

DUKASCOPY EUROPE IBS AS

(REGISTRATION NUMBER 40003344762)

**ANNUAL REPORT FOR YEAR ENDED
31 DECEMBER 2014**

Riga, 31 March 2015

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Information on the Company

Name of the Company	Dukascopy Europe IBS AS
Legal status	Joint Stock Company
Number, place and date of registration	40003344762, Riga, Latvia, 30 May 1997
Legal address	Lāčplēša iela 20 A - 1, Riga, Latvia, LV-1011
Shareholders	DUKASCOPY BANK SA (100%)
Board	Aleksis Gulbis – Chairman of the Board Andrejs Bagautdinovs – Board Member Igors Proņins – Board Member
Council	Andrey Duka - Chairperson of the Council Veronika Duka (former Makarova) (Deputy Chairperson of the Council) Alain Daniel Broyon – Member of the Council (until August 27, 2014) Vagrāms Sajadovs (from August 27, 2014)
Reporting period	1 January 2014 – 31 December 2014
Auditors	SIA KPMG Baltics Vesetas iela 7, Riga Latvia, LV -1013 License No 55

Report of the Council and Board

Dukascopy Europe IBS AS (the Company) is a licensed investment broker and a participant of the financial market.

On 27 August 2014, the changes in the Council was recorded in the Latvian Company Register.

During 2014 the Company continued providing investment services and investment by-services to the existing customers and attracted new customers by offering them an opportunity to make transactions with financial instruments using SWFX Swiss Forex Marketplace, a technological solution of Dukascopy Bank SA (parent company).

Reputation and up-to-date technologies of the parent company represent the key advantages of the Company compared to other market players.

The Company's staff are high class specialists with long-term experience in financial markets and a potential that can be used efficiently to achieve the objectives that the customers set for their investments. As in the previous years, the Company acted in compliance and coordination with all the requirements set by the Financial and Capital Market Commission (FCMC) and legislation.

The financial result of 2014 for the Company is a profit of EUR 235 169, and of 2013 profit of EUR 512 232 (LVL 359 999). Assets as at 31 December 2014 amount to EUR 1 729 853. During the reporting period assets of the Company increased by 23%. As a result of the successful operations of the Company cash balances with credit institutions increased.

In 2014 the Company performed active operations in the context of the new business model that was commenced in 2011 and new clients were attracted in 2014, amounting to 4 876 in total as at 31 December 2014 (2013: 1 455).

In 2014 the Company has extended FCNC licence for new investment services and ancillary services provided in accordance with Financial Instruments Market Law of the Republic of Latvia.

In 2014 the Company continued improving and providing high quality investment services to the clients and during the reporting year the indices of the Company were positive: the number of new attracted clients and their transactions increased.

In 2014, the Company strengthened significantly its market position by offering the unique technological solution of Dukascopy Bank SA – SWFX Swiss Forex Marketplace. Access to SWFX Swiss Forex Marketplace is provided to clients with the initial investment exceeding USD 100.

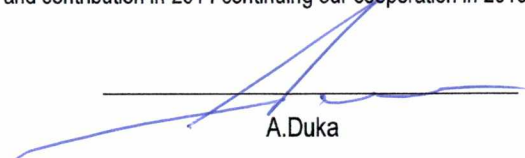
The Company commenced offering mobile phone message services to their clients using the White Label concept informing the clients about the performed and current transactions in the account.

Due to implementing quality improvements of selected products and services, the financial result of the Company in the first two months of 2015 was a profit.

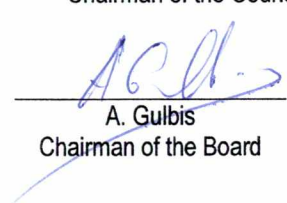
The management continues combining reasonable decision-making with a strict approach to risk management.

In 2015, the Company will continue improving the quality of services and introduce new IT solutions. In 2015 it is planned to extend the range of services and investment products to provide our customers with more extensive investment opportunities.

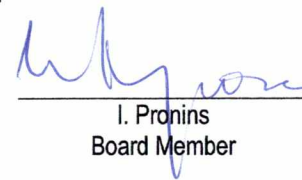
We are truly content and grateful to our customers and partners for their trust in the Company, as well as to our team for their work and contribution in 2014 continuing our cooperation in 2015.



