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Independent auditor's report

To the holders of share documents of the open-ended investment fund INNOVO STATUS SHARES

We have audited the accompanying financial statements of the open-ended investment fund INNOVO STATUS SHARES ("the Fund"), which comprise statement of net assets as at 31 December 2007 and the statement of operations for the period 21 November 2007 – 31 December 2007, and the related statement of changes in net assets, report on value of share documents and report on number of share documents for the year then ended and a summary of significant accounting policies and other explanatory notes.

Managements' Responsibility for the financial statements

Management of the asset management company is responsible for preparation and fair presentation of these financial statements in accordance with Law on investment funds and International Financial Reporting Standards adopted and published in Republic of Macedonia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 of Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, we consider internal relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, financial statements give a true and fair view of the financial position of the open-ended investment fund INNOVO STATUS SHARES as at 31 December 2007, and of its financial performance, changes of net assets, report on value of share documents and report on number of share documents for the year then ended in accordance with International Financial Reporting Standards adopted in Republic of Macedonia.

14 February 2008
Skopje

Certified auditor
M. Peshic

ELIT DOOEL

D. Zografska
Manager
Certified auditor

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STATEMENT OF NET ASSETS OF INNOVO STATUS SHARES INVESTMENT FUND

As at 31 December 2007

Description	Note	
Cash	3.1	2,742,284
Investment receivables	3.2	350
Pre-paid expenses		-
Investments in securities and deposits		<u>2,742,634</u>
Financial assets held for trading		
Securities issued by domestic companies listed on the Macedonian Stock Exchange	3.3.1	4,371,283
Financial assets available for sale		
Securities issued by domestic companies listed on the Macedonian Stock Exchange		-
Financial assets held to maturity		
Short term debt securities held to maturity		-
Domestic long term debt securities held to maturity		-
Short term deposits	7	90,000
Long term deposits		-
Total assets		<u>7,203,917</u>
Investment liabilities		
Payables to Depository Bank	9	1,435
Payables to Central Securities Depository		820
Payables for brokerage fee		-
Payables to Fund management company	8	8,199
Payables to Fund management company for front-end load		73,130
Deferred cost		-
Total liabilities		<u>83,585</u>
NET ASSETS		7,120,332
Number of issued share documents	3.4	70,160.8459
Value of one share document	3.5	101.4858

The notes are an integral part of these financial statements

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STATEMENT OF OPERATIONS OF INNOVO STATUS SHARES INVESTMENT FUND

As at 31 December 2007

Description	Note	
Investment income		
Interest income	3.6	1,971
Dividend income		-
Realized capital gains		-
Net foreign exchange gain		-
Other income		-
Total investment income		1,971
Expenses		
Fees to the Fund management company	3.7	8,279
Fees for issuance of share documents	3.9	79,770
Interest expense		-
Realized capital losses		-
Fees to the Depository Bank	3.8	1,449
Fees to the Central Securities Depository		830
Other expenses		-
Total expenses		90,328
Net investment gain/(loss)		(88,358)
Unrealized investment gain/(loss)	3.11	115,365
Amortization of premium/discount on securities with fixed maturities		-
Increase/(decrease) in the fair value of financial assets		-
Total unrealized gains/(losses) from investments in securities		115,365
Total increase/(decrease) of net assets		27,008

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STATEMENT OF CHANGES IN NET ASSETS OF INNOVO STATUS SHARES INVESTMENT
FUND

As at 31 December 2007

Description		
Net investment gains/(losses)		(88,358)
Total unrealized gains from investment in securities		<u>115,365</u>
Net increase of net assets		<u>27,008</u>
Proceeds received from holders of share documents		<u>7,093,325</u>
Total increase of net assets from transactions with share documents		7,093,325
Total increase of net assets		7,120,332
Net assets at the beginning of the period		-
Net assets at the end of the period		7,120,332
NUMBER OF SHARE DOCUMENTS		
Number of paid share documents	70,160.8459	
Number of withdrew share documents		
NUMBER OF SHARE DOCUMENTS	70,160.8459	

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REPORT ON VALUE OF SHARE DOCUMENTS OF INNOVO STATUS SHARES INVESTMENT
FUND

As at 31 December 2007

Description		
Net assets at the beginning of the period	-	
Number of share documents at the beginning of the period	-	
Value of share document at the beginning of the period	-	
Net assets at the end of the period	7,120,332	
Number of share documents at the end of the period	70,160.8459	
Value of share document at the end of the period	101.4858	
Ratios and supplemental data		
Ratio of expenses to net assets	0.0127	
Ratio of net investment income to average net assets	-	
Rate of return	1.48%	

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REPORT ON NUMBER OF SHARE DOCUMENTS OF INNOVO STATUS SHARES INVESTMENT
FUND

As at 31 December 2007

Description		
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At the beginning of the period	-
Number of issued share documents during the period	-
Number of redeemed share documents	-

Total number of share documents at the end of the period	70,160.8459
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Value of share documents

Value of share document at the beginning of the period	100.0000
Value of share document at the end of the period	101.4858

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