villages and achieving stronger concentration in biggest cities of country by increasing the sales forces and opening new offices.

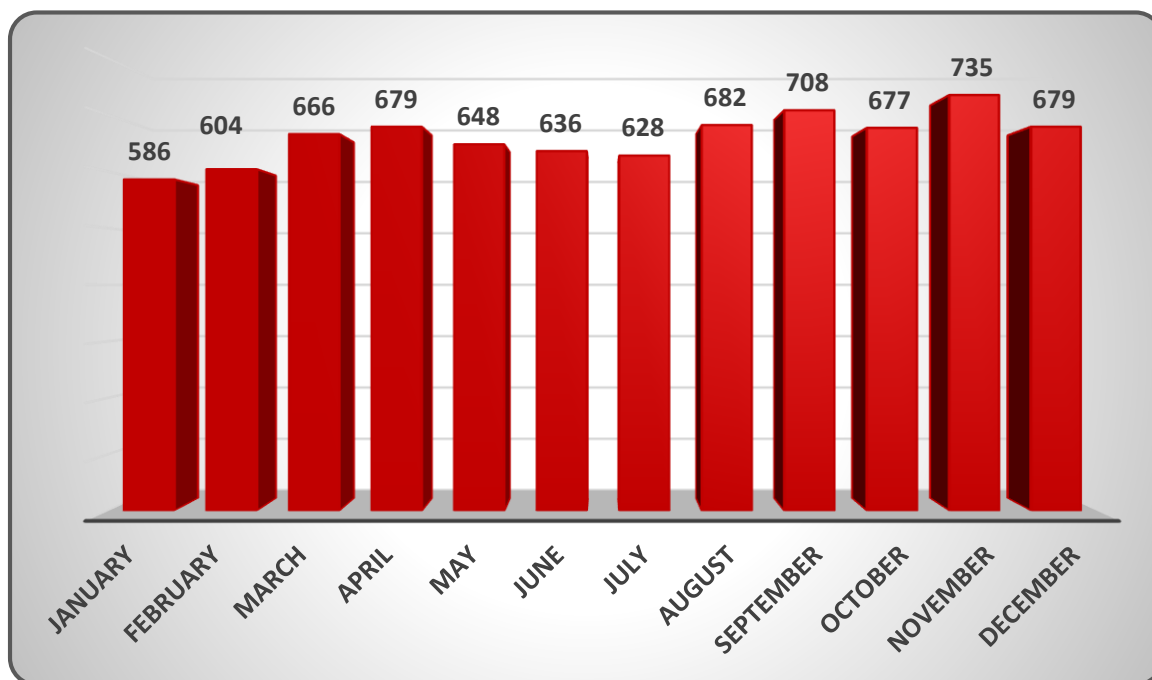
The sales process initially includes approaching potential clients. Major source of clients is the personal initiative and marketing activity of the credit advisors. At next stage the credit advisor is responsible for consulting the client at convenient for last place and time, offering a suitable loan product in accordance to the personal needs and characteristics. Credit advisor is also actively involved in after sales service of client.

Each region is managed by Regional director. Regions unite a number of areas and sub-areas. Areas are managed by Area managers, while the sub-areas are managed by Team managers. Area managers and team managers manage teams of credit advisors.



As of 31.12.2014 company has 679 credit advisors in country. The number of credit advisors increase during the second half of the year.

NUMBER OF CREDIT ADVISORS BY MONTHS IN 2014



PROFI CREDIT Bulgaria aims to motivate all employees and credit advisors through different kind of initiatives. Initiatives include different competitions under which participants should fulfill a plan or achieve a particular goal.

In 2015 PROFIT CREDIT Bulgaria intends to continue the horizontal and vertical development of the sales network and thereby to apply more successfully the company vision to provide up-to-date and accessible financial solutions to higher number of people.

3.6. Employees

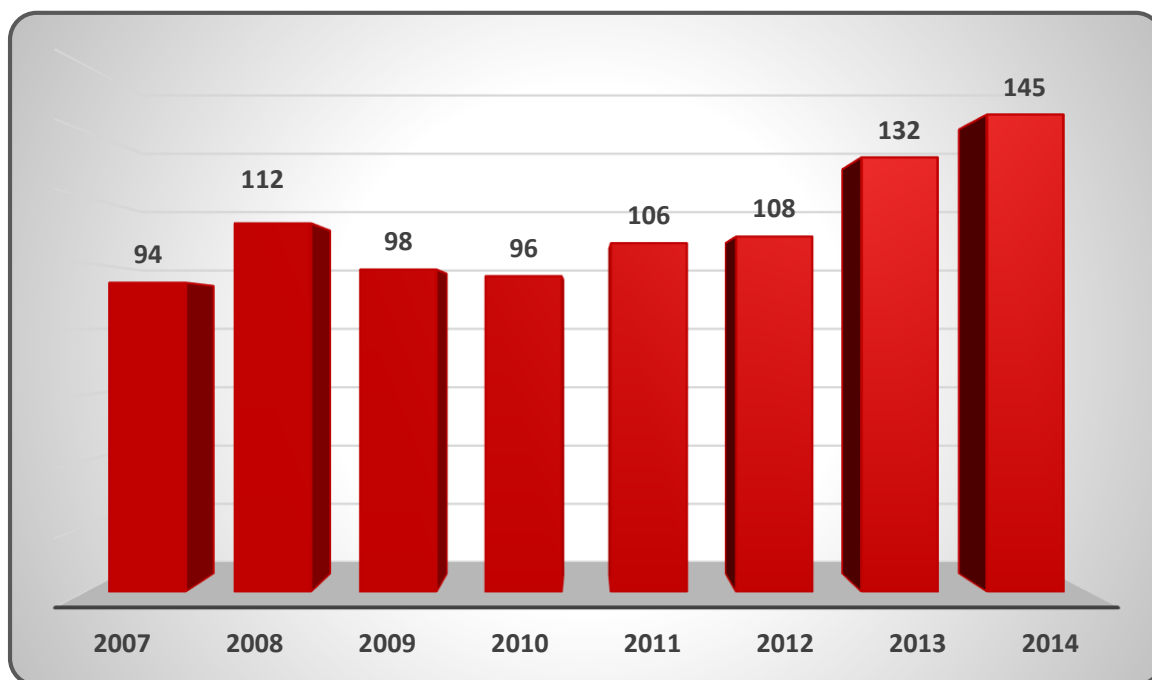
In PROFIT CREDIT Bulgaria we strongly believe that our employees are our main competitive advantage. In the basis of the company there are individuals whose decisions contribute to its successful development.

The Human Resources policy of PROFIT CREDIT Bulgaria is directed towards employees' development in order to fully accumulate their talent and skills. The main driver of the quality

of our products and services is the professionalism and dedication of all employees in company. Guided by the principle of recruitment of the best employees, the company has adopted a balanced approach of evaluation by searching for compliance between personal characteristics and position requirements, as well as between the individual and the company culture.

Considered at the end of 2014 the company has 145 employees in total, 97 of which are employed in Headquarter and 48 – in Sales and Collection network. Number of employees increase alongside with the process of company development, which trend is also observed in the previous years.

NUMBER OF EMPLOYEES IN 2007 – 2014



In order to achieve its targets and plans, the company relies on people with suitable education and proven skills and experience. The management team include trained specialists with considerable knowledge and education in Business, Finance, Marketing, Management, Economics, Psychology, Public and Linguistic Sciences, as well as knowledge of foreign languages (English, German, Russian, Spanish and Czech). PROFIT CREDIT Bulgaria team is experienced in managing projects in different business areas, which provides broader view and creative thinking when adopting strategic decisions for the company development.

Through the Junior Trainee Program PROFIT CREDIT Bulgaria provides young and ambitious people with the opportunity to start their career as part of the company team and gain professional experience in a corporate environment. Trainees participate in the development of real projects as part of a team or work on specific tasks individually.

In 2012 PROFIT CREDIT Bulgaria implemented for its employees the DEVELOPMENT MANAGEMENT PROGRAM. The main goal of the program is to identify the talents and to develop employees who possess management potential with prospect of their professional growth and retention in the company. Training system is specially designed according to the specific needs of company. DEVELOPMENT MANAGEMENT PROGRAM is accompanied by continuous training and applying what has been learned in the work environment, thereby ensuring success of acquiring the specific skills.

3.7 Sponsorship

Management of PROFIT CREDIT Bulgaria has accepted the belief that business has to be responsible not only in terms of the clients and market, but also to be socially responsible to the community within which company is operating and developing.

In 2014 PROFIT CREDIT Bulgaria has launched a series of initiatives with an emphasis to the youth sport and supporting of disadvantaged children. During the year company has participated in various charity events and initiatives, including organization of charity fairs on the behalf of foundation in support of the premature infants in Bulgaria, regular donations to the disadvantaged children foundations, etc. With the support of the Plovdiv Municipality, PROFIT CREDIT Bulgaria has initiated a football tournament for children. Company also supports regularly the annual spring cleaning initiative of Sofia city, organized by the Sofia Municipality.

The future vision of the company in the sponsorship and social activity filed is focused on two major directions – further support to disadvantaged children in Bulgaria and promotion of youth sport in country. Together with the regular sponsorships and events, which PROFIT

CREDIT Bulgaria has participated in during last years, in 2015 company intends participation in new initiatives.

4. REPORT OF THE BOARD OF DIRECTORS

4.1. General information

PROFI CREDIT Bulgaria EOOD ("the Company") is a sole-owned limited liability company established on April 19, 2006, registered under Company File No. 4083 / 2006 at the Sofia City Court, with a seat and management address: Sofia, 49 Bulgaria Blvd., bl. 53E, entr. B, 1404 Sofia, Identification Code 175074752.

