SSIF SWISS CAPITAL S.A.

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

prepared in accordance with the Accounting Regulations
provided by Rule no. 39/2015 of the Financial Supervisory Authority ("FSA")
("Rule no. 39/2015"), approving the Accounting Regulations
in line with the International Financial Reporting
Standards (IFRS) and applicable to the entities authorised, regulated and supervised
by the Financial
Supervisory Authority, the Financial Instruments and Investments Sector

DANIELA AELENEI
AUT. NR. 4024/2002

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SWISS CAPITAL S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts in RON, unless otherwise specified)

	Note	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	202.493	391.925
Intangible assets	4	375.116	296.320
Investments in subsidiaries and associates	5	532.440	532.440
Financial assets at fair value through other comprehensive income	5	9.527.777	10.194.654
Deferred tax asset	17	-	1.057.494
Other non-current assets	6	785.590	782.788
TOTAL non-current assets		**11.423.417**	**13.255.621**
Current assets			
Trade receivables and other receivables	7	5.304.161	4.318.552
Financial assets at fair value through profit or loss	5	31.297.404	14.064.464
Client balances	9	10.131.889	11.855.976
Cash and cash equivalents	10	1.703.496	685.801
TOTAL current assets		**48.436.950**	**30.924.794**
Total assets		**59.860.367**	**44.180.415**
EQUITY AND LIABILITIES			
Equity			
Share capital	11	10.108.779	10.108.779
Legal reserves		1.869.768	1.869.768
Reserve from the revaluation of financial assets at fair value through other comprehensive income, net of tax	11	1.795.364	2.279.837
Retained earnings		21.255.043	9.071.039
Total equity		**35.028.954**	**23.329.423**
Current liabilities			
Short-term loans	13	2.857.838	4.256.487
Trade payables and other current liabilities	12	18.511.205	16.276.843
Deferred tax liability	18	341.168	-
Provisions	12	3.121.202	317.662
Total equity and liabilities		**59.860.367**	**44.180.415**

Financial statements signed off this day, 29 May 2019:

Magdalena Berbec	**Bogdan Juravle**	**Valeria Avram**
Chair of the Board of Directors	**General Manager**	**Chief Accountant**

EXPERT CONTABIL AUTORIZAT DE MINISTERUL FINANȚELOR
DANIELA MELENCIUC
AUT. NR. 4024/2002
ROMÂNIA * BUCUREȘTI

The Notes are an integral part of these separate financial statements.

SWISS CAPITAL S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts in RON, unless otherwise specified)

	Note	2018	2017
Fee and commission income	14	27.666.593	6.963.615
Net loss from financial instruments	15	(1.315.614)	2.694.673
Interest income		312.755	4.224
Other income		94.775	27.120
Raw materials and supplies		(253.058)	(226.790)
Employee benefits	16	(3.053.624)	(3.025.167)
Impairment and depreciation/amortisation		(432.569)	(272.998)
Other operating expenses	17	(14.230.412)	(5.229.005)
Operating profit/(loss)		**8.788.846**	**935.671**
Finance cost		(122.509)	(129.993)
Dividend income	19	5.399.758	808.581
Profit before tax		**14.066.095**	**1.614.260**
Income tax (expense/income)	18	(1.882.090)	(127.321)
Net profit in the year		**12.184.005**	**1.486.938**
Other comprehensive income:			
Net changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	5	(484.473)	2.829.461
Total comprehensive income in the year		**11.699.532**	**4.316.399**

Financial statements signed off this day, 29 May 2019:

Magdalena Berbec
Chair of the Board of Directors

Bogdan Juravle
General Manager

Valeria Avram
Chief Accountant

TRADUCĂTOR AUTORIZAT DE MINISTERUL JUSTIȚIEI
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ROMÂNIA

SWISS CAPITAL S.A.
SEPARATE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts in RON, unless otherwise specified)

	2018	2017
Operating cash flows		
Profit / (Loss) before tax	**14.066.095**	**1.614.259**
Adjustments for:		
Impairment and depreciation/amortisation	432.569	272.998
(Gain)/Loss from the disposal of financial assets at fair value through profit or loss	(38.160)	(148.267)
Net loss/(gain) from financial assets at fair value through profit or loss	1.353.774	(2.546.405)
Dividend income	(5.339.758)	(808.581)
Interest expense	122.509	129.993
Interest income	(312.755)	(4.224)
Other adjustments	(5.369)	109.841
Provisions for risks and charges (net)	2.857.685	(36.708)
Cash flows before changes in operating assets and liabilities	**13.076.589**	**(1.417.095)**
(Increase)/Decrease in trade receivables and other receivables	(1.328.619)	(1.483.843)
(Increase)/Decrease in client balances	1.724.087	(1.259)
Increase/(Decrease) in trade payables	2.194.633	1.082.369
Cash from operating activities	**15.666.691**	**(1.819.828)**
Investing cash flows		
Purchases of property, plant and equipment	(321.934)	(340.073)
Net position from the sale/(purchase) of shares	(18.513.264)	(351.564)
Interest collected	312.755	4.224
Dividend collected	5.399.758	808.581
Other investing activities	(2.802)	1.253.042
Net cash from investing activities	**13.125.487**	**(1.374.210)**
Financing cash flows		
Interest paid	(122.509)	(129.993)
Loans received / (reimbursed)	(1.401.001)	26.440
Net cash from financing activities	**(1.523.509)**	**103.553**
Net increase/(decrease) in cash and cash equivalents	1.017.695	(549.172)
Cash and cash equivalents at the beginning of the year	**685.801**	**1.234.972**
Cash and cash equivalents at the end of the year	**1.703.496**	**685.801**

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General Manager

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Chief Accountant

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SWISS CAPITAL S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017
(all amounts in RON, unless otherwise specified)

	Share capital	Legal reserve	Reserve from the revaluation of available-for-sale financial assets	Retained earnings	Total equity
Balance as of 1 January 2017	**10.108.779**	**1.869.768**	**(549.624)**	**7.584.101**	**19.013.024**
Comprehensive income in the year					
Net profit in the year	-	-	-	1.486.938	1.486.938
Other comprehensive income					
Net changes in available-for-sale financial assets, net of tax	-	-	2.829.461	-	2.829.461
Total other comprehensive income in the year	**-**	**-**	**2.829.461**	**-**	**2.829.461**
Total comprehensive income in the year	**-**	**-**	**2.829.461**	**1.486.938**	**4.316.399**
Dividends paid	-	-	-	-	-
Transfers to legal reserve	-	-	-	-	-
Balance as of 31 December 2017	**10.108.779**	**1.869.768**	**2.279.837**	**9.071.038**	**23.329.423**

Financial statements signed off this day, 29 May 2019:

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Bogdan Juravle
General Manager

Valeria Avram
Chief Accountant

TRADUCĂTOR AUTORIZAT DE MINISTERUL JUSTIȚIEI
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ROMANIA

The Notes are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts in RON, unless otherwise specified)

	Share capital	Legal reserve	Reserve from the revaluation of financial assets at fair value through other comprehensive income	Retained earnings	Total equity
Balance as of 1 January 2018	**10.108.779**	**1.869.768**	**2.279.837**	**9.071.038**	**23.329.423**
Comprehensive income in the year					
Net profit in the year	-	-	-	12.184.005	12.184.005
Other comprehensive income					
Net changes in financial assets at fair value through other comprehensive income, net of tax	-	-	(484.473)	-	(484.473)
Total other comprehensive income in the year	**-**	**-**	**(484.473)**		**(484.473)**
Total comprehensive income in the year	**-**	**-**	**(484.473)**	**12.184.005**	**11.699.532**
Balance as of 31 December 2018	**10.108.779**	**1.869.768**	**1.795.364**	**21.255.043**	**35.028.954**

Financial statements signed off this day, 29 May 2018:

Magdalena Berbec
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General Manager

Valeria Avram
Chief Accountant

DANIELA AELENEI

The Notes are an integral part of these separate financial statements.

1 GENERAL INFORMATION

SSIF SWISS CAPITAL S.A. ("the Company") has its registered office at 20 Dacia Blvd., Romana Offices Building, 4th floor, Bucharest, Romania.

The main activities carried out by SSIF SWISS CAPITAL S.A. are as follows:

a) trading in short-term financial instruments on Romanian and foreign markets;

b) trading in financial derivative instruments on Romanian and foreign markets;

c) corporate finance;

d) intermediation of public offerings.

2 BASIS OF PREPARATION

(a) Statement of compliance

These Separate financial statements ("Financial statements") have been prepared in accordance with the Accounting Regulations provided by Rule no. 39/2015 of the Financial Supervisory Authority ("FSA"), the International Financial Reporting Standards (IFRS), as adopted for use within the European Union, including the International Accounting Standards (IAS) and the Interpretations issued by the International Accounting Standards Board (IASB).