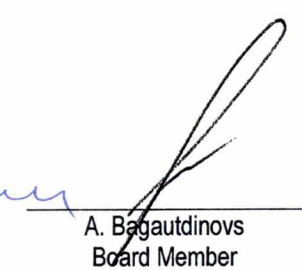
A. Duka
Chairman of the Council



A. Gulbis
Chairman of the Board



I. Pronins
Board Member



A. Bagautdinovs
Board Member

Riga, 31 March 2015

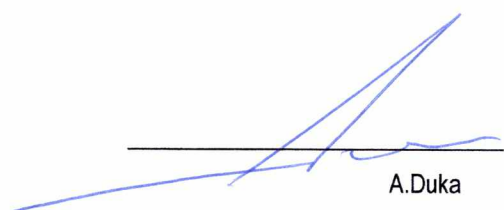
The financial statements were approved by the shareholders' meeting on 31st March 2015.

Statement of management responsibility

The Board of DUKASCOPY EUROPE IBS (the Company) is responsible for the preparation of the financial statements in accordance with applicable acts of legislation, regulations issued by the FCMC and the International Financial Reporting Standards as adopted by the EU, that give a true and fair view of the Company's financial position at the year end, and the results of its operations and cash flows for the year then ended.

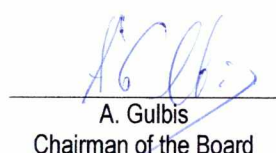
The Board confirms that the accounting methods used in the preparation of the 2014 financial statements set out on pages 7 to 23 have been consistently applied in accordance with the International Financial Reporting Standards as adopted by the EU, and the management has applied reasonable and prudent judgements and estimates. Management confirms that these financial statements have been prepared on a going concern basis, which the Management believes is the appropriate basis for preparation of these financial statements.

Management is responsible for maintaining proper accounting records, safeguarding the Company's assets and prevention and detection of fraud and other illegal activities.

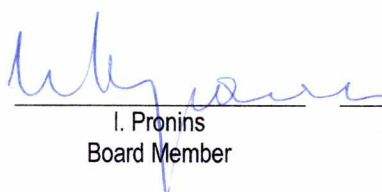


A. Duka

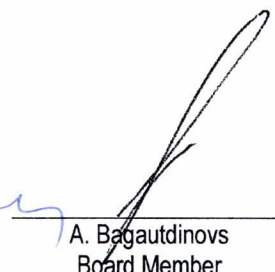
Chairman of the Council



A. Gulbis
Chairman of the Board



I. Pronins
Board Member



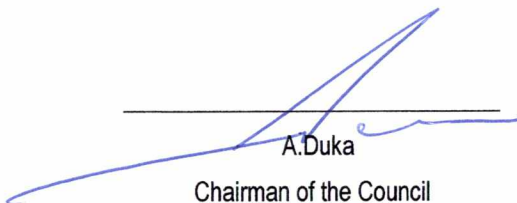
A. Bagautdinovs
Board Member

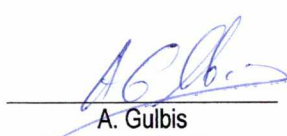
Riga, 31 March 2015

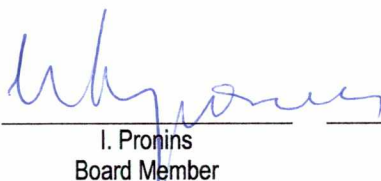
Statement of Comprehensive Income

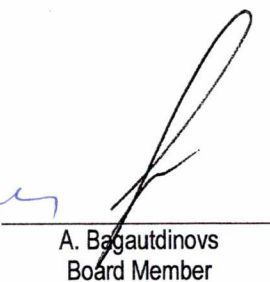
	Note	2014 EUR	2013 EUR
Commission and fee income	3	977 532	714 455
Commission and fee expense	4	(192 537)	(153 166)
Net commission income		784 995	561 289
Loss from trading and revaluation of foreign exchange	5	(1 610)	(1 424)
Net operating income		783 385	559 865
Other operating income	6	158 497	287 477
Administrative expenses	7	(705 963)	(334 562)
Other expenses		(128)	(548)
Deprecation		(622)	-
Profit or Loss before corporate income tax		235 169	512 232
Corporate income tax	15	-	-
Profit or Loss for the year		235 169	512 232
Other comprehensive income for the reporting period		-	-
Total comprehensive income for the reporting period		235 169	512 232

The accompanying notes on pages 11 to 23 form an integral part of these financial statements.