The Company is specialized in providing consumer loans to individuals and purpose loans to small business.

PROFI CREDIT Bulgaria EOOD operates in full compliance to the regulations and legal provisions of the Commercial Act, Credit Institutions Act and Ordinance No 26 for financial institutions of the Bulgarian National Bank, dated 23.04.2009.

Pursuant to the regulations of Art. 3, Para 2 of the Credit Institutions Act, the Company is officially listed in the financial institutions registry according to order of the Bulgarian National Bank's deputy director, dated 05.02.2010. Considered at the date of issue of the present annual management report, PROFIT CREDIT Bulgaria EOOD is in process of renewing its registration as a financial institution according to new requirements of Ordinance No 26 of the Bulgarian National Bank.

The registered share capital of the Company is BGN 4 250 000.

4.2. Review of the activity

GENERAL OVERVIEW

The Company provides loans to individuals and legal entities through its network for direct sales. The business is split in four major regions on the territory of Bulgaria: East, West, North and South region. During 2014 PROFIT CREDIT BULGARIA EOOD strengthened its geographical and territorial expansion of the sales network through opening 18 brand new offices for customer service. At the end of 2014 the sales network of the Company includes 757 employees and associates allocated among 49 offices in the country.

Collection of late receivables is organized and performed in three consecutive stages – call centre collection, field collection and enforcement proceeding. The call centre unit of the Company includes 6 full-time employees located in the Headquarter. The field collection is performed by collection network including 91 employees and associates. Last stage of the collection process is managed by execution unit, which is engaged in application of legislative procedures for judicial collection of claimed loans receivables. Collection process is additionally supported by external parties.

The head office of the Company is located in Sofia. The employees in the head office perform strategic planning and performance management, risk evaluation and analysis, approval of credit applications, collection processes management, staff and external collaborators training, human resources management, marketing, development and maintenance of information technologies, etc.

The Company receives financial and technical support by the parent company PROFIREAL GROUP SE, The Netherlands and its subsidiaries.

As of 31st of December 2014 the total number of employees in the Company includes 145 (2013: 132) full-time employees and 763 (2013: 763) external collaborators.

IMPORTANT PRODUCT CHANGES

Since July 2014 certain legal amendments and changes were introduced in consumer lending legalisation of Bulgaria. The most important one was the adoption of rate cap - maximal eligible annual percentage rate (APR) on consumer loans provided by banks and financial institutions.

In response to the legal changes and aiming to ensure better conditions for its customers PROFIT CREDIT Bulgaria EOOD implemented the following important product changes:

- Interest rates on consumer loans were decreased and restricted to the maximum APR cap;
- Maximum tenor of consumer loans was decreased from 48 to 24 months;
- Penalties and charges for defaulted customers were significantly reduced;
- New package of additional services was introduced to the clients. Clients could purchase a services package, which ensures them protection against temporary insolvency through providing possibility for postponement and reduction of instalments as well as assures faster processing of loan request and additional loan availability with simplified application procedure.

During 2014 the Company expanded its product portfolio launching small business loans, as well as loans for low-income individuals, providing the latest flexible and convenient solution tailored to their financial needs and repayment capabilities. New products are very well accepted by the company customers having growing share in sales.

REVIEW OF FINANCIAL RESULTS

In 2014 the Company has provided 14,168 loans to clients (2013: 14,530) in net amount of BGN 21,283 thousand (2013: BGN 21,735 thousand).

PROFIT CREDIT Bulgaria delivered net profit after tax at amount of BGN 2,490 thousand (2013: BGN 3,979 thousand).

Drop in the net profit for 2014 was influenced by limited growth in revenues (interest and additional services revenues), while, growth in interest and other operational expenditures exceeds revenues. Limited growth in revenues is a result from the lower sales during first eight months of the year. New sales were restored to the levels from last year since an implementation of new product was made in July 2014.

EBIT for the period was BGN 9,492 thousand (2013: BGN 10,254 thousand), which helped us to achieve relatively high for the industry return on capital employed at 17.8% (2013: 23.3%).

In 2014 the Company paid BGN 4,303 thousand dividends for first time since its establishment.

Net interest income

Net interest income dropped with 6.8% to BGN 18,092 thousand (2013: BGN 19,411 thousand).

Interest expenses for the reporting year amount to BGN 7,343 thousand (2013: BGN 6,275 thousand). The increase of interest expenses is explained by new debt received in 2014 for financing of the business. Interest rates on company's debt remain unchanged compared to the previous period.

Product changes in 2014 lead to smooth alteration in structure of revenues, respectively, an increase of revenues from services, and decrease in interest revenues. This was the key factor for interest revenues drop to BGN 25,435 thousand (2013: BGN 25,686 thousand).

Impairment losses

Impairment losses for the year amount to BGN 7,566 thousand (2013: BGN 7,252 thousand). The 27.2% impairment loss as percentage of revenue is in line with our targets (2013: 26.7%).

Loans in delay over 60 days have net book value BGN 21,305 thousand (2013: 15,838 thousand) with increasing share in total loan portfolio to 42.4% (2013: 36.0%). Coverage of overdue loans with impairment losses remains at relatively high level compared to the sector's averages – 59.6% (2013: 60.2%).

Despite the solid coverage of defaulted loans with impairments, it is possible that quality of the loan portfolio will keep deteriorating, which would result in further growth in impairment losses on loans. The Company's portfolio entirely comprises of unsecured consumer loans. The Company has implemented comprehensive statistical models and rules for evaluation of customer's risk profile, which moderately balances business growth with expected loan losses.

More than half of the applicants are being rejected because of the credit risk management criteria.

Notes 5 and 12 to the annual financial statements present more detailed information about the impairment losses and the quality of the loan portfolio.

Net fees and commissions costs

The net fees and commissions costs dropped with 3.9% to BGN 1,973 thousand (2013: BGN 2,054 thousand). The key components of net fees and commission costs are the following:

- Court charges, arbitrary fees and bailiff charges amounting to BGN 942 thousand and increase by BGN 237 thousand according to previous reporting period (2013: BGN 705 thousand). The increase in cost is caused by growth in net book value of overdue loan portfolio and attempting larger number of legal and arbitration proceedings towards non-performing loans;
- Sales commissions' costs that are not included into effective interest rate calculation at amount of BGN 937 thousand for 2014 (2013: BGN 944 thousand).
- Commissions' costs paid to external collectors, which in 2014 amounted to BGN 688 thousand (2013: 630 thousand). The collectors are external collaborators of the

Company that are collecting receivables from overdue loans and receivables from legally prosecuted loans. The increase of commissions is due to higher amount of loans served by the external collectors, as well as to expanding the functions of the external collectors network towards serving loans and clients with lower levels of delay;

- The Income from write off of liabilities for commissions amounted to BGN 1 047 thousand compared to BGN 662 thousand in 2013. Increase in this income is due to higher volume of early repaid loans compared to previous reporting period. These are mostly non-monetary revenues from undue sales commissions, that were initially included into effective interest rate calculation, but later on part of them were not really paid out to credit advisors due to the following reasons: if the loan contract is legally prosecuted; upon early repayment of the loan; if the credit advisor haven't met the criteria for getting of commission for payment of loan instalment; when the instalment have been collected from external collector; etc.

Note 6 to the annual financial statements presents detailed information about the components of net fees and commissions costs.

General and administrative expenses

The general and administrative expenses preserve their level from the previous reporting period at the amount of BGN 6,789 BGN thousand (2013: BGN 6,786 thousand). The general and administrative expenses include personnel expenses, other administrative expenses and depreciation and amortization of fixed assets.

Personnel expenses

Personnel expenses have the major share in the general and administrative expenses and in the reporting period they decrease by BGN 219 thousand or 5.7% - from BGN 3,834 thousand in 2013 to 3,615 thousand in 2014.

Other administrative expenses

Other administrative expenses increase by BGN 158 thousand or 5.6% compared to previous reporting period - from BGN 2,841 thousand in 2013 to BGN 2,999 thousand in 2014. Other

administrative expenses include office rental and overhead costs, marketing and advertising costs, postage and telecommunication expenses, national and foreign business trip expenses, consulting services, etc. The main reason for increase in other administrative expenses is growth in costs for marketing, advertisement, office rental and maintenance, which is immediate result by geographical expansion of the company's sales network - penetration into small towns and villages and stronger presence in biggest cities of country.

Depreciation/amortization of fixed assets

The depreciation/amortization charges of fixed assets increased by BGN 64 thousand - from BGN 111 thousand in 2013 to BGN 175 thousand in 2014. Increase in depreciation/amortization charges is result by investments in new company vehicles and office equipment performed in 2013.

Note 7 to the annual financial statements presents detailed information about the structure of general and administrative expenses.

Net additional service income

During the reporting period the net additional service income increases by 92.8% to BGN 1,708 thousand (2013: BGN 886 thousand). Major reason for significant growth is the strong increase in value-added services revenues to BGN 2,360 thousand (2013: 1,495 thousand), which is immediate effect of the modifications in product portfolio from 2014 and introduced packages of additional services to the loans in particular.

Note 8 to the annual financial statements present detailed information about the net additional service income.