According to the laws in force, the Company will prepare consolidated financial statements as required by Rule 39/2015 of the Financial Supervisory Authority ("FSA"). The consolidated financial statements of the SSIF Swiss Capital SA Group for the year ended 31 December 2018 will be prepared, approved and published by the end of 2019.

These Separate financial statements have been prepared based on the accounting ledgers and records of the Company, on a going concern basis.

(b) Accounting basis

These Financial statements have been prepared at historical cost, except for the equity instruments listed on an active market, which are measured at fair value.

(c) Functional and presentation currency

The Company's management is of the opinion that the functional currency, as defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates", should be the Romanian Leu ("RON"). These Separate financial statements are presented in RON and rounded to the nearest RON, the currency which the Company's management has chosen as presentation currency.

TRADUCĂTOR AUTORIZAT DE MINISTERUL JUSTIȚIEI
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2 BASIS OF PREPARATION (continued)

(d) Use of judgments and estimates

The preparation of these Separate financial statements in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") requires the Company management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgments and assumptions associated with the estimates are based on past experience, as well as on other reasonable factors. The results of these estimates form the basis of judgment concerning the carrying amount of assets and liabilities, not available from other sources of information. Actual results may differ from these estimates.

The judgments and assumptions which form the basis for the accounting estimates are periodically revised by the Company. Revisions of accounting estimates are recognised in the period when the estimate is revised, if the revision only affects that period, or in the period when the estimate is revised and the future periods, if the revision affects both current and future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company with respect to the items that are material for determining the Company's financial position and financial performance in the relevant period are detailed below. These policies have been applied on a consistent basis, except when otherwise provided.

(a) Foreign currency translations

Transactions in foreign currencies are translated into RON at the exchange rate applicable on transaction date. Assets and liabilities denominated in foreign currencies as of reporting date are translated into RON at the exchange rates applicable at the end of the relevant period. All differences arising from the settlement and translation of amounts denominated in foreign currencies are recognised in profit or loss in the year when they arise.

The main foreign exchange rates used for the translation of balances as of 31 December 2017:

1 USD = 3.8915 RON, 1 EUR = 4.6597 RON and 1 CAD = 3.1051 RON.

The main foreign exchange rates used for the translation of balances as of 31 December 2018:

1 USD = 4.0736 RON, 1 EUR = 4.6639 RON and 1 CAD = 2.9925 RON.

(b) Property, plant and equipment

(i) Cost

As of 31 December 2018, property, plant and equipment are carried at cost, less any accumulated depreciation and impairment losses.

Significant improvement costs are capitalized, as they extend the useful life of the assets or significantly increase their ability to generate income. Maintenance, repair and minor improvement costs are expensed as they are incurred.

Borrowing costs (interest, other similar financial expenses, as well as foreign exchange differences in relation to various financing operations for investment purposes) are capitalized and included in the value of the qualifying asset in progress only if a direct relationship can be established between the borrowing cost and the qualifying asset. During periods of significant interruption, as well as upon completion of works, borrowings costs are no longer capitalized.

Property plant and equipment items which are disposed of or decommissioned are written off from the Statement of financial position, together with any underlying accumulated depreciation. Any related profit or loss shall be accounted for as profit or loss in the statement of comprehensive income.

(ii) Depreciation

Property, plant and equipment items are depreciated on a straight line basis, considering their estimated useful lives at the time of their commissioning, so costs will be written down to the estimated residual values.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment (continued)

The main useful lives for different categories of property plant and equipment in 2018 and 2017:

	Years
Machinery and equipment	3-5
Vehicles	5-7
Computers	3-5
Furniture	5-10

(c) Intangible assets

Costs associated with the acquisition of software licenses are capitalized and amortized on a straight line basis during their 3-year useful life.

(d) Impairment of property, plant and equipment and intangible assets

Whenever certain events or movements indicate that the carrying amount of a non-current asset may be unrecoverable, an impairment test will be conducted. When the carrying amount of a non-current asset exceeds its recoverable amount, the loss incurred is immediately charged as an expense.

The recoverable amount of non-current assets is determined as the higher of fair value less cost of sale and the value-in-use. The value in use is the present value of the net cash flows expected to be derived by the entity from the continuous use of an asset. Usually, recoverable amounts are estimated individually for each group of assets. When this is not possible, assets are grouped in cash-generating units.

(e) Accounting for the effects of hyperinflation

In accordance with IAS 29, the financial statements of the entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current measuring unit as of reporting date (non-monetary items are restated by applying a general price index as of the date of purchase or of the contribution).

According to IAS 29, an economy is considered hyperinflationary if besides other factors, the cumulated inflation rate for a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency has been adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods starting January 1, 2004. Therefore, the provisions of IAS 29 had been adopted in the preparation of the separate financial statements until 31 December 2003.

Thus, the values expressed in the measuring unit current as of 31 December 2003 are treated as basis for the carrying amounts reported in the separate financial statements and are not measured values, replacement costs, or any other measurement of the current value of the assets or of the prices at which the transactions would currently take place.

For the preparation of these Separate financial statements, the Company has adjusted its share capital to be expressed in the current measuring unit.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investments in affiliates (subsidiaries, associates)

Subsidiaries refer to companies or other entities (including special purpose entities) where the Company directly or indirectly holds more than half of the voting rights or where the Company has the capacity to govern the financial and operational policies of the entities in order to derive benefits from their business.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity.

Associates are entities over which the Company has (direct or indirect) significant influence, but are not controlled by the Company, which typically holds between 20 and 50 percent of the associates' voting rights. These separate financial statements comprise information concerning SSIF Swiss Capital SA as a separate entity, with no reference to the Group's consolidated financial statements.

Accounting for investments in subsidiaries and associates

The Company uses the cost method to account for its investments in subsidiaries and associates for the purposes of these separate financial statements. Transaction costs associates with the acquisition of subsidiaries, associates or joint ventures are recognised as expenses in profit or loss. Dividends collected from investments in subsidiaries and associates are recognised in profit or loss when the Company's right to receive dividends is established and dividends are likely to be collected.

When the recoverable amount of an investment in subsidiaries and associates (i.e. the higher of value in use and fair value less costs to sell) is lower than its net carrying amount, the Company will write down the net carrying amount to the recoverable amount to account for the impairment loss.

The net carrying amount of investments carried at cost is equal to the initial cost less any impairment loss. The recoverable amount of investments will be generally determined based on the economic benefits generated by the dividends received from subsidiaries and associates.

(g) Financial assets and liabilities

(i) Classification

As of 1 January 2018, the Company adopted IFRS 9 "Financial Instruments", as issued by the International Accounting Standards Board (IASB) in July 2014. Thus, changes have taken place in the accounting policies used for the classification and measurement of financial assets and liabilities and the impairment of financial assets.

IFRS 9 also amends IFRS 7 "Financial instruments: Disclosure", due to the fact that financial instrument disclosures have been adjusted to the most recent requirements. According to the transitional provisions in IFRS 9, the Company decided not to restate the comparable figures of previous years. The comparable information provided in the notes is based on the classification and measurement requirements of IAS 39 (replaced by IFRS 9) and IFRS 7 (before the amendments resulting from the application of IFRS 9).

TRADUCĂTOR AUTORIZAT DE MINISTERUL JUSTIȚIEI
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities (continued)

(i) Classification (continued)

The classification of financial assets and liabilities as of 31.12.2018 is made in line with the requirements of IFRS 9, based on the outcomes of the SPPI test and the business model implemented by the Company. Thus, as of 31.12.2018, the Company has classified its financial assets and liabilities as follows:

- Financial assets at amortised cost, including:
- Loans and receivables (mainly comprising trade receivables and other receivables, client balances and cash and cash equivalents)
- Other financial assets
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss
- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss.

As of 31.12.2018, the Company held no financial assets at fair value through profit or loss.

The financial impact resulting from the adoption of IFRS 9 is detailed in Note 3 s).

For the disclosure of comparative information according to IAS 39, the Company reported the following financial instrument classification as of 31.12.2017:
- Financial assets at fair value through profit or loss;
- Loans and receivables (mainly comprising trade receivables and other receivables, client balances and cash and cash equivalents)
- Available-for-sale financial assets;
- Financial liabilities at amortised cost.