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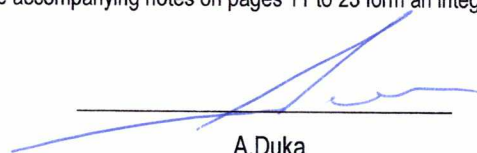

A. Bagautdinovs
Board Member


Riga, 31 March 2015


Statement of Financial Position


	Note	31.12.2014 EUR	31.12.2013 EUR
ASSETS			
Cash and cash equivalents	8	1 619 748	1 397 603
Fixed assets	9	2 683	-
Other assets	10	107 422	3 388
Total assets		1 729 853	1 400 991
LIABILITIES AND SHAREHOLDERS' EQUITY			
Taxes and social contributions	11	31 514	-
Accounts payable to suppliers and contractors	12	45 711	28 334
Other liabilities and accruals	13	55 981	11 179
Total liabilities		133 206	39 513
Paid-up share capital	14	2 276 595	2 276 595
Accumulated losses		(915 117)	(1 427 349)
Profit or Loss for the year		235 169	512 232
Total shareholders' equity		1 596 647	1 361 478
Total liabilities and shareholders' equity		1 729 853	1 400 991
Financial instruments and cash under management	19	2 835 404	2 242 531

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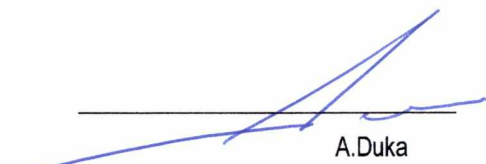

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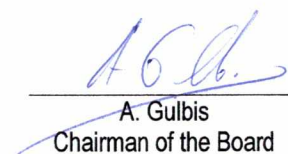
Riga, 31 March 2015

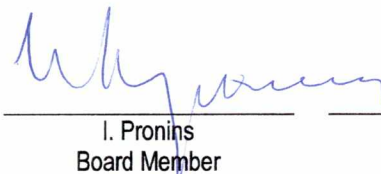
Statement of Cash Flows

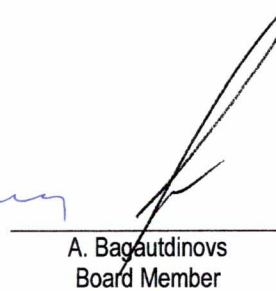
	2014 EUR	2013 EUR
Cash flows from operating activities		
Profit or Loss before corporate income tax	235 169	512 232
Adjustments for:		
depreciation	622	-
prepaid expenses	(104 232)	(1 793)
(increase)/decrease in assets	198	(1 595)
increase/(decrease) in liabilities	93 693	(1 821)
Net cash flows from operating activities	225 450	507 023
Cash flow from investing activities		
Fixed assets and intangible assets	(3 305)	-
Net cash flows from investing activities	(3 305)	-
Net increase/(decrease) of cash and cash equivalents	222 145	507 023
Cash and cash equivalents at the beginning of the year	1 397 603	890 580
Cash and cash equivalents at the end of the year	8 1 619 748	1 397 603

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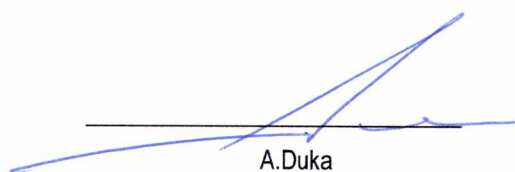

A. Bagautdinovs
Board Member

Riga, 31 March 2015

Statement of Changes to the Shareholders' Equity

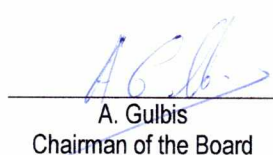
	Share capital	Accumulated losses	Total
	EUR	EUR	EUR
31 December 2012	2 276 595	(1 427 349)	849 246
Profit for the year	-	512 232	512 232
31 December 2013	2 276 595	(915 117)	1 361 478
Profit for the year	-	235 169	235 169
31 December 2014	2 276 595	(679 948)	1 596 647

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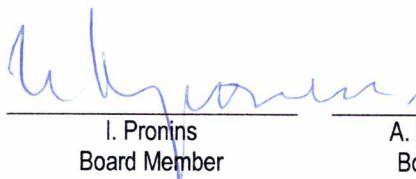
A. Duka

Chairman of the Council



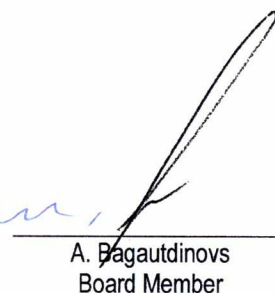
A. Gulbis

Chairman of the Board



I. Pronins

Board Member



A. Bagautdinovs

Board Member

Riga, 31 March 2015