Other operating expenses, net

During the reporting period other net operating expenses amounted to BGN 1,323 thousand compared to BGN 226 thousand in 2013. Key components of net operating expenses are:

- Hired services from related parties amounting to BGN 1,363 thousand (2013: BGN 422 thousand);
- Costs for fees and taxes (vehicles, waste disposal fee, other fees) in the amount of BGN 32 thousand (2013: BGN 30 thousand);
- Costs caused by negative exchange rates differences in the amount of BGN 1 thousand (2013: positive exchange rates differences in the amount of BGN 14 thousand);

Notes 9 and 23C to the annual financial statements present detailed information about the components of other operating expenses.

ASSETS

As of December 31, 2014 the assets amounted to BGN 51,954 thousand. The increase over the previous year is 13.7% (2013: BGN 45,688 thousand).

The statement of financial position structure is not changed significantly compared to prior year. At the end of 2014, the biggest share of assets is belonged to loans to customers, which constitute 96.6% of total assets (2013: 96.3%), followed by tangible assets – 1.3% (2013: 1.7%), etc.

LIABILITIES

As of December 31, 2014 liabilities amounted to BGN 44,313 thousand. Increase compared to prior reporting period is estimated at 18.9% (2013: BGN 37,234 thousand).

At the end of 2014 other received loans amounted to BGN 42,096 thousand (2013: BGN 34,999 thousand), representing 94.9% of total liabilities compared to 93.9% at the end of 2013. The amount represents principle and interest payable for December 2014 for loan received from foreign company with maximum credit limit up to EUR 27,000 thousand matured on December 31, 2020. The loan is secured by total receivables from loans to

customers as well as a blank promissory note is issued to the creditor and with registered pledge of company shares.

EQUITY

As of December 31, 2014 the Company reported positive equity amounting to BGN 7,641 thousand (2013: BGN 8,454 thousand).

In 2014 the share capital of PROFIT CREDIT Bulgaria EOOD is BGN 4,250,000.

4.3. Significant events occurred after the reporting period

There are no significant events occurred after the date of issuance of the annual financial statements of the Company.

4.4. Future development of the company

The Company set the following main objectives for 2015:

- ⇒ Sustainable growth of disbursed new loans to clients;
- ⇒ Product portfolio diversification and product development;
- ⇒ Further territorial expansion through horizontal and vertical development of the distribution network;
- ⇒ Improvement of loan portfolio quality;
- ⇒ Improvement of the processes and results of legal collection units;
- ⇒ Strict control and increased costs efficiency;
- ⇒ Diversification of the sources of financing;

4.5. Development and research activities

The Company did not perform any research and development activities during the year.

4.6. Description of the significant risks to the company

Risk management, being a key indication in lending activities, is among the strategic goals of the Company's management. PROFIT CREDIT Bulgaria pays particular attention and allocates resources for preventive management of risk factors, and implements on a timely basis leading practices in the area. Significant investments for development of the information technologies of the Company have been made.

For more detailed information about the Company's exposure to significant risks, see note 23 to the annual financial statements.

Credit risk

Credit risk is reflected in the probability of a counterparty to a financial instrument not being able to fulfil its payment obligation as it falls due and thus to cause financial losses to the Company.

The main financial assets of the Company as of December 31, 2014 comprise of cash and cash equivalents amounting to BGN 281 thousand (2013: BGN 336 thousand) and loans granted to customers amounting to BGN 50,203 thousand (2013: BGN 40,011 thousand).

The Company is exposed to credit risk related to the risk some of the clients not being able to fulfil their liabilities.

The Company uses its own network of employees (collection of receivables coordinators), as well as a developed network of external assistants - credit agents and collectors of the Company's receivables.

The credit risk is diversified among a significant number of clients around the country. Some of the loans are additionally secured by third parties – guarantors.

In 2010, after change in Ordinance 22 of the Bulgarian National Bank, PROFIT CREDIT Bulgaria EOOD obtained an access to the Central Credit Register of BNB. Access to the information in the register will contribute to additional mitigation of the credit risk.

Liquidity risk

Liquidity risk is the risk that the Company could not be able to meet its payment obligations or provide loans to customers, which may originate from a gap between the Company's cash flows. With respect to the liquidity risk management, the Company's objective is to perform timely its payment obligations as well as ensuring sufficient resources for achieving high growth in assets.

Price risk

PROFI CREDIT Bulgaria EOOD operates in a very well developed and competitive market of financial services, and therefore, it is exposed to price risk. Some of the Company's competitors are banks and financial institutions having access to cheap financial resources, which puts them in a better position in pricing competitive products.

Foreign currency risk

Foreign currency risk is the risk of change of the financial instruments value due to significant changes in foreign currency markets. The difference between the levels of financial instruments, and respectively, of assets and liabilities denominated in foreign currencies, reflects the extent to which a particular financial instrument is exposed to a foreign currency risk.

The Company performs its monetary operation mainly in EUR, CZK and BGN. The loans granted to clients are in BGN only. The exchange rate of EUR/BGN is fixed according to an Agreement between the Republic of Bulgaria and the International Monetary Fund and in compliance with the Bulgarian National Bank Law.

Interest rate risk

Interest rate risk relates to the possible adverse effect to the Company which fluctuations in interest rates might have on the net interest income. Company uses long-term financing with a fixed interest rate. Loans to customers' bear fixed interest rate largely exceeding the interest rates at which the Company obtains its financing. Therefore, management believes that the activity of PROFIT CREDIT Bulgaria is not very sensitive to interest rate fluctuations.

4.7. Remunerations received by management during the year

	2014	2013
Number of members	4	4
Remunerations accrued	175	541
Others (social security and health insurance, etc.)	6	14
Total (in BGN thousand)	181	555

4.8. Participation of managing directors in other companies

Name	Company in the management and control bodies of which the persons participate
Petr Vrba	PROFI CREDIT Czech Republic, a.s. PROFI CREDIT Poland, Sp. z o.o. PROFI CREDIT Polska, S.A. PROFI CREDIT, Sp. z o.o. (till February 26, 2015) Profireal, LLC. PROFI CREDIT Slovakia, s.r.o. PROFI CREDIT Bulgaria, Ltd. (Profireal Group SE – cancelled February 11, 2014 PROFI CREDIT Expert S.R.L. – cancelled July 1, 2013)
Jaromir Vsetecka	He is not a member of other management or controlling bodies.
Zdravko Raichev	PROFIDEBT Bulgaria EOOD
Svetoslav Nikolov	He is not a member of other management or controlling bodies.

Zdravko Raichev
Managing Director

Svetoslav Nikolov
Managing Director

5. INDEPENDENT AUDITOR'S REPORT



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*This document is a translation of the original in Bulgarian text,
 in case of divergence the Bulgarian text shall prevail.*

INDEPENDENT AUDITOR'S REPORT

**To the owner of
 Profi Credit Bulgaria EOOD**

Report on the Financial Statements

We have audited the accompanying financial statements of Profi Credit Bulgaria EOOD ("the Company"), which comprise the statement of financial position as of December 31, 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 (IFRS), as adopted by the European Union, 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 International Standards on Auditing. Those 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 Company'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 Company'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.

Делойт се отнася към едно или повече дружества - членове на Делойт Туш Томацу Лимитид, частно дружество с ограничена отговорност (private company limited by guarantee), регистрирано в Обединеното кралство, както и към мрежата от дружества - членове, всяко от които е юридически самостоятелно и независимо лице. За детайлна информация относно правната структура на Делойт Туш Томацу Лимитид и дружествата - членове, моля посетете www.deloitte.com/bg/za_nas.

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Member of Deloitte Touche Tohmatsu Limited

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Company as of December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with IFRS, as approved by the European Union.

Report on Other Regulatory Requirements - Annual report on the activities on the Company according to article 33 of the Accountancy Act

Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Annual report on the activities of the Company. The Annual report on the activities of the Company, prepared by the management, is not a part of the financial statements. The historical financial information presented in the Annual report on the activities of the Company, prepared by the management is consistent, in all material respects, with the annual financial information disclosed in the financial statements of the Company as of December 31, 2014, prepared in accordance with IFRS, as approved by the European Union. Management is responsible for the preparation of the Annual report on the activities of the Company dated March 30, 2015.

Deloitte Audit

Deloitte Audit OOD



Sylvia Peneva
Managing Director
Registered Auditor



Sofia
March 30, 2015

6. FINANCIAL STATEMENTS

6.1. Statement of comprehensive income

PROFI CREDIT BULGARIA EOOD

All amounts are in thousand Bulgarian Levs, except otherwise stated

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2014

	Notes	2014	2013
Interest income		25 435	25 686
Interest expenses		(7 343)	(6 275)
Net interest income	4	18 092	19 411
Impairment losses	5	(7 566)	(7 252)
Net interest income after impairment losses		10 526	12 159
Net fees and commissions	6	(1 973)	(2 054)
General and administrative expenses	7	(6 789)	(6 786)
Net additional service income	8	1 708	886
Other operating expenses, net	9	(1 323)	(226)
Profit before taxes		2 149	3 979
Income taxes	10	341	--
Net profit for the period		2 490	3 979
Other components of comprehensive income		--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2 490	3 979

These financial statements are approved by the Managing Directors of the Company on 30.03.2015


Zdravko Raichev
Managing Director


Svetoslav Nikolov
Managing Director


Biliana Todorova
Chief Accountant

PROFI CREDIT BULGARIA EOOD
бул. България 49, бл. 53Е,
вх. В, ет. 8, София 1404
Булстат: 175074752, ДДС: BG175074752
e-mail: proficredit@proficredit.bg
www.proficredit.bg №2

The original financial statements were signed by Sylvia Peneva, Registered Auditor and Statutory Manager at Deloitte Audit OOD on March 30, 2015.