The Company classifies financial instruments in the following categories:

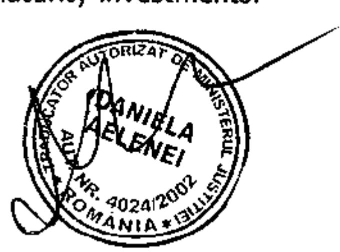
Financial assets or liabilities at fair value through profit or loss

This category includes financial assets and financial liabilities held for trading and financial instruments designated at fair value through profit or loss at the time of initial recognition. A financial asset or liability is classified by the Company in this category if it has been purchased mainly for speculative purposes (to generate short-term profit).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment losses.

As of 31 December 2017, the Company had no held-to-maturity investments.



3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities (continued)

(i) Classification (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company intends to sell immediately or in the near term. These consist mainly of other non-current assets, trade receivables and other receivables, client balances, cash and cash equivalents.

Accounts receivable are loans to clients for margin trading.

Other financial assets and liabilities are measured at amortized cost using the effective interest method, less any impairment losses (in the case of financial liabilities).

All the receivables of the entity are due within 1 year. No allowances for doubtful receivables were considered necessary as of 31 December 2018.

Available-for-sale financial assets disclosed in the comparative reporting period

Available-for-sale financial assets are those financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, available-for-sale equity instruments that have an active market are measured at fair value and the fair value changes, other than impairment losses, as well as foreign exchange gains and losses are recognised directly in equity.

On derecognition of the asset, any cumulative gain or loss is recognised in profit or loss.

(ii) Recognition

Assets and liabilities are recognised on the date when the Company becomes a party to the contractual provisions of the respective financial instrument. Financial asset buy or sell models are recognised on settlement date, which is the date that an asset is delivered to or by an entity.

At initial recognition, the Company will measure a financial asset or financial liability at its fair value plus/minus directly attributable transaction costs (except for financial instruments at fair value through profit or loss, where transaction costs are recognised directly in profit or loss).

The fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the price paid to issue or acquire the asset or received to issue or assume the liability.

TRADUCĂTOR AUTORIZAT DE MINISTERUL JUSTIȚIEI
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities (continued)

(ii) The fair value of financial instruments

Fair value is the amount for which a financial instrument can be exchanged between two parties in an arm's length transaction. Fair value is an approximation of realisable value and it may never be effectively realised. Financial instruments in the Separate Statement of financial position include bank account balances, receivables and other receivables, client balances, financial assets at fair value through other comprehensive income and trade liabilities. The accounting policies applicable to recognition are disclosed in the accounting policies applicable to each financial position.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when a legally enforceable right to set off exists and the Company intends to settle on a net basis.
Income and expenses are presented net only when permitted by the accounting standards or for the profit or loss resulted from a group of similar transactions, such as those from the trading activity of the Company.

(iii) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments, plus or minus accumulated amortisation using the effective interest method, less write-downs for impairment loss.

(iv) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The determination of fair value for financial assets and liabilities is based on price quotes on an active market. A financial instrument has an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of instruments traded on an active market is determined by multiplying the number of shares held by the closing price on the last trading date in the corresponding reporting period.

If a financial asset is listed on several active markets, the Company uses the price quote on the most favourable market, considering all barriers/costs associated with access to each market.

Available-for-sale financial assets for which there is no active market and whose fair value cannot be determined reliably are measured at cost and are periodically tested for impairment.

TRADUCĂTOR AUTORIZAT DE MINISTERUL JUSTIȚIEI
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities (continued)

For all the other financial instruments, fair value is determined using valuation techniques. Valuation techniques include the net present value method, the discounted cash flow method, comparison with similar instruments with observable market data and other valuation methods.

Values resulting from valuation methods are adjusted taking into consideration a number of factors, since valuation techniques do not reliably reflect all the factors considered by market participants in actual transactions. Adjustments are accounted for to reflect risk models, the differences between bid and ask prices, liquidity risks, as well as other factors. The Company management considers these adjustments to be necessary for a more accurate presentation of financial instruments held at fair value in the Statement of financial position.

(v) Impairment recognition and measurement

Impairment of financial assets under IFRS 9

The Company recognises impairment losses for financial assets other than those measured at fair value through profit or loss or fair value through other comprehensive income, namely trade receivables and other receivables, client balances and cash and cash equivalents which are measured at amortised cost.

An entity shall measure expected credit losses of a financial instrument in a way that reflects:
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of impairment loss will be recognised as a loss adjustment.

As of 31.12.2018, the Company reported no impairment losses on the financial assets measured at amortised cost. The Company's trade receivables outstanding as of 31.12.2018 were collected in January 2019.

Impairment of financial assets under IFRS 9 in the comparative reporting period

Financial assets measured at amortised cost

At each reporting date, the Company will assess whether there is any indication that a financial asset may be impaired. A financial asset is impaired if and only if there is clear evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the asset that can be reliably estimated.

If there is objective evidence that an impairment loss has occurred on a financial asset measured at cost, the value of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows using the effective interest rate of the financial asset at initial recognition.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities (continued)

If a financial asset measured at amortised cost has variable interest rate, the discount rate for the determination of impairment loss is the current variable interest rate specified in the relevant contract.

The asset's carrying amount is discounted through a loss allowance account, and the value of the impairment loss is recognised in profit or loss.

If, in a subsequent period, the impairment loss increases or decreases due to an event after impairment recognition, the previously recognised impairment loss will be adjusted through the loss allowance account. Any reduction of impairment loss will be recognised in profit or loss.

Available-for-sale financial assets

In the case of available-for-sale financial assets, when a reduction in fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the accumulated loss directly recognised in equity will be reversed and recognised in the Statement of comprehensive income even if the financial asset has not been derecognised yet.

The value of accumulated loss reversed from equity to the Statement of comprehensive income will be the difference between acquisition cost (net of the repayments of principal and amortisation) and current fair value, less any impairment loss previously recognised in the Statement of comprehensive income.

The impairment loss recognised in the statement of comprehensive income for various investments classified as available-for-sale cannot be reversed to profit or loss. If, in a subsequent period, the fair value of an impaired financial instrument improves, the increase in value will be recognised directly in other comprehensive income.

In order to establish whether an available-for-sale financial asset measured at cost because fair value cannot be reliably determined is impaired, the Company considers relevant loss events, such as a significant and prolonged decline in fair value below cost; market and business conditions, to the extent these influence the recoverable amount of the asset; the financial condition and short-term prospects of the issuer, including any specific unfavourable events that may influence the operations of the issuer, the issuer's recently incurred losses, the qualified report of the independent auditor on the most recent financial statements of the issuer, etc.

Given the intrinsic limitations of the methodologies applied and the significant uncertainty associated with the valuation of assets on local and international markets, the Company's estimates may be significantly revised following approval of these Financial Statements.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities (continued)

(viii) Derecognition

The Company derecognises a financial asset when the rights to the cash flows from that financial asset expire or when the Company has transferred its rights to the cash flows from the financial asset in a transaction which has transferred substantially all the risks and rewards of ownership of the financial asset.

Any continuing involvement in the transferred financial assets created or retained by the Company will be recognised as asset or liability.

The Company will derecognise a financial liability when the obligation specified in the contract is cancelled or expires. This normally occurs when the liability is reimbursed or redeemed.

On derecognition of a financial asset in its entirety, the difference between:

- its carrying amount and
- the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income shall be recognised in profit or loss.

(h) Cash and cash equivalents

Current account balances and overnight deposits due within 3 months are cash and cash equivalents held on behalf of the Company. Current account balances and overnight deposits held on behalf of clients are not accounted for as cash and cash equivalents as they do not provide a basis to assess the ability of the Company to generate cash and cash equivalents and the needs of the entity to utilise those cash flows. According to IAS 7 "Cash flow statement", cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

(i) Dividends payable

Dividends declared by the Company are recognised as payables on date of the Company's Annual General Meeting of Shareholders approving the distribution of dividends, which is also the date when the Company's obligation to pay out dividends arises.

According to the legislation in force, the Company may cancel the shareholders' right to collect dividends unclaimed for more than 3 years from the date of their first distribution. When the right to such dividends expires, the Company will recognise their value as income through profit or loss.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions

Provisions are liabilities of uncertain timing or amount. Provisions will be recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(k) Share capital

The Company's share capital as of 31 December 2018, as registered with the Trade Register, amounts to RON 9,348,840 RON (the same as of 31 December 2017) and comprises 934,884 shares with a nominal value of RON 10 per share. The company's subscribed share capital is fully paid up. Financial statements show the Company's share capital at its value during periods of inflation under IAS 29.

(l) Finance leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not be eventually transferred. Financial lease agreements are recognised at the estimated present value of lease repayments. Lease repayments comprise interest, similar expenses and principal. Total interest and similar finance charges shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Principal, less interest and similar finance charges will be recognised as long-term liabilities. Interest and similar finance charges will be charged to profit or loss over the term of the lease.