The accompanying notes are an integral part of these financial statements

6.2. Statement of financial position

PROFI CREDIT BULGARIA EOOD

All amounts are in thousand Bulgarian Levs, except otherwise stated

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014

	Notes	2014	2013 restated	2012 restated
Assets				
Cash and cash equivalents	11	281	336	352
Loans to customers	12	50 203	44 011	34 107
Other receivables	13	404	514	227
Inventories	14	16	24	19
Deferred tax assets	10	336	--	--
Property, plant and equipment	15	698	787	203
Intangible assets	16	16	16	24
Total assets		51 954	45 688	34 932
Liabilities and equity				
Liabilities				
Liabilities on finance lease	17	403	470	--
Other loans received	18	42 096	34 999	28 957
Other liabilities	19	1 781	1 729	1 478
Provisions	20	33	31	28
Deferred tax liabilities	10	--	5	5
Total liabilities		44 313	37 234	30 468
Equity				
Share capital	21	4 250	3 250	3 250
Share premium		800	800	800
Retained earnings		2 591	4 404	414
Total equity	22	7 641	8 454	4 464
Total liabilities and equity		51 954	45 688	34 932

These financial statements are approved by the Managing Directors of the Company on 30.03.2015.


Zdravko Raichev
Managing Director


Svetoslav Nikolov
Managing Director



The original financial statements were signed by Sylvia Geneva, Registered Auditor and Statutory Manager at Deloitte Audit OOD on March 30, 2015.

The accompanying notes are an integral part of these financial statements.

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian original shall prevail

6.3. Cash flow statement


PROFI CREDIT BULGARIA EOOD

All amounts are in thousand Bulgarian Levs, except otherwise stated

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2014

	2014	2013
Net profit	2 490	3 979
Adjustments for non-monetary items		
Impairment losses	7 566	7 252
Change in deferred taxes	341	--
Depreciation/amortization of assets	176	111
Increase of provisions	2	4
Effect of change in foreign exchange rates	(1)	(15)
Interest expense	7 343	6 275
Changes in operating assets and liabilities		
Increase of investments in loans to customers	(13 757)	(17 157)
Net increase in other assets	118	(293)
Net increase in other liabilities	(630)	183
Loan interests paid	(6 934)	(5 908)
Net cash flow used in operating activities	(3 286)	(5 569)
Cash flows from investing activities		
Acquisition of fixed assets	(87)	(687)
Net cash flow used in investing activities	(87)	(687)
Cash flow from financial activities		
Increase in share capital	1 000	--
Dividends paid	(4 303)	--
Finance lease	(68)	470
Non-bank loans received	6 689	5 770
Net cash flows from financing activities	3 318	6 240
Net change in cash and cash equivalents	(55)	(16)
Cash and cash equivalents in the beginning of the period	336	352
Cash and cash equivalents at the end of the period	281	336

These financial statements are approved by the Managing Directors of the Company on 30.03.2015


Zdravko Raichev
Managing Director


Svetoslav Nikolov
Managing Director


Biljana Todorova
Chief Accountant

The original financial statements were signed by *Sylva Pencheva*, Registered Auditor and Statutory Manager at Deloitte Audit OOD on March 30, 2015.

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6.4. Statement of changes in equity

PROFI CREDIT BULGARIA EOOD

All amounts are in thousand Bulgarian Levs, except otherwise stated

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2014

	Share capital	Share premium	Retained earnings/ (loss)	Total
January 1, 2013 (restated)	3 250	800	414	4 464
Profit for the period	--	--	3 979	3 979
Other changes in equity	--	--	11	11
December 31, 2013 (restated)	3 250	800	4 404	8 454
January 1, 2014 (restated)	3 250	800	4 404	8 454
Share capital increase	1 000	--	--	1 000
Dividends payment	--	--	(4 303)	(4 303)
Profit for the period	--	--	2 490	2 490
December 31, 2014	4 250	800	2 591	7 641

These financial statements are approved by the Managing Directors of the Company on 30.03.2015


Zdravko Raichev
Managing Director


Svetoslav Nikolov
Managing Director


Biliana Todorova
Chief Accountant



The original financial statements were signed by *Sylvia Peneva*, Registered Auditor and Statutory Manager at Deloitte Audit OOD on March 30, 2015.

The accompanying notes are an integral part of these financial statements.

6.5. Notes to the financial statements

1) Description of the main activity

PROFI CREDIT Bulgaria EOOD ("the Company") was registered on April 19, 2006 under company case 4083/2006 as a sole owned limited liability company according to the requirements of the Bulgarian Commercial Act.

On February 11, 2008 the name of the Company was changed from Profireal Bulgaria EOOD to Profi Credit Bulgaria EOOD.

The Company is specialized in providing loans to individuals and small business enterprises.

The share capital is BGN 4 250 000.

Structure of property

The owner of the Company as of December 31, 2014 is:

Profireal Group S.E., the Netherlands 100%

The ultimate owner of the Company is David Beran.

Headquarters and address of management

PROFI CREDIT Bulgaria EOOD
49, Bulgaria Blvd., bl. 53 E, entrance B
Sofia, Sredets Municipality, Bulgaria

Identification number

175074752

VAT number

BG175074752

Managing Directors of the Company as of December 31, 2014 are:

Jaromir Vsetecka

Zdravko Stamenov Raichev

Petr Vrba

Svetoslav Nikolaev Nikolov

Changes in the commercial register

The following changes have been made till the date of the preparation of the statement of financial position:

- On February 11, 2014 Nikolay Binev Kolev was removed as a managing director and Jaromir Vsetecka was elected as a new managing director;
- On July 2, 2014 the share capital was increased to BGN 4 000 000;
- On September 3, 2014 the share capital was increased to BGN 4 250 000.

Organizational structure

The activities of the Company are organized in four geographical regions: East, West, North and South. The head office is in Sofia. The staff in the head office performs strategic planning and management, services in the field of corporate finance, marketing and information technologies.

2) Basis for preparation of the financial statements and accounting principles

These financial statements are prepared in all material respects in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (the “EU”) and applicable in the Republic of Bulgaria.

(a) Changes in IFRS***Standards and Interpretations effective in the current period***

The following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU are effective for the current period:

- IFRS 10 Consolidated Financial Statements, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

- IFRS 11 Joint Arrangements, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IFRS 12 Disclosures of Interests in Other Entities, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IAS 27 (revised in 2011) Separate Financial Statements, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities – Transition Guidance, adopted by the EU on April 4, 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 27 (revised in 2011) Separate Financial Statements – Investment Entities, adopted by the EU on November 20, 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 32 Financial instruments: presentation – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 Impairment of assets - Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on December 19, 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on December 19, 2013 (effective for annual periods beginning on or after January 1, 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- Amendments to various standards Improvements to IFRSs (cycle 2010-2012) resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on December 17, 2014 (amendments are to be applied for annual periods beginning on or after February 1, 2015);
- Amendments to various standards Improvements to IFRSs (cycle 2011-2013) resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on December 18, 2014 (amendments are to be applied for annual periods beginning on or after January 1, 2015);
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions - adopted by the EU on December 17, 2014 (effective for annual periods beginning on or after February 1, 2015);
- IFRIC 21 Levies, adopted by the EU on June 13, 2014 (effective for annual periods beginning on or after June 17, 2014).

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at February 13, 2015 (the effective dates stated below is for IFRS in full):

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018);

- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to various standards Improvements to IFRSs (cycle 2012-2014) resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34)

primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after January 1, 2016).

The Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Company in the period of initial application, with the exception of one, stated below, which could have significant contribution on financial statements:

IFRS 9 Financial Instruments applies approach of determination if certain financial asset is evaluated at amortized cost or fair value, thereby replacing the comprehensive rules of IAS 39. Approach incorporated in IFRS 9 is based on how the company manages its financial instruments (its business model) and negotiated cash flow characteristics of the financial assets. New standard also requires application of a single method of impairment, thereby replacing comprehensive impairment approaches of IAS 39.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principals have not been adopted by the EU, is still unregulated.

According to the Company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement, would not significantly impact the financial statements, if applied as at the balance sheet date.

(b) Functional and presentation currency

The Company keeps its accounting in the in the national currency of the Republic of Bulgaria the Bulgarian Lev. These financial statements have been prepared in thousand BGN, which is the functional currency used in the Company, except when otherwise stated. The exchange rate of the EUR to the BGN is fixed by law and is EUR 1 to BGN 1.95583.

(c) Recognition of income and expenses

Income and expenses for interest are recognized in the statement of comprehensive income for all interest-bearing assets and liabilities using the effective interest method and on accrual basis.

The effective interest rate is that rate, which precisely discounts the expected future cash flows during the expected life of the financial asset or liability up to the carrying amount of the financial asset or liability. The effective interest rate is determined at the initial recognition and is revised only when the repayment schedule of the loan is renegotiated.

The calculation of the effective interest rate includes payable fees, transaction costs, as well as the discounts and premiums, which are an integral part of the effective interest rate. The transaction costs are the marginal costs directly related to the acquisition, emission or sale of the financial asset or liability.

Non-interest bearing incomes and expenses are recognized in the statement of comprehensive income on accrual basis.

(d) Additional services income and expenses

The Company recognizes additional services income and expenses arising from consumer loans that provide the client option of: postponing up to four instalments from the initial payment schedule; changing payment date from the initial payment schedule; reducing the instalments size from the initial payment schedule.

Incomes from additional services are recognized in the comprehensive income statement proportionally over the entire term of each loan. Additional services expenses are recognized when a circumstance which entitles the client to postpone or reduce instalments occurs.

The additional services premium formed covers the risk of partial or full incapability of client for repayment of matured instalment/s of loan.

(e) Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reported at historic cost decreased by the accumulated depreciation/amortization and impairment losses. Depreciation/amortization is charged by systematically applying the straight-line method over the expected useful life of the assets.

The value threshold for recognizing property, plant and equipment and intangible assets is BGN 500. All acquired assets of value lower than the value threshold are recognized as expense in the statement of comprehensive income.

The expected useful life of the assets as of December 31, 2014 and 2013 is as follows:

Assets	Period
Office equipment and furniture	60 months
Computers	60 months
Mobile telephones	24 months
Vehicles	60 months
Software	60 months
Other tangible assets	60 months
Intangible assets	60 months

(f) Inventories

Inventories are measured upon acquisition at cost, including the purchase costs and for processing, as well as the other costs incurred in relation to their delivery to the current place and condition. The method of the weighted average cost on a periodic monthly basis is applied when they are written off.

(g) Impairment of nonfinancial assets

As of each date of preparation of the statement of the financial position the Company reviews the carrying amount of the assets and determines whether there are indications for recognition of impairment losses. Impairment losses are determined as the difference between the recoverable amount of the assets and its carrying value. When it is not possible to determine the recoverable amount of a separate asset the recoverable amount of a group of assets

generating cash flows to which this asset belongs is determined. Intangible assets with an indefinite useful life and those assets which are not available for sale are annually tested for impairment, no matter whether there is an indication for the asset's impairment. The test includes comparison between the carrying amount and the recoverable amount of the asset.

The recoverable amount is the higher of the fair value less the cost of sales of the assets or the cash generating unit and their amount in use. When determining the amount in use the calculated future cash flows are discounted to their current value by applying a suitable effective interest rate, which reflects the current market levels in relation to the value of the cash in time and the risks which are specific for the asset.

If the recoverable amount of the asset (or group of assets generating cash flows) is lower than the carrying amount then the latter is reduced to the recoverable amount of the asset. The determined impairment loss is recognized immediately as an expense in the statement of comprehensive income.

The Company reviews as of each date of preparation of the statement of financial position whether there are indications that the impairment losses of an asset, recognized in previous years, no longer exist or whether they are reduced. If such indications exist the Company measures the recoverable amount of the respective asset.

The increased as a result of recovering the impairment loss carrying amount of an asset should not exceed the carrying amount as it would be (after deduction of depreciation/amortization), if in previous years impairment losses have not been recognized for the respective asset. Recovering the impairment losses of an asset should be recognized immediately in the statement of comprehensive income.

(h) Provisions

Provisions are recognized only if:

- The Company has a current right or a constructive liability, arising from past events, the settlement of which is expected to result in an outflow of resources of the Company.
- The amount of the liability can be estimated reliably.

In compliance with the requirements of IAS 19 provisions are allocated for payments to the staff, which are based on an analysis of the unused paid leave and the average costs for salaries, including social and health insurance of the employees.

(i) Transactions in foreign currency

Transactions in foreign currency are recorded initially by applying the central exchange rate of the Bulgarian National Bank (BNB) to the amount in foreign currency as of the date of the transaction. Profits and losses, arising from such transactions and from translation of cash assets and liabilities denominated in foreign currencies are reported in the statement of comprehensive income.

On December 31, 2014 the cash assets and liabilities, denominated in foreign currency are revalued in BGN according to the BNB central closing exchange rate published by the Bulgarian National bank on December 31, 2014 where: BGN 1.95583 = EUR 1 (fixed rate according to the Currency Board Agreement) and BGN 7.05363 = 100 CZK.

(j) Taxation

In compliance with the Bulgarian legislation the Company is subject to taxation with a corporate income tax of 10 %.

The corporate income tax for the year includes the current income tax and the changes in the deferred taxes.

The current income tax is calculated on the basis of the annual taxable profit by using a tax rate that is effective as of the date of the statement of financial position.

Deferred taxes are calculated for all temporary differences between the accounting and tax amounts of the assets and liabilities, multiplied by the tax rate effective for the next reporting period.

Deferred tax assets are recognized to the extent that future taxable profit is probable, against which they can be utilized.

(k) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to a financial instrument contract. Financial assets are initially recognized on the settlement date - the date on which funds are disbursed to clients. Financial assets are written off from the comprehensive income statement of the Company, when the rights for receiving cash have expired or have transferred substantially all risks and rewards of the asset ownership.

Loans to customers

Loans granted to customers are non-derivative financial assets with fixed payments, which are not offered on the active market. All loans are recognized when the money is lent to the borrower.

Loans to customers are initially recognized at fair value adjusted by transaction costs. After initial recognition loans are estimated at their amortized cost determined by effective interest rate and decreased with the accumulated impairment.

The effective interest rate is used for recognition of interest income for the period.

Impairment of loans

Impairment losses are recognized to the recoverable amount of the asset or group of assets with similar characteristics. The recoverable amount is determined on the basis of the expected future cash flows of the instrument which are discounted as of the date of the statement of financial position by using the effective interest rate of the loan. The impairment losses of the loans are recognized in cases when objective evidences exist that the Company may not be able to collect all due amounts on the loan. The amount of the loss is determined as a difference between the carrying and the recoverable amount as of the date of the statement of financial position. When the amount of the impairment significantly decreases as a result of subsequent events the losses are reduced and the result is recognized as income from the reintegration of impairment.

The Company determines the amount of the allowances for impairment on an individual basis for all significant loans and receivables. Loans and receivables which are not individually significant and bear similar loan risk characteristics for which objective indications of impairment exist are impaired on a collective basis, which is based on an analysis.

Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents include cash on hand, cash in transfer, at bank accounts and other financial assets, the amount of which may be reliably determined and which may be turned into cash immediately.

Derivative financial instruments

Derivative financial instruments which the Company uses include foreign currency forward agreements. They are initially reported in the statement of financial position at fair value and are subsequently revalued at fair value. All derivatives are reported as financial assets when they are favourable for the Company and as financial liabilities when they are adverse for the Company. The fair values are measured depending on the changes in the exchange rates. As of December 31, 2014 and 2013 have no forward agreements.

Bank and other loans

At initial recognition bank and other loans are measured at cost of acquisition, which includes the fair value of the received loans adjusted with the costs for performing the transaction with the financial liability, which includes bank fees and commissions for granting the loan, agents' commissions, taxes and others. Subsequently the received loans are measured at their amortized cost.

Payables to suppliers

At initial recognition the payables to suppliers are recognized at the fair value of the received payment adjusted by the costs of the transaction.

Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

The Company has no financial assets and liabilities at fair value in comprehensive income statement.

(l) Significant accounting assumptions and accounting estimates when applying the accounting policies

The preparation of financial statements requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities as of the date of the financial statements, and the amount of income and expenses during the reporting period, and to disclose contingent assets and liabilities. Although these accounting estimates and the related assumptions are based on the best estimate of the current events by the management, the actual results could differ from the forecast estimates.

The following estimates and assumptions of the management regarding the future events carry significant risk for the cost of the assets and the liabilities during the next financial year:

Determination of impairment loss of loans

To determine whether the receivables on loans to customers are impaired, the management of the Company makes a reasonable estimate of the expected cash flows from the respective loans. The estimate is based on a professional estimate for the quality of the loan portfolio and on individual significant receivables on loans. Upon determination of the amount of impairment the management uses the gained historical experience regarding the collectability of the overdue installments and instalments collected at maturity. Upon determination of the impairment losses on collective base, the management considers each repayment instalment as a separate receivable, the management considers each repayment instalment as a separate receivable, based on the fact that a great part of the irregular clients are turned back to the initially contracted repayment schedule of the loan. Due to that reason, in case of delay of a repayment instalment the management does not consider the whole contracted amount of the loan as impaired.

Recognition of income from other receivables on loans to customers that are legally prosecuted

Other receivables on loans to customers that are legally prosecuted are: legal late interest, accrued penalties to clients for breach of contractual terms, court expenses, arbitration fees, fees for bailiffs, fees for debt restructuring agreements, etc.

Other receivables on loans to customers that are legally prosecuted are recognized on the basis of the expected cash flows of the respective instrument, discounted to the net present

value by the effective interest rate of the respective loan. The expected cash flows are determined by the management of the Company based on the historic analysis of the collectability of each type of receivable.

(m) Comparative information

In 2014 the Company has made changes in disclosure of certain items in statement of comprehensive income and statement of financial position and has charged additional provisions on one type of loans that were excluded in the calculation of impairments in previous years. Management of the Company considers that the revised disclosure provides better insight on the financial position of the Company.

The main changes are as follows:

{a} Commissions for loan intermediaries not due and deferred income amounted respectively BGN 6 146 thousand and BGN 5 222 thousand as of December 31, 2013 and 2012 have been reclassified from other liabilities to a reduction of loans to customers.

{b} The balance of unamortized fees amounting to BGN 621 thousand and BGN 817 thousand as of December 31, 2013 and 2012 on received loans have been reclassified from other receivables to a reduction of other loans received.

{c} Other changes in disclosure in small amounts.

{d} Additional provision on one type of loans, excluded from the impairment of loans analysis in previous years, was recognized at the amount of BGN 98 thousand and BGN 22 thousand as of December 31, 2013 and 2012.

The comparative information in this financial statement has been restated to achieve comparability of the reported information.