(m) Income tax

Income tax can be classified as current tax and deferred tax. According to IAS 12 *Income tax*, when there are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, deductible or taxable temporary differences arise. These differences require the recognition of deferred tax assets and liabilities.

When the carrying amount of the asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a taxable temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability. As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will have taxable profit. This makes it probable that economic benefits will flow from the entity in the form of tax payments.

If the carrying amount of an asset is less than its tax base, the difference gives rise to a deferred tax asset in respect of the income taxes that will be recoverable in future periods.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Disclosure of events after the reporting period

Events after the reporting period are those favourable and unfavourable events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

An entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting period. An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.

If dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with IAS 1 "Presentation of Financial Statements".

If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.

If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accordingly, an entity shall disclose the nature of the event and an estimate of its financial effect for each material category of non-adjusting event after the reporting period.

(o) Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. An example is a claim that the entity is pursuing through legal processes, where the outcome is uncertain.

The entity shall not recognise a contingent asset since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

The entity shall not recognise a contingent liability. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees.

SWISS CAPITAL S.A. makes monthly payments to the state pension, health, and unemployment funds for the account of its employees, as required by the laws in force.

(q) Dividend income

Dividend income from equity instruments is recognised in profit or loss on the date of approval by the General Meeting of Shareholders of the distribution of profit in the companies where the entity is a shareholder. Dividend income from unquoted shares is recognised in profit or loss on dividend reporting date.

When the Company receives or decides to receive dividends in the form of shares in lieu of cash, divided income is recognised as the amount of cash surrendered, plus a corresponding investment instrument.

When shares are received free of charge without consideration in cash, and only some of the shareholders receive such free shares, the shares received are measured at fair value and, a corresponding amount is recognised as dividend income. On the other hand, if all shareholders receive pro-rata free shares, no dividend income is recognised, since the distribution of free shares does not have an impact on the fair value of the Company's holdings.

Dividends received from subsidiaries are recognised by the Company as dividend income in the Company's Separate financial statements, provided that the Company is entitled to collect such dividends.

The Company will engage in legal claims for the collection of overdue dividends (mediation, disputes, etc.). The Company is entitled to collect penalties for late divided payments, at the penalty rate set out in the legal provisions in force. Income from penalties charged on overdue dividends is recognises in the financial year when collection becomes certain.

Dividend income is disclosed gross of withholding tax which is recognised as income tax.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Fee and commission income

Fee and commission income includes income from securities brokerage, corporate finance, and intermediation of public offerings. Fee and commission income is recognised when underlying transactions occur.

(s) Interest

Interest income and interest expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the net carrying amount of the financial asset or financial liability.

Interest income is recognised on current accounts, bank deposits and loans to clients for margin trading.

(t) Income from disposal of securities

Gains and losses from the disposal of financial assets are recognised in profit or loss when the financial asset is derecognised.

(u) Gains and losses from foreign exchange differences

Gains and losses from foreign exchange differences are disclosed on a net basis and include both realised and unrealised foreign exchange differences. Most such gains and losses are associated with the monthly restatement of assets and liabilities in foreign currencies.

(v) Expenses

All expenses are recognised in profit or loss on an accrual basis. Third party service costs are expensed in the period in which services were performed.

(x) Related parties

Related parties are those legal entities or individuals who, either by ownership, contractual rights, family relations or other types of relationships, have the ability to control the other party directly or indirectly.

A party is related to the entity if directly or indirectly, through one or several intermediaries:

(a) controls or is controlled by or is under the joint control of the entity (this includes the parent companies, the subsidiaries or the member subsidiaries);

(b) has an interest in the entity that offers a significant influence on the respective entity; or

(c) holds joint control over the entity.

Related parties can be represented by members of the key management of the entity or of the parent company, as well as by close family members.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations

New Standards or IASB interpretations in force for the first time in the financial year ended 31 December 2018

In 2018, the Company adopted **IFRS 9 "Financial instruments"** issued on 24 July 2014 and effective for annual periods beginning on or after 1 January 2018, effective in the EU for annual periods beginning on 1 January 2018.

The provisions of IFRS 9 shall be applied retrospectively, but the Company has the option of not restating the figures in the comparative reporting periods and recognise the measurement differences between IAS 39 and IFRS 9 as of 1 January 2018 in retained earnings.

The main amendments introduced by the new Standard:

- An entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).
- Debt securities are classified taking into account the Business Model (BM) of the entity managing financial assets as well as whether contractual cash flows account for solely payments of principal and interest (SPPI). When financial instruments are held-to-collect (HTC), they may be measured at amortised cost, provided that contractual cash flows account for solely payments of principal and interest (SPPI). Debt instruments whose contractual cash flows account for solely payments of principal and interest (SPPI) and are held both to collect and sell (HTC&S) may be classified as financial instruments at fair value through other comprehensive income (FVOCI). Financial assets whose contractual cash flows do not account for solely payments of principal and interest (SPPI) will be measured at fair value through profit or loss (FVPL) (for instance, financial derivatives). Embedded derivatives are no longer separated from their underlying financial assets, but will be considered in the evaluation of the SPPI condition.
- Investments in equity instruments are always measured at fair value. Nevertheless, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. If the equity instrument is held for trading, subsequent changes in the fair value of the investment will be presented in profit or loss.
- Most of the requirements of IAS 39 related to the derecognition of financial assets and financial liabilities have been carried forward unchanged to IFRS 9. The main change is that an entity should account for changes in own credit risk on financial liabilities at fair value through profit or loss in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations (continued)

- IFRS 9 introduces a new impairment loss recognition model based on Expected Credit Losses (ECL). The ECL impairment model is based on a "three stage" approach based on changes in the credit risk of financial instruments since initial recognition. In practice, entities will be required to immediately recognise a loss equal to the expected credit losses in the 12 month after initial recognition in the case of financial assets which are not impaired (or lifetime expected credit loss in the case of trade receivables). When credit risk has increased significantly, impairment will be measured using lifetime ECL instead of the 12 month ECL. The model includes a simplified approach for trade receivables and lease receivables.

Hedge accounting requirements have been changed to better match an entity's risk management objective. IFRS 9 permits an entity to choose as its accounting policy either to apply the hedge accounting requirements of IFRS 9 or to continue to apply the hedge accounting requirements in IAS 39 to all its hedges, since the current Standard does not provide for the accounting of macro hedges.

As of the date of the first time adoption of IFRS 9 (1 January 2018), the Company's management has reviewed all the financial instruments held in light of the new classification and measurement requirements under IFRS 9. The impact of IFRS 9 adoption as of 1 January 2018 was immaterial, as detailed below.

The Company has reviewed its financial instruments from the point of view of their contractual cash flows and determined that:

- trade receivables, client balances and cash and cash equivalents account for solely payment of principal and interest (SPPI).
- quoted and unquoted shares do not account for solely payment of principal and interest (non-SPPI)

The objective of the Company's business model for managing financial assets is to hold financial assets in order to collect contractual cash flows, while the types of financial assets held (bank deposits, cash, receivables) will give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these financial assets will be measured at amortised cost.

Quoted and unquoted shares are measured at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations (continued)

Categories of financial assets under IAS 39	**Measurement under IAS 39**	**Categories of financial assets under IFRS 9**	**Measurement under IFRS 9**
Financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Financial assets at fair value through profit or loss*	*Fair value through profit or loss*
Available-for-sale financial assets	*Fair value through other comprehensive income*	*Financial assets at fair value through other comprehensive income*	SPPI + HTC&S = Fair value through other comprehensive income (subsequently recognised in profit or loss on disposal)
Trade receivables and other receivables	Amortized cost using the effective interest method, less impairment losses	*Trade receivables and other receivables*	SPPI + HTC = Amortized cost using the effective interest method, less impairment losses
Client balances	Amortized cost using the effective interest method, less impairment losses	*Client balances*	SPPI + HTC = Amortized cost using the effective interest method, less impairment losses
Cash and cash equivalents	Amortized cost using the effective interest method, less impairment losses	*Cash and cash equivalents*	SPPI + HTC = Amortized cost using the effective interest method, less impairment losses

The adoption of IFRS 9 had no impact on the recognition and measurement of the Company's financial liabilities since the new requirements refer only to those financial liabilities designated as measured at fair value through profit or loss. The Company has no such liabilities, since all the Company's liabilities are measured at amortised cost.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations (continued)

The table below shows the impact on the measurement of financial assets and liabilities upon the first time adoption of IFRS 9:

Financial assets	**Carrying amount under IAS 39 as of 31.12.2017**	**Reclassification**	**Remeasurement**	**Carrying amount under IFRS 9 as of 01.01.2018**	**Impact in retained earnings**
Available-for-sale financial assets	10.194.654	(89.436)	-	10.105.218	-
Financial assets at fair value through profit or loss	14.064.464	89.436	-	14.153.900	-
Trade receivables and other receivables	5.304.161	-	-	5.304.161	-
Client balances	10.131.889	-	-	10.131.889	-
Cash and cash equivalents	1.703.496	-	-	1.703.496	-
TOTAL	**41.398.664**	**-**	**-**	**41.398.664**	**-**

Financial liabilities	**Carrying amount under IAS 39 as of 31.12.2017**	**Reclassification**	**Remeasurement**	**Carrying amount under IFRS 9 as of 01.01.2018**	**Impact in retained earnings**
Financial liabilities	21.369.042	-	-	21.369.042	-
TOTAL	**21.369.042**	**-**	**-**	**21.369.042**	**-**

The reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss refers to a portfolio of unquoted shares for which the Company recognises measurement differences in profit or loss. For details, see Note 5.