The effect of the restated comparative information is as following:

	<u>2013 before restatement</u>	<u>Effect from restatement</u>	<u>2013 restated</u>
Assets			
Cash and cash equivalents	389	(53) {c}	336
Loans to customers	50 255	(6 244) {a}, {d}	44 011
Other receivables	1 109	(595) {b}, {c}	514
Total assets	52 580	(6 892)	45 688
Liabilities and equity			
Liabilities			
Other loans received	35 608	(609) {b}	34 999
Other liabilities	7 914	(6 185) {a}, {b}, {c}	1 729
Total liabilities	37 234	(6 794)	37 234
Equity			
Retained earnings	4 502	(98) {d}	4 404
Total equity	8 552	(98)	8 454
Total liabilities and equity	52 580	(6 872)	45 688
Statement of comprehensive income			
Interests expenses	(5 767)	(508) {b}	(6 275)
Impairment losses	(7 176)	(76) {d}	(7 252)
Other operating expenses, net	(734)	508 {b}	(226)
Net profit/ (loss) for the period	4 055	(76)	3 979

	<u>2012 before restatement</u>	<u>Effect from restatement</u>	<u>2012 restated</u>
Assets			
Cash and cash equivalents	397	(45) {c}	352
Loans to customers	39 351	(5 244) {a}, {d}	34 107
Other receivables	999	(772) {b}, {c}	227
Total assets	40 993	(6 061)	34 932
Liabilities and equity			
Liabilities			
Other loans received	29 748	(791) {b}	28 957
Other liabilities	6 726	(5 248) {a}, {b}, {c}	1 478
Total liabilities	36 507	(6 039)	30 468
Equity			
Retained earnings	436	(22) {d}	414
Total equity	4 486	(98)	4 464
Total liabilities and equity	40 993	(6 892)	34 932

3) Going concern

These financial statements have been prepared on a going concern principle. As of the date of the preparation of the financial statements management has made an estimate of the ability of the Company to continue its activities as a going concern, taking into consideration the whole available information regarding the foreseeable future, which is at least, but not limited to twelve months from the statement of financial position.

4) Net interest income

	2014	2013
Interest income		
Interest on customer loans	25 432	25 685
Interest on bank accounts	3	1
	25 435	25 686
Interest expenses		
Loans	(7 323)	(6 266)
Financial leasing	(20)	(9)
	(7 343)	(6 275)
Net interest income	18 092	19 411

5) Impairment losses

	2014	2013
Impairment losses as of January 1 st	24 765	17 513
Net increase of the impairment losses	7 566	7 252
Total impairment losses for credit risk as of December 31	32 331	24 765

6) Net cost from fees and commissions

	2014	2013
Bank fees	(32)	(28)
Guarantee expenses for received loans	(421)	(409)
Court expenses, arbitrary charges and bailiff fees	(942)	(705)
Commissions costs on collection of receivables	(688)	(630)
Commissions costs on sales of loans not included in effective interest rate calculation	(937)	(944)
Income from write off payables for sales commissions	1 047	662
Net fees and commissions cost	(1 973)	(2 054)

Expenses for guarantees represent the amount of remuneration due to related parties for guarantees granted on bank and other loans of the Company.

Expenses for commissions on sales of loans represent that part of the commissions (including social and health insurance) of the loan intermediaries for contracting loans, that are not

included in the calculation of the effective interest rate on the loans, such as social and health insurance, which are on account of the Company, as well as the additional bonuses paid to sales intermediaries. The standard commissions of the loan intermediaries are included in the calculation of the effective interest rate for each loan and the interest income from loans is reduced by the amount of the commission.

Expenses for commissions on collection of receivables comprise the gross amount of commissions accrued (incl. social security and health insurance) to external collectors' payable upon collection of overdue loans.

Income from commissions for granted loans consists of written off liabilities for commissions of loan intermediaries, which were initially included in effective interest rate calculation. Liabilities to loan intermediaries are written off when: the loan agreement is legally terminated; early repayment of the loan by customer; the sales agent does not meet the criteria for getting of that part of sales commission which is linked to collected instalments; the instalment has been collected by external collection agent; others.

7) General and administrative expenses

a) Structure of general and administrative expenses:

	2014	2013
<i>Staff costs</i>		
Employee benefits	2 924	3 139
Social security and health insurance costs	428	405
Other staff costs and remuneration of the managing directors	263	290
Total	3 615	3 834
<i>Other administrative costs</i>		
Advertising and marketing	814	787
Rent	536	451
Other administrative costs	375	299
Travel allowance	285	344
Telecommunications and mail services	242	240
Office consumables and cleaning	234	190
Energy	180	181
Consulting services	134	119

Verification of data	106	104
Office equipment and furniture	53	90
Security	40	36
Total	2 999	2 841
<i>Depreciation/amortization of assets</i>		
Depreciation of property, plant and equipment (note 15)	164	98
Amortization of intangible assets (note 16)	11	13
Total	175	111
Total general and administrative costs	6 789	6 786

In 2014 the Company recognised expenses related to the audit of the annual statutory financial statements at the amount of BGN 63 thousand (2013: BGN 68 thousand).

b) Remuneration and salaries paid to the managing directors of the Company:

	2014	2013
Short-term income (including social security)	181	525
Total	181	525

The income paid to the managing directors is included in item (a) above as other staff costs and remuneration of the managing directors, amounting to BGN 51 thousand (2013: BGN 206 thousand) and as employee benefits, amounting to BGN 130 thousand (2013: BGN 319 thousand) (note 25).

c) Average number of employees:

	2014	2013
Managing directors	4	4
Employees	136	126
Total	140	130

The number of employees as of December 31, 2014 is 145 (2013: 132).

8) Net additional services income

	2014	2013
Additional services income	2 360	1 495
Additional services costs	(652)	(609)
Net additional services income	1 708	886

Additional services income includes the following services provided to the Company loan customers:

- An opportunity for the customer to receive high-priority consideration and decision of the loan request
- An option for the customer to postpone up to four loan installments
- An option for the customer to reduce the size of loan installments
- An opportunity for the customer to receive additional loan amount after simplified application procedure

These services are offered as a package of additional services to the loans and they are not mandatory from perspective of the loan agreement conclusion. Additional services in package provide the customers opportunity for instalments reducing or/and postponement, in case a specific circumstance occurs – a job redundancy, unpaid leave, income reducing, etc. On the other hand abovementioned option provides the opportunity customer to receive high-priority consideration and decision of the loan application and additional loan amount after simplified application procedure.

Additional services cost is the price of the services used by the customers during the reported period. The increase of additional services income and expenses resulted mainly from the expansion of range of provided options for instalments postponement (introducing a free postponement on a larger number of monthly installments, a free reducing the amount of the installment and/ or changing of installment date) and recognition under equal other conditions higher revenues and expenditures for that reason.

9) Other operating income/(expenses), net

	2014	2013
Services rendered by related parties	(1 363)	(442)
Services rendered to related parties	--	192
Tax expenses and tax charges (road tax, garbage fee, etc.)	(32)	(30)
FX gains, net	(1)	14
Other income	73	40
Total	(1 323)	(226)

Services from related parties are mainly for provided consulting services from the management of PROFIREAL GROUP and paid license fees for usage of “PROFI CREDIT” trade mark.

10) Income tax

a) Tax expenses

	2014	2013
Current tax expenses	-	-
Deferred tax assets changes	341	-
Income/(expense) tax for the year	341	-

Current income tax for 2014 and 2013 is not charged as a result of the deduction of tax loss from previous years.

Reconciliation of income / (expense) tax to tax at the applicable tax rate is as follows:

	2014	2013
Income before taxation	2 149	3 979
Income tax at tax rate of 10%	(215)	(398)
Tax deductible expenses	(11)	(30)
Deduction of tax loss from previous years	224	438
Recognition of a deferred tax asset for tax loss deduction	341	-
Other effects	2	10
Income/(expense) tax for the year	341	-

b) Deferred taxes

	2014		2013	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Deferred taxes at the beginning of the year	--	5	--	5
Changes in the deferred taxes	341	--	--	--
Deferred taxes at the end of the year	341	5	--	5

In compliance with the accounting policy described in 2 (i), the tax rate used for calculating the deferred tax assets is 10%.

Deferred tax assets and liabilities arise in relation to the following positions:

	2014		2013 restated	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Accelerated tax amortization	--	5	--	5
Deferred tax assets	341	--	--	--
Deferred taxes at the end of the year	341	5	--	5

In compliance with the requirements of IAS 12 “Income taxes”, the deferred tax assets and liabilities are measured according to the tax rates, which are enacted in the period when the asset will be realized or the liability will be settled, i.e. the tax rate used to calculate the deferred taxes is the tax rate that will be applicable in 2014, which is 10% (2013: 10%).

In 2014 the Company has recognized deferred tax assets on accumulated and unutilized tax loss carryforward at the amount of BGN 3 407 thousand, formed on the base of the expected profits for the financial years of 2015 and 2016. Planned expected taxable profits are generated following the assurance that the Company gain profits over the past three consecutive years.