The Company has reviewed its financial assets measured at amortised cost (i.e. trade receivables, cash and cash equivalents) and no impairment loss has been accounted for, since no significant increase of credit risk has been identified. The Company's trade receivables were collected in January 2019.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations (continued)

In 2018, the Company also adopted **IFRS 15 "Revenue from contracts with customers"** issued on 28 May 2014 and effective for annual periods beginning on or after 1 January 2018, effective in the EU for annual periods beginning on 1 January 2018. The new standards provides that revenue shall be recognised when goods or services are transferred to the customer at the transaction price. Any group of goods or services which can be individually identified will be recognised separately, the same as discounts applied to contract prices will be generally allocated to individual goods or services. When consideration received for a contract varies regardless of reason, minimum amounts should be determined if there is no significant risk of cancellation. The costs associated with the execution of contracts with customers will be capitalised and amortised during the period when benefits flow to the entity.

***Amendments to IAS 40 "Investment property"* – Transfers of Investment Property –** adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018);

Annual improvements to IFRS 2014-2016 – Amendments to IFRS 1 and IAS 28, having as main purpose the elimination of inconsistencies and clarifications on the scope of the Standards, adopted by the EU on 7 February 2018 (effective for annual periods beginning on or after 1 January 2018);

IFRIC 22 "Foreign currency transactions and advance consideration" – adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

The adoption of these new Standards, amendments to existing Standards and interpretations had no material impact on the Company's financial statements.

Standards and interpretations issued by the IASB and adopted by the EU, but not yet in force

The following standards, revisions and interpretations were issued but not yet in force as of the approval date of these Separate financial statements:

IFRS 16 "Leases" – adopted by the EU on 31 October 2017 (*effective for annual periods beginning on or after 1 January 2019*)
Under IFRS 16, the lessee is required to recognise a right-of-use asset and a lease liability. Right-of-use assets are treated in a similar manner to non-financial assets and are depreciated accordingly. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. The same as in the case of IAS 17, a lessor will continue to classify its leases as operating leases or finance leases.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations (continued)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. A lessor shall recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lessor shall recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished

Amendments to IFRS 9 "Financial instruments" - Prepayment features with negative compensation – adopted by the EU on 22 March 2018 (*effective for annual periods beginning on or after 1 January 2019*)
The amendments specify that particular financial assets with prepayment features that may result in reasonable negative compensation for the early termination of such contracts are eligible to be measured at amortised cost or at fair value through other comprehensive income, depending on the entity's business model. Compensation for the early termination of the contract may be paid at the prevailing interest rate on termination date. Compensation for early termination will be determined in the same manner for both early termination expenses and early termination income.

IFRIC 23 "Uncertainty over income tax treatments" – adopted by the EU on 23 October 2018 (*effective for annual periods beginning on or after 1 January 2019*).

It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 *Income Taxes* specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The Company decided not to adopt new standards, revisions and interpretations before their entry into force. The Company is currently assessing the impact of these new standards on the Company's financial statements.

Standards and interpretations issued by the IASB, but not yet adopted by the EU

As of the reporting date of these Separate financial statements, the IFRS adopted by the EU are not significantly different from the regulations adopted by the IASB, with the exception of the following standards, amendments and interpretations, whose application was not yet approved by the EU as of the approval date of these financial statements:

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations (continued)

Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures"- Sales or contributions of assets between an investor and its associate/joint venture and subsequent amendments (effective date deferred indefinitely until completion of the equity method research project),

Amendments to IAS 1 "Presentation of Financial Statements" and **IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – The definition of material *(effective for annual periods beginning on or after 1 January 2020)*,

Amendments to IAS 28 "Investments in associates and joint ventures" – Long-term Interests in Associates and Joint Ventures (*effective for annual periods beginning on or after 1 January 2019*),

Annual improvements to IFRS 2014-2016 – Amendments to various standards (IFRS 3, IFRS 11, IAS 12, and IAS 23), having as main purpose the elimination of inconsistencies and clarifications on the scope of the Standards (*effective for annual periods beginning on or after 1 January 2019*),

Amendments to the Conceptual framework for financial reporting (*effective for annual periods beginning on or after 1 January 2020*).

The Company is currently assessing the potential impact of these new standards and revisions on the Company's financial statements.

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4 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Balances and variations in property, plant and equipment and intangible assets for the financial year ended 31 December 2017:

Description	Land and buildings	Equipment and vehicles	Other PP&E	Total PP&E	Intangible assets	Total non-current assets
Cost as of 31 December 2016	104.943	1.373.782	360.515	1.839.240	273.584	2.112.824
Acquisitions		38.682	11.696	50.378	289.696	340.074
Disposals	-	-	83.800	83.800	-	83.800
Cost as of 31 December 2017	**104.943**	**1.412.464**	**288.411**	**1.805.818**	**563.280**	**2.369.098**
Depreciation/Amortisation as of 31 December 2016	**104.941**	**817.957**	**327.577**	**1.250.475**	**241.179**	**1.491.654**
Increases	2	228.831	18.384	247.217	25.781	272.998
Reductions	-	-	83.800	83.800	-	83.800
Depreciation/Amortisation as of 31 December 2017	**104943**	**1.046.788**	**262.161**	**1.413.892**	**266.960**	**1.680.852**
Net carrying amount						
As of 31 December 2016	**2**	**555.825**	**32.938**	**588.765**	**32.405**	**621.170**
As of 31 December 2017	**-**	**365.676**	**26.250**	**391.926**	**296.320**	**688.246**

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4 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (continued)

Balances and variations in property, plant and equipment and intangible assets for the financial year ended 31 December 2018:

Description	Land and buildings	Equipment and vehicles	Other PP&E	Total PP&E	Intangible assets	Total non-current assets
Cost as of 31 December 2017	**104.943**	**1.412.464**	**288.411**	**1.805.818**	**563.280**	**2.369.098**
Acquisitions		-	37.000	37.000	284.933	321.933
Disposals	-	9.240	45.084	54.324	88.363	142.687
Cost as of 31 December 2018	**104.943**	**1.403.224**	**280.327**	**1.788.494**	**759.850**	**2.548.344**
Depreciation/Amortisation as of 31 December 2017	**104.943**	**1.046.788**	**262.161**	**1.413.892**	**266.960**	**1.680.852**
Increases	-	204.972	21.461	226.433	206.137	432.570
Reductions	-	9.240	45.084	54.324	88.363	142.687
Depreciation/Amortisation as of 31 December 2018	**104.943**	**1.242.520**	**238.538**	**1.586.001**	**384.734**	**1.970.735**
Net carrying amount						
As of 31 December 2017	**-**	**365.676**	**26.250**	**391.926**	**296.320**	**688.246**
As of 31 December 2018	**-**	**160.704**	**41.789**	**202.493**	**375.116**	**577.609**

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5. FINANCIAL ASSETS

a) Financial assets at fair value through profit or loss

RON	**31 December 2018**	**31 December 2017**
Quoted shares	31.262.114	14.064.464
Unquoted fund shares (*)	10.000	-
Unquoted shares (*)	25.290	-
Total	**31.297.404**	**14.064.464**

The increase in the value of quoted shares was due to the acquisition of financial instruments in December 2018.

b) Financial assets at fair value through other comprehensive income

RON	**31 December 2018**	**31 December 2017**
Shares at fair value	9.527.777	10.105.218
Unquoted fund shares (*)		10.000
Unquoted shares (*)	-	79.436
Total	**9.527.777**	**10.194.653**

As of 31 December 2017 and 31 December 2018, shares at fair value include the shares of IMPACT Developer&Constructor S.A.