Tax losses at the disposal for deduction, recognized and unrecognized tax assets on them as of 31 December 2014 are as follows:

Tax losses arising in	Tax loss	Unrecognized deferred tax assets	Recognized deferred tax assets	Expired in
2010	5 933	423	170	2015
2011	3 259	155	171	2016
2012				
2013				
2014				
TOTAL	9 192	578	341	

Tax losses at the disposal for deduction, recognized and unrecognized tax assets on them as of 31 December 2013 are as follows:

Tax losses arising in	Tax loss	Unrecognized deferred tax assets	Recognized deferred tax assets	Expired in
2009	3 796	380	--	2014
2010	5 933	593	--	2015
2011	3 259	326	--	2016
TOTAL	12 988	1 299	--	

11) Cash and cash equivalents

	2014	2013
Cash at bank accounts	280	336
Cash on hand	1	--
Total	281	336

12) Loans to customers*a) Total receivables on granted loans to customers, net*

	2014	2013
Receivables on loans to customers, stated at amortized cost	77 014	63 616
Other receivables from customers stated at amortized cost	5 520	5 160
Gross receivables on loans to customers	82 534	68 776
Allowances for impairment loss on loans to customers stated at amortized cost	(31 417)	(24 321)
Allowances for impairment loss on other receivables from customers stated at amortized cost	(914)	(444)
Total receivables on loans to customers, net	50 203	44 011

The carrying amount of receivables on loans to customers, used as a collateral on the received loans as of December 31, 2014 amounts to BGN 50,203 thousand (2013: BGN 40,011 thousand).

The average effective interest rate (including costs for commissions of loan intermediaries due upon signing the loan contract) on loans is as follows:

	2014	2013
Loans to customers	49.51%	58.06%

The average effective interest rate on loans decrease mainly due to recognitions under equal conditions of higher part of the contractual remuneration as an additional services income, which income is a result from the expansion of range of provided services for instalments postponement and reducing.

b) Maturity structure of receivables on loans to customers allocated according to the installments due under the payment schedule

Receivables of the Company as of December 31, 2014 include the following categories:

	Gross amount of the portfolio	Collateral	Net amount of the portfolio	Impairment losses	Carrying amount	Impairment losses (%)
Receivable /instalments/ on regular loans	41 171	--	41 171	836	40 335	2.03%
Overdue receivables /instalments/ on loans	35 843	--	35 843	30 581	5 262	85.32%
Other overdue receivables on loans	5 520	--	5 520	914	4 606	16.57%
Total	82 534		82 534	32 331	50 203	39.17%

Receivables of the Company as of December 31, 2013 include the following categories:

	Gross amount of the portfolio	Collateral	Net amount of the portfolio	Impairment losses	Carrying amount restated	Impairment losses (%)
Receivable /instalments/ on regular loans	36 553	--	36 553	694	35 859	1.90%
Overdue receivables /instalments/ on loans	27 063	--	27 063	23 627	3 436	87.30%
Other overdue receivables on loans	5 160	--	5 160	444	4 716	8.60%
Total	68 776		68 776	24 765	44 011	36.01%

c) Allocation of receivables on loans classified by total amount of loan to a customer

The receivables as of December 31, 2014 include the following categories:

	Gross amount of the portfolio	Impairment losses	Carrying amount	(%)
Non-overdue loans to customers	17 985	349	17 636	35.13%
Loans to customers with delay between 1 and 60 days	11 878	616	11 262	22.43%
Loans to customers with delay over 60 days	47 151	30 452	16 699	33.26%
Receivables to customers related to penalties and other court receivables with delay over 60 days	5 520	914	4 606	9.17%

Total receivables on loans to customers	82 534	32 331	50 203	100.00%
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The receivables as of December 31, 2013 include the following categories:

	Gross amount of the portfolio	Impairment losses	Carrying amount	(%)
Non-overdue loans to customers	17 856	303	17 553	39.88%
Loans to customers with delay between 1 and 60 days	11 110	490	10 620	24.13%
Loans to customers with delay over 60 days	34 650	23 528	11 122	25.27%
Receivables to customers related to penalties and other court receivables with delay over 60 days	5 160	444	4 716	10.72%
Total receivables on loans to customers	68 776	24 765	44 011	100.00%

d) Granted loans by types of customers, net

	2014	2013
Individuals	50 165	43 999
Business loans	38	12
Total	50 203	44 011

e) Geographical concentration of loans to customers

The Company grants loans only to customers with a permanent address registration in Bulgaria.

f) Age structure of loans to customers (excluding receivables from penalties to customers and other court receivables) stated at amortized cost and allocated by maturity of down payments, gross amount before impairment

	Without delay	Past due from 1 to 90 days	Past due from 91 to 180 days	Past due from 181 to 360 days	Past due more than 360 days
Loans as of 31.12.2014	41 170	3 307	2 470	4 395	25 672
Loans as of 31.12.2013	36 554	2 849	2 094	3 648	18 471

The Company performs an ageing analysis and classification of receivables from customers based on a monitoring of the individual repayment instalments. The table above does not include receivables from customers related to penalties, late interest, other court receivables, etc.

13) Other receivables

	2014	2013
Deposits on contracts for leased offices	65	58
Prepaid advances to suppliers and employees	149	315
Deferred financial expenses	81	53
Other receivables	109	88
Total	404	514

14) Inventories

As of the date of the statement of financial position the Company has marketing and advertising materials at stock amounting to BGN 16 thousand (2013: BGN 24 thousand). The Company has not recognized costs for the impairment of the inventories.

15) Property, plant and equipment

	Cars	Computers	Office equipment	Other tangible assets	Cost of acquisitio n	Total
Cost						
Balance as at 1/1/2013	361	347	139	75	107	1 029
Additions	447	204	1	19	11	682
Disposals						
Balance as at 31/12/2013	808	551	140	94	118	1 711
Accumulated depreciation						
Balance as at 1/1/2013	(341)	(307)	(122)	(56)	--	(826)
Depreciation for the year	(38)	(35)	(15)	(10)	--	(98)
Balance as at 31/12/2013	(379)	(342)	(137)	(66)	--	(924)
Net book value as at 1/1/2013	20	40	17	19	107	203
Net book value as at 31/12/2013	429	209	3	28	118	787
Cost						
Balance as at 1/1/2014	808	551	140	94	118	1 711
Additions	--	53	1	21	--	75
Disposals	(144)	--	--	(1)	--	(145)
Balance as at 31/12/2014	664	604	141	114	118	1 641

Accumulated depreciation

Balance as at 1/1/2014	(379)	(342)	(137)	(66)	--	(924)
Depreciation for the year	(99)	(53)	(2)	(10)	--	(164)
Of the disposals	144	--	--	1	--	145
Balance as at 31/12/2014	(334)	(395)	(139)	(75)	--	(943)
Net book value as at 1/1/2014	429	209	3	28	118	787
Net book value as at 31/12/2014	330	209	2	39	118	698

The Company has not recognized costs for impairment of property, plant and equipment.

16) Intangible assets

	Software	Others	Total
Cost			
Balance as at 1/1/2013	120	29	149
Additions	5	--	5
Disposals	--	--	--
Balance as at 31/12/2013	125	29	154
Accumulated amortization			
Balance as at 1/1/2013	(106)	(19)	(125)
Amortization for the year	(8)	(5)	(13)
Of the disposals	--	--	--
Balance as at 31/12/2013	(114)	(24)	(138)
Net book value as at 1/1/2013	14	10	24
Net book value as at 31/12/2013	11	5	16
Cost			
Balance as at 1/1/2014	125	29	154
Additions	11	--	11
Disposals	--	--	--
Balance as at 31/12/2014	136	29	165
Accumulated amortization			
Balance as at 1/1/2014	(114)	(24)	(138)
Amortization for the year	(8)	(3)	(11)
Of the disposals	--	--	--
Balance as at 31/12/2014	(122)	(27)	(149)

Net book value as at 1/1/2014	11	5	16
Net book value as at 31/12/2014	14	2	16

The Company has not recognized costs for impairment of intangible assets.

17) Liabilities on financial lease

LIABILITIES ON FINANCE LEASE	Minimum lease instalment		Current value of minimum lease instalments	
	2014	2013 restated	2014	2013 restated
Up to 1 year	133	127	118	107
Between 1 and 5 years	301	392	285	363
Total	434	519	403	470
Deferred finance expenses	31	49	--	--
Current value of the liabilities of financial lease	403	470	403	470
Due up to 1 year	118	107	118	107
Due over 1 year	285	363	285	363

18) Other loans received

In 2014 and 2013 the Company has received the following non-bank loans:

As of 31.12.2014	Currency	Balance in thousand currency units	Balance in BGN thousand	Interest rate	Amount payable up to 1 year in BGN thousand	Amount payable up to 5 years in BGN thousand	Collateral
							Pledge on receivables from customers, pledge on company shares and promissory note.
Creditor 1	EUR	21 523	42 096	17.5%	1 140	40 956	Guarantee issued by Profireal Group.
Total			42 096		1 140	40 956	

As of 31.12.2013	Currency	Balance in thousand currency units	Balance in BGN thousand	Interest rate	Amount payable up to 1 year in BGN thousand	Amount payable up to 5 years in BGN thousand	Collateral
							Pledge on receivables from customers, pledge on company shares and promissory note.
Creditor 1	EUR	17 895	34 999	17.5%	228	34 771	Guarantee issued by Profireal Group.
Total			34 999		228	34 771	

19) Other liabilities

	2014	2013
Suppliers	560	476
Staff	539	470
Current liabilities for cash commissions of hired staff (loan experts, collectors, team managers)	272	217
Other	152	119
Social and health insurance	132	111
Tax liabilities	88	50
Guarantee liabilities	38	286
Total	1 781	1 729

20) Provisions

	Provision for additional services claims	Other provisions	Total
Balance as of January 1, 2013	28	--	28
Accrued provision	609	--	609
Utilized provision	(606)	--	(606)
Balance as of December 31, 2013	31	--	31
Balance as of January 1, 2014	31	--	31
Accrued provision	652	--	652
Utilized provision	(650)	--	(650)
Balance as of December 31, 2014	33	--	33

The Company accrues provisions in case of claim from client on loans with free postponement of instalment option

21) Share capital

The share capital as of December 31, 2014 is at the amount of BGN 4 250 thousand (2013: BGN 3 250 thousand) and is allocated as follows:

	As of		As of	
	31.12.2014	%	31.12.2013	%
Profireal Group S.E., the Netherlands	4 250	100%	3 250	100%
	4 250	100%	3 250	100%

In 2014 the share capital of PROFI CREDIT was increased by BGN 1,000,000 as 400 new Company's shares with a nominal value at the amount of BGN 2,500.00 each were issued. All Company's shares were acquired by PROFIREAL GROUP S.E.