The fair value of shares was determined by multiplying the number of shares held as of reporting date by the closing price on the last trading date in the corresponding reporting period.

(*) Unquoted shares and fund shares

	31 December 2018	**31 December 2017**
FII ACTIVE PLUS fund shares	10.000	10.000
Shares in the Bucharest Clearing House (CCB) (net)	-	6.089
Shares in the Romanian Clearing House (net)	-	48.057
Shares in the Investor Compensation Fund	25.290	25.290
Total	**35.290**	**89.436**

In 2016, the Extraordinary General Meeting of the Shareholders of the Bucharest Clearing House (CCB) no. 6/29.07.2016 issued a resolution concerning the reduction of the company's share capital and the payment of corresponding capital contributions to shareholders. Consequently, Swiss Capital collected the relevant amount on 06.02.2017 and performed the corresponding reduction of exposure to CCB by RON 63,633.

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5. FINANCIAL ASSETS (continued)

b) Financial assets at fair value through other comprehensive income (continued)

In 2015, the share of Swiss Capital in the Bucharest Clearing House (CCB) and the Romanian Clearing House (CRC) was adjusted by RON 37,403, net, while in 2016, Swiss Capital cancelled the RON 63,633 adjustment to its share in CCB.

Following the implementation of IFRS 9, the Company has reclassified its unquoted shares and fund shares to the category of financial assets at fair value through profit or loss, taking into consideration their nature (non-SPPI) as well as the classification requirements set out in IFRS 9. For details, see Note 3 y).

The fair value of these financial assets is determined using inputs that are not based on observable data (level 3), as detailed in Note 3 g) (vi).

Variations in financial assets at fair value through other comprehensive income in the years ended 31 December 2018 and 31 December 2017 are detailed in the table below:

RON	**Shares measured at fair value through other comprehensive income**
1 January 2017	**6.736.812**
Net variation in the period	-
Changes in fair value	3.368.406
31 December 2017	**10.105.218**
Net variation in the period	-
Changes in fair value, gross of tax	(577.441)
31 December 2018	**9.527.777**

The impact of deferred tax on changes in fair value in 2017 is RON 538.945, resulting in changes in fair value net of deferred tax in the amount of RON 2.829.461. The impact of deferred tax on changes in fair value in 2018 is RON 92.391 RON, resulting in changes in fair value net of deferred tax in the amount of RON 484.473.

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5. FINANCIAL ASSETS (continued)

c) Investments in subsidies and associates

The company holds 99.990696% of the total shares of SAI SWISS Capital Asset Management S.A. The subsidiary is consolidated.

As of 31 December 2017, SAI Swiss Capital Asset Management SA equity, reserves and profit/loss in the year under IFRS were as follows:

Equity:	430.000 RON
Reserves:	95.009 RON
Retained earnings:	973.607 RON
Profit/loss in the year:	4.630.814 RON

As of 31 December 2018, SAI Swiss Capital Asset Management SA equity, reserves and profit/loss in the year under IFRS were as follows:

Equity:	430.000 RON
Reserves:	95.009 RON
Retained earnings:	204.421 RON
Profit/loss in the year:	3.361.977 RON

Information on investments in subsidiaries is detailed in the table below:

SSIF SWISS CAPITAL SA	**31 December 2018**		**31 December 2017**	
	Value	**Ownership share**	**Value**	**Ownership share**
SAI SWISS Capital Asset Management S.A.	532.440	99,990696%	532.440	99,990696%
Cost of companies in the Group - Total	**532.440**		**532.440**	
Impairment of companies in the Group	-		-	
Net value – companies in the Group	**532.440**		**532.440**	

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5. FINANCIAL ASSETS (continued)

(d) Fair value hierarchy

The table below examines the financial instruments measured at fair value according to their valuation method. The various levels have been defined as follows:

Level 1: quoted prices in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable data.

	31 December 2017	LEVEL 1	LEVEL 2	LEVEL 3
Available-for-sale financial assets – shares at fair value	10.105.218	10.105.218	-	-
Available-for-sale financial assets – unquoted shares	89.436	-	-	89.436
Financial assets at fair value through profit or loss	14.064.464	14.064.464	-	-
Total	**24.259.118**	**24.169.682**	**-**	**89.436**

	31 December 2018	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets at fair value through other comprehensive income	9.527.777	9.527.777		-
Financial assets at fair value through profit or loss	31.297.404	31.262.114	-	35.290
Total	**40.825.181**	**40.789.891**	**-**	**35.290**

6 OTHER NON-CURRENT FINANCIAL ASSETS

Financial statements include other financial assets, as follows:

Other non-current receivables	**31 December 2018**	**31 December 2017**
Central Depository Guarantee Fund	191.292	189.087
Romtelecom, Rompetrol Guarantee Fund	20.242	20.242
Central Depository margin	15.442	15.264
Hill Investitii&Constructii S.R.L. Guarantee	92.225	92.225
Complex Energetic Oltenia Public Offering guarantee	466.390	465.970
Total	**785.590**	**782.788**

7 RECEIVABLES

Receivables	**31 December 2018**	**31 December 2017**
Trade receivables	3.789.187	2.936.591
Adjustments for the impairment of trade receivables	-	-
Receivables, of which:	**1.514.974**	**1.381.961**
receivables from related parties (note 14)	-	-
- Prepaid expenses	128.205	229.651
- Account receivables and other receivables	1.374.577	730.932
- Recoverable income tax	-	363.467
- Other receivables from the state budget + the Single National Social Security budget (FNUASS)	12.192	57.911
Total	**5.304.161**	**4.318.552**

All Company receivables have maturities of less than 1 year.

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8 FINANCIAL ASSETS AND LIABILITIES

Classification and fair values

The table below shows the carrying amounts and fair values of the Company's financial assets and liabilities as of **31 December 2017:**

	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
Investments in subsidiaries and associates	-	-	532.440	-	532.440	532.440
Equity instruments at fair value						
Other available-for-sale financial assets at fair value through other comprehensive income	-	-	10.105.218	-	10.105.218	10.105.218
Financial assets at fair value through profit or loss	-	14.064.464	-	-	14.064.464	14.064.464
Equity instruments at cost						
Other available-for-sale financial assets	-	-	89.436	-	89.436	89.436
Other non-current assets	782.788	-	-	-	782.788	782.788
Trade receivables and other receivables	4.318.552	-	-	-	4.318.552	4.318.552
Client balances	11.855.976	-	-	-	11.855.976	11.855.976
Cash and cash equivalents	685.801	-	-	-	685.801	685.801
Short-term loans				(4. 256.487)	(4.256.487)	(4.256.487)
Trade payables	-	-	-	(16.276.843)	(16.276.843)	(16.276.843)
Provisions	-	-	-	(317.662)	(317.662)	(317.662)
Total	**17.643.117**	**14.064.464**	**10.727.094**	**(20.850.992)**	**21.583.683**	**21.583.683**

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8 FINANCIAL ASSETS AND LIABILITIES (continued)

As of **31 December 2018:**

	Loans and receivables	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Acquisition cost, less accumulated impairment loss	Carrying amount	Fair value
Investments in subsidiaries and associates	-	-	-	-	532.440	532.440	532.440
Equity instruments at fair value							
Financial assets at fair value through other comprehensive income	-	-	9.527.777	-	-	9.527.777	9.527.777
Financial assets at fair value through profit or loss	-	31.297.404	-	-	-	31.297.404	31.297.404
Other non-current assets	785.590	-	-	-	-	785.590	785.590
Trade receivables and other receivables	5.304.161	-	-	-	-	5.304.161	5.304.161
Client balances	10.131.889	-	-	-	-	10.131.889	10.131.889
Cash and cash equivalents	1.706.496	-	-	-	-	1.706.496	1.706.496
Short-term loans	-	-	-	(2.857.838)	-	(2.857.838)	(2.857.838)
Trade payables	-	-	-	(18.852.373)	-	(18.852.373)	(18.852.373)
Provisions	-	-	-	(3.121.202)	-	(3.121.202)	(3.121.202)
Total	**17.928.136**	**31.297.404**	**9.527.777**	**(24.831.4[illegible])**	**532.440**	**34.454.445**	**34.454.445**

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9 CLIENT BALANCES

	31 December 2018	31 December 2017
BRD Groupe Societe Generale	3.925.623	11.840.042
First Bank	6.020.740	-
Banca Transilvania	185.526	15.934
Total	**10.131.889**	**11.855.976**

Client balances account for sums received from the Company's clients for trading to their accounts. The Company is keeping client funds separately from its own funds, in accounts opened with banks in Romania, selected based on expertise and good standing criteria.

10 CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Current accounts	106.171	589.565
Bank deposits	1.597.297	-
Cash advances (*)	-	94.438
Cash on hand	28	1.798
Total	**1.703.496**	**685.801**

(*) As of 31 December 2017, cash advances were accounted for as cash equivalents (debit) instead of Other accounts receivable, as per FSA Rule no. 39.2015. As of 31 December 2018, cash advances are accounted for as Trade payables and other payables (credit) (see Note 11).

11 CAPITAL AND RESERVES

(a) Share capital

The Company's share capital as of 31 December 2018 amounts to RON 9,348,840 (the same as of 31 December 2017) and comprises 934,884 shares with a nominal value of RON 10 per share. The subscribed share capital is fully paid up.

The Company's shareholding structure as of 31 December 2018 and 31 December 2017:

Juravle Bogdan	47.50%
Apostol Sorin	47.50%
Blajut Ionel Olimpiu	3%
Gunescu Eduard-Cristian	2%

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11 CAPITAL AND RESERVES (continued)

(a) Share capital

The reconciliation of share capital under IFRS (International Financial Accounting Standards) and RAS (Romanian Accounting Standards) is shown in the table below:

RON	**31 December 2018**	**31 December 2017**
Paid up share capital	9.348.840	9.348.840
Effect of hyperinflation - IAS 29	759.939	759.939
Share capital, restated	**10.108.779**	**10.108.779**

The effect of hyperinflation on share capital amounted to RON 759,939 and was reported by diminishing retained earnings by the same amount.

(b) Reserves from the revaluation of financial assets at fair value through other comprehensive income

This reserve comprises accumulated net changes in the fair values of available-for-sale financial assets as of classification date until derecognition or impairment.

The Reserve from the revaluation of available-for-sale financial assets is reported net of applicable deferred tax.

(c) Legal reserves

As per the applicable legal requirements, the Company sets up legal reserves amounting to 5% of profit under RAS, up to 20% of the Company's share capital. Currently, legal reserves are up to 20% of the Company's share capital. Legal reserves may not be distributed to shareholders.

(d) Reserves from the revaluation of financial assets at fair value through other comprehensive income

	31 December 2018	**31 December 2017**
Differences from the revaluation of shareholding under IFRS (a)	2.136.532	2.713.973
Deferred tax liability (b)	(341.168)	(434.136)
Fair value reserve from the revaluation of financial assets at fair value through other comprehensive income, net of tax (a-b)	**1.795.364**	**2.279.837**

Deferred tax liabilities as of 31.12.2018 and 31.12.2017 resulted from the revaluation of shareholding in IMPACT Developer&Contractor SA.

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12 LIABILITIES AND PROVISIONS

a) As of 31 December 2017:

		Maturity		
	31 December 2017	**less than 1 year**	**1-5 years**	**more than 5 years**
Trade payables	465.713	465.713		
Account payables	12.274.884	12.274.884	-	-
Payroll	130.326	130.326	-	-
Social security payables	139.414	139.414	-	-
Payroll taxes	49.127	49.127	-	-
Other accounts payable	3.217.379	3.217.379	-	-
Total	**16.276.843**	**16.276.843**	**-**	**-**

As of 31 December 2018:

		Maturity		
	31 December 2018	**less than 1 year**	**1-5 years**	**more than 5 years**
Trade payables	1.799.510	1.799.510		
Account payables	9.380.829	9.380.829	-	-
Payroll	128.984	128.984	-	-
Social security payables	165.686	165.686	-	-
Payroll taxes	29.404	29.404	-	-
Income tax payable	377.727	377.727	-	-
VAT payable	68.451	68.451	-	-
Other accounts payable	6.560.615	6.560.615	-	-
Total	**18.511.205**	**18.511.205**	**-**	**-**

Trade payables as of 31 December 2017 and 31 December 2018 account for payables to internal and external suppliers. Account payables as of 31 December 2017 and 31 December 2018 account for payables to clients in capital market transactions.

Other accounts payable as of 31 December 2017 and 31 December 2018 account for:

- payables in relation to house account or client account trading on regulated local and international markets
- payables to the FSA (Financial Supervisory Authority) as levies on trading operations
- client guarantees in various offerings.

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12 LIABILITIES AND PROVISIONS (continued)

b) Changes in provisions in 2018:

	31.12.2017	Increases	Reversals	31.12.2018
Provisions for accrued holiday entitlements	317.662	192.772	161.617	348.817
Provisions for 2018 bonuses	317.662	2.772.385	161.617	2.772.385
TOTAL	317.662	2.965.157	161.617	3.121.202

Provisions for accrued holiday entitlements are associated with holidays for the year 2018 (and 2017) to be taken in 2018.

13 SHORT-TERM LOANS

	2018	2017
Short-term loans	2.857.838	4.256.487
Total	**2.857.838**	**4.256.487**

In 2016, the Company took out an overdraft from Bank Alpinum Liechtenstein. The overdraft limit is EUR 900,000, while the applicable interest rate is EURIBOR 3M + 3%, payable at the end of each quarter.

14 REVENUE

	31 December 2018	31 December 2017
Income from trading fees on BSE (Bucharest Stock Exchange)	27.080.269	6.072.536
Income from fees on client transactions in international markets	267.778	356.025
Income from public offerings	26.438	56.990
Income from financial advisory services	69.926	308.995
Income from other services rendered	222.182	169.069
Net turnover	**27.666.592**	**6.963.615**

In December 2018, the Company intermediated the sale of 34% of the shares accounting for the share capital of Airo Slatina SA. Thus, the Company's revenue as of 31 December 2018 was significantly impacted by the amount of fee income collected as a result of the aforementioned transaction (i.e. the negotiated fee established as a percentage of the value of the transaction plus the success fee), which accounted for 69% of the Company's aggregate turnover.

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15 NET GAINS FROM FINANCIAL INSTRUMENTS

	31 December 2018	31 December 2017
(Net Loss)/Gain from measuring securities at fair value through profit or loss	(1.353.774)	2.546.406
Gain/(Net Loss) from disposal of securities at fair value through profit or loss	38.160	148.267
Net loss on financial instruments	**(1.315.614)**	**2.694.673**

16 EMPLOYEE BENEFITS

The Company is managed by a Board of Directors.

By Extraordinary General Meeting of Shareholders Resolution no. 1/17.03.2017, Mr Gioga Stefan Dragos was appointed to replace Mr Buica Nicusor Marian. By authorisation no. 222/27.09.2017, the Financial Supervisory Authority approved the new Company management:

- ✓ Berbec Magdalena Mariana – Chair of the Board of Directors
- ✓ Solovastru Mircea Stefan - Member of the Board of Directors
- ✓ Gioga Stefan Dragos – Member of the Board of Directors

As of 31 December 2017 and 31 December 2018, all the members of the Company's Board of Directors are Romanian citizens. The Company does not pay out remunerations to Board members.

Payroll

	31 December 2018	31 December 2017
Personnel expenses	2.969.495	2.462.690
Other social security expenditure	84.129	562.447
Total	**3.053.624**	**3.025.167**
Number of employees	**24**	**24**

The Company does not pay out remunerations to Board members.

In 2018, the Company made no contributions to voluntary pensions schemes on behalf of employees and paid out no voluntary health insurance premiums. The Company only paid out contributions to the state pension and health funds, as required by the legal provisions in force.

The Company is not bound by any contractual obligations on behalf of Board members and managers. The Company has no future obligations in the form of guarantees set up on behalf of Board members and managers.

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17 OTHER EXPENSES

Expenses for third party services account for goods and services provided by third party suppliers and providers for the adequate performance of the Company's core business, plus financial and legal advisory services received.

	31 December 2018	31 December 2017
Maintenance and repair expenses	148.256	172.639
Rent expenses	262.384	231.040
Insurance costs	11.108	13.249
Capital market transaction fees, commissions and taxes	6.900.056	1.420.041
Transportation costs	40.203	5.368
Travel expenses	96.696	193.296
Postage and telecommunication costs	114.691	79.642
Third party services	1.709.922	2.021.310
Miscellaneous	4.375.589	1.537.152
Other advisory expenses	61.581	68.512
Hospitality expenses	310.159	169.565
Bank fees and commissions	121.002	68.997
Other operating expenses	78.764	69.156
Total	**14.230.413**	**6.049.968**

The Company's statutory auditor for the year 2018 was Mazars Romania SRL. The audit fee for the auditing of the Company's separate financial statements amounted to EUR 9,000, as provided for in the Audit Services Agreement entered into by the parties.

In the course of 2018, the Company's statutory auditor did not deliver prohibited non-audit services under art. 5(1) of (EU) Regulation no. 537/2014 of the European Parliament and the Council.

18 CURRENT AND DEFERRED INCOME TAX

Further information concerning income tax:

RON	**2018**	**2017**
Current income tax:		
Current income tax recoverable(16%)	-	(363.467)
Current income tax payable (16%)	377.725	-
Current income tax payable / (receivable)	**377.725**	**(363.467)**
Deferred income tax:		
Deferred income tax receivable related to 2016 and 2015 recoverable tax losses	-	(1.491.630)
Deferred income tax payable related to available-for-sale financial assets	341.168	434.136
Deferred income tax (net)	**341.168**	**(1.057.494)**

Reconciliation of profit before tax and income tax expense in profit or loss:

RON	**2018**	**2017**
Net profit/(loss) in the period	**12.184.005**	**1.486.938**
Tax loss in the previous years	**(9.361.368)**	**(10.157.125)**
Non-eligible expenses	5.183.046	832.193
Non-taxable income	(5.565.307)	(1.523.374)
Deduction of legal reserves	-	-
Taxable profit/tax loss	**2.440.376**	**(9.361.368)**
Income tax (16%)	**390.460**	**-**

Non-taxable income as of 31.12.2017:

- income from the cancellation of a 2011 litigation provision in the amount of RON 194.875;
- income from the cancellation of provisions for 2016 holiday entitlements in the amount of RON 354.370;
- income from dividend collection in the amount of RON 808.581;
- income from the cancellation of a 2015 expense provision in the amount of RON 165.548.

Non-taxable income as of 31.12.2018:

- income from the cancellation of provisions for 2017 holiday entitlements in the amount of RON 161.617;
- income from dividend collection in the amount of RON 5.399.758;
- income from motor insurance claims in the amount of RON 3.931.

18 CURRENT AND DEFERRED INCOME TAX (continued)

Non-eligible expenses as of 31.12.2017 and 31.12.2018:

	31 December 2018	31 December 2017
Maintenance and repair expenses	38.333	50.036
Fuel expenses	89.632	88.307
Motor vehicle insurance expenses	5.554	5.386
Other motor vehicle expenses (property tax, road tax, other levies)	11.521	2.922
Motor vehicle depreciation costs	57.404	69.895
Penalties, fines	688	1.706
Hospitality expenses	22.634	133.888
Provisions	3.019.302	317.662
Income tax + Deferred income tax	1.882.090	127.321
Other expenses	55.888	35.069
Total	5.183.046	832.192

As of 31 December 2017, the Company reported deferred income tax liabilities as follows:

RON	Assets	Liabilities	Net
Available-for-sale financial assets – recognised in equity	2.713.973	-	2.713.973
Total	**2.713.973**	**-**	**2.713.973**
Deferred income tax liabilities – 16%			**434.136**
Net of deferred income tax			**2.279.837**

As of 31 December 2018, the Company reported deferred income tax liabilities as follows:

RON	Assets	Liabilities	Net
Financial assets at fair value through other comprehensive income- recognised in equity	2.136.532	-	2.136.532
Total	**2.136.532**	**-**	**2.136.532**
Deferred income tax liabilities 16%			**341.168**
Net of deferred income tax			**1.795.364**

18 CURRENT AND DEFERRED INCOME TAX (continued)

Deferred income tax was recognised by diminishing equity by RON 341.168 as of 31 December 2018 (31 December 2017: RON 434.136) and resulted from available-for-sale financial assets measured at fair value.

19 DIVIDEND INCOME

	2018	2017
Dividend income from available-for-sale financial assets	5.399.758	808.581
Total dividend income	**5.399.758**	**808.581**

20 RELATED PARTY TRANSACTIONS

Related party transactions include the transactions between SWISS CAPITAL and:

- SAI SWISS CAPITAL ASSET MANAGEMENT S.A.;
- FDI ACTIVE DINAMIC;
- FII ACTIVE PLUS;
- FII ACTIVE INVEST;
- the Company's management.

Transactions between Swiss Capital and SAI SWISS CAPITAL ASSET MANAGEMENT S.A.:

- the monthly invoicing by SWISS CAPITAL of FDI Active Dinamic fund share distribution fee. In the course of 2017, the fund share distribution agreement executed between SWISS CAPITAL and SAI SWISS CAPITAL Asset Management SA was terminated;

- brokerage fees on capital market transactions by SAI Swiss Capital Asset Management S.A. intermediated by SWISS CAPITAL;

- capital market transactions by SAI Swiss Capital Asset Management S.A. intermediated by SWISS CAPITAL.

	31 December 2018	31 December 2017
FDI Active Dinamic fund share distribution fee	-	8.168
Capital market transaction fees	47.859	43.476

	31 December 2018	31 December 2017
Trading liabilities	-	5.381

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20 RELATED PARTY TRANSACTIONS (continued)

The fees on transactions between SWISS CAPITAL and the funds managed by SAI Swiss Capital Asset Management S.A. are accounted for by brokerage fees on transactions carried out by FDI Active Dinamic, FII Active Plus, and FII Active Invest.

	31 December 2018	31 December 2017
Capital market transaction fees	240.971	351.015

b) Transactions with the Company's management are accounted for by personal transactions on the capital market, as follows:

	31 December 2018	31 December 2017
Capital market transaction fees	8.738	617

Capital market transaction fees also included fees and commissions collected for payment to capital market entities (BSE, FSA, international markets).

21 CONTINGENT ASSETS AND LIABILITIES

a) Legal proceedings

It is the opinion of the Company management that there are no outstanding legal proceedings or claims with a significant impact on the company's financial statements which have not been properly provisioned or disclosed in these Financial statements.
For information purposes only, the Company has reported the prompt payment ordinance issued against AVZU for the recovery of an amount receivable for the Company's shareholding in the aforementioned issuer which has completed the delisting process, but failed to pay the Company within the legally prescribed time period. By the date of approval of these Financial statements, the Company had recovered 45% of the amount receivable. The issuer has undertaken to pay the remaining amount in monthly instalments by the end of 2016.

b) Transfer pricing

Romanian tax laws have included the "arm's length" principle which provides that related party transactions must be carried out at market value. Local taxpayers carrying out transactions with related parties must prepare and provide the tax authorities in Romania with the transfer pricing documentation, at the request in writing by the latter. Failure to submit transfer pricing documentation or the submission of an incomplete file may lead to non-compliance fines; in addition to the content of the transfer pricing file, tax authorities may interpret transactions and circumstances differently from the Company's management and, therefore, may impose additional tax obligations resulting from adjustments to transfer pricing. It is the Company management's opinion that no loss will be incurred following potential tax inspections on transfer pricing. However, the impact of the various interpretations by tax authorities cannot be reliably estimated. The impact may be significant for the Company's financial position and/or operations. The Company's management is of the opinion that it will be able to provide the necessary information in the event of a tax inspection.

21 CONTINGENT ASSETS AND LIABILITIES (continued)

c) Taxation

All amounts due as Government taxes and levies have been paid or reported in the Company's Statement of financial position.

The Romanian tax system is currently undergoing consolidation and harmonisation with European laws, which may result in diverging interpretations by tax authorities, generating additional tax charges and sanctions for the Company. When the Company is found in violation of the law, Government authorities may decide to enforce foreclosures, additional tax charges, fines, late interest payments, etc. Fiscal sanctions may result in significant amounts payable to the State budget.

The Company is of the opinion that all taxes, levies, penalty and/or late interests have been paid in full and in a timely manner.

In Romania, annual accounting records are retained for tax inspection purposes for a period of 5 years.

22 SIGNIFICANT RISK MANAGEMENT

The Romanian economy is still in its early stages of development and there is some uncertainty regarding the future direction of domestic economy and politics. Uncertainty regarding political, legal and fiscal developments, including potential adverse changes can have a significant impact on the Company's ability to operate on the market. Potential changes and their impact on the Company's financial position or future performance may not be reliably estimated.

a) Market risk

Market risk is the risk that changes in market prices or rates, such as share prices, interest rates and foreign exchange rates may have an impact on the Company's income or the value of the financial instruments held. The purpose of market risk management is to keep market risk within acceptable limits, while at the same time improving profitability.

(i) Market risk of equity instruments

The market risk of equity instruments is the risk that equity instrument values fluctuate as a result of changes in market prices, as a result of issuer-specific factors or factors with an impact on all instruments traded on the market.

The market risk of equity instruments is the result of fluctuations in the values of available-for-sale and held for trading shares. Market risk is the most significant risk for the Company. Investments in a diversified range of financial instruments are the main market risk management technique.

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22 SIGNIFICANT RISK MANAGEMENT (continued)