22) Equity

As of December 31, 2014 the Company reports positive equity at the amount of BGN 7 641 thousand (2013: BGN 8 454 thousand).

23) Financial instruments and risk management

23.1. Categories of financial instruments

	2014	2013
Financial assets		
Cash and cash equivalents	281	336
Loans to customers	50 203	44 011
Other receivables	81	53
Total financial assets	50 565	44 400

	2014	2013
Financial liabilities		
Liabilities on finance lease	403	470
Other loans received	42 096	34 999
Other liabilities	870	979
Total financial liabilities	43 369	36 448

The carrying amount of financial assets in the financial statements, net of impairment, represents the maximum exposure of the Company to credit risk.

23.2. Risk management

The Company's business is exposed to various financial risks. Taking financial and operating risks inevitably accompanies Company's financial activity.

The Company has adopted and implemented procedures for risk management and control for the purpose of estimation, management and control of the extent of risk, to which it is exposed. The risk management and control rules and procedures are approved by the managing directors.

The risk policy and risk management and control rules set the criteria and limits for various types of risks such as strategic risk, credit risk, liquidity risk, interest rate risk, currency risk, investment risk and counterparty credit risk. The risk policy's main goal is to set clearly defined parameters for Company's operations so that the maximum potential negative effect of the risks over the Company's financial results could be mitigated. Adherence to risk management rules and procedures is followed regularly, depending on the level of risk and its potential impact on the Company's activities. Any deviation from the adopted internal standards is reported to Company's management and the respective measures are taken. In addition, the Company evaluates annually the adequacy of the adopted risk management policies, based on an analysis of economic trends and the environment, in which Small and Medium-sized Enterprises in Bulgaria operate as well as an analysis of certain business sectors such as the construction and tourist ones.

a) Credit risk

Credit risk is related to the possibility that part of the counterparties may fail to pay their liabilities under financial instruments, which may cause financial loss to the Company.

Credit risk is the main risk for the Company's activity. Therefore the Company carefully follows and manages its credit risk exposure. Rules of Company's credit activities and lending procedures are developed by the Finance Department, Risk management unit and approved by the managing directors.

Credit risk relates mainly to customer loans. The amount of receivables from customers are presented in the statement of financial position net, less impairment loss, which is calculated based on past experience of the Group and the Company, as well as under the influence of current economic conditions, affecting customers' solvency.

Collection of receivables

The Company has developed its own network of employees (collection coordinators), as well as hired staff (loan experts and collectors) for collection of its receivables.

Securitization

Credit risk is diversified among significant numbers of clients all over the country. Part of the loan contracts are guaranteed by third parties - guarantors.

b) Liquidity risk

Liquidity risk is the risk of shortage of cash for coverage of due liabilities or for repayment of customer loans, which could arise from disparities in the Company's cash flows.

The table below represents analysis of the non-discounted financial liabilities classified by maturity structure according to residual term of maturity.

Financial liabilities as of 31.12.2014	At disposal up to 7 days	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Liabilities on finance lease	--	31	87	285	--
Other loans received	--	2 694	5 228	78 053	--
Other liabilities	--	870	--	--	--
Total	--	3 595	5 315	78 338	--

Financial liabilities as of 31.12.2013 restated	At disposal up to 7 days	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years
Liabilities on finance lease	--	24	83	363	--
Other loans received	--	1 468	4 456	40 995	--
Other liabilities	--	979	--	--	--
Total	--	2 471	4 539	41 358	--

c) Currency risk

Currency risk arises with respect to changes in the value of the financial instruments, due to significant changes on the foreign exchange markets. The difference in the levels of financial instruments, and assets and liabilities, denominated in foreign currency, respectively, shows the extent to which an instrument is exposed to currency risk. Information of the Company's exposure by currencies as of the end of 2014 and 2013 is presented in the table below:

Currency risk as of 31.12.2013	BGN	EUR	CZK	Total BGN
Assets				
Cash and cash equivalents	270	10	1	281
Customer loans	50 203	--	--	50 203
Other receivables	81	--	--	81
Total assets as of 31.12.2014	50 554	10	1	50 484
Liabilities				
Liabilities on finance lease	--	403	--	403
Other loans received	806	42	22	870
Other liabilities	806	42 541	22	43 396
Total liabilities as of 31.12.2014	49 748	(42 531)	(21)	7 196

Currency risk as of 31.12.2013	BGN	EUR	CZK	Total BGN
Assets				
Cash and cash equivalents	330	6	--	336
Customer loans	44 011	--	--	44 011
Other receivables	53	--	-	53
Total assets as of 31.12.2013	44 394	6	0	44 400
Liabilities				
Liabilities on finance lease	--	470	--	470
Other loans received	--	34 999	--	34 999

Other liabilities	583	299	97	979
Total liabilities as of 31.12.2013	583	35 768	97	36 448

The Company operates in EUR, CZK and BGN. Customer loans are extended only in BGN.

The exchange rate EUR/BGN is fixed in compliance with an agreement between Republic of Bulgaria and the International Monetary Fund, as well as in compliance with Bulgarian National Bank Act.

Interest rate risk is associated with the potential adverse effect on Company's net income and value of equity due to fluctuations in the interest rates. Extended and received loans bear fixed interest rate. In this respect, management considers the activity of PROFIT CREDIT Bulgaria not to be highly sensitive to fluctuations of the interest rates on the world financial markets.

The following table summarizes the effective interest rate for financial assets and the nominal interest rate for financial liabilities as of the end of the respective calendar year:

	2014	2013
Assets		
Customer loans	49.51%	58.06%
Liabilities		
Other received loans	17.50%	17.50%
Liabilities on finance lease	5.99%	5.4%

The average effective interest rate on loans decrease mainly due to recognitions under equal other conditions of higher part of the contractual remuneration as an additional services income, which income is a result from the growth of the range of provided services.

d) Price risk

The Company operates in a highly developed and competitive market for financial services, and therefore is influenced by price risk. Parts of the Company's competitors are banking and financial institutions with access to cheap financial resources which gives them an advantage in the pricing of competitive products.

23.3. Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The debt ratio as of December 31, 2014 and 2013 is as follows:

	2014	2013
Liabilities on finance lease	403	470
Other loans received	42 096	34 999
Decreased with: Cash and cash equivalents	(281)	(336)
Net liabilities	42 218	35 133
Equity	7 641	8 454
Total capital	49 859	43 587
Debt ratio	85%	81%

The Company has legal obligation as of December 31, 2014 and 2013 for minimum registered capital of BGN 1,000 thousand and BGN 250 thousand respectively paid in cash with own funds. The requirement is met.

23.4. Fair value

The Company has no financial assets or liabilities measured at fair value in the statement of financial position. IFRS 7 requires disclosure of fair value of all financial assets and liabilities, except when the carrying amount is a reasonable approximation of fair value.

The Company uses the following hierarchy to determine and disclose the fair value:

- **Level 1:** Published (unadjusted) prices on active markets for identical assets or liabilities to which the entity can access on the valuation day;
- **Level 2:** Hypotheses other than those included in Level 1 quoted prices for the asset or liability that are monitored directly or indirectly;
- **Level 3:** Unobservable hypotheses for the asset or liability;

Management considers that the fair value of financial assets and liabilities approximates their carrying amount due to their short term, recognition of credit risk in impairment allowance and the market basis for interest rate on interest-bearing instruments. The Company has no financial instruments whose fair value is assessed based on Level 1 or Level 2 information.

24) Events after the reporting date

They are no adjusting events occurred after the date of preparation of the statement of financial position.

25) Related party transactions**a) Other receivables and other payables.**

The following balances between related parties are included in other receivables and other payables:

	Receivables		Payables	
	2014	2013	2014	2013
Profi Credit Czech a.s.	--	--	157	179
Profireal Group	--	--	63	284
Other related parties	--	242	--	--
Total	--	242	220	463

The payable to Profireal Group as of December 31, 2014 to the amount of BGN 38 thousand (2013: BGN 283 thousand) represents a payable for established guarantee on utilized loan and payables for received consulting services amounting to BGN 25 thousand (2013: BGN 1 thousand).

The payable to Profi Credit Czech, a.s. as of December 31, 2014 includes: payables for received consulting services amounting to BGN 93 thousand (2013: BGN 122 thousand) and payable for use of trade mark amounting to BGN 64 thousand (2013: BGN 57 thousand).

b) Sales and purchases

	Sales for the period		Purchases for the period	
	2014	2013	2014	2013
Profi Credit a.s. the Czech Republic	--	--	1 124	344
Profireal Group	--	--	23	1
Other related parties	--	192	--	--
Total	--	192	1 147	345

c) Interests and loan guarantees

	Interest expense		Interest income	
	2014	2013	2014	2013
Profireal Group	421	409	--	--
Total	421	409	--	--

Profireal Group SE is a guarantor under the loan agreement of the Company as disclosed in note. 18.

d) Accrued remuneration and salaries to management

	2014	2013
Number of members	4	4
Remuneration accrued	175	511
Other (social security, health insurance, etc.)	6	14
Total	181	525

7. CONTACTS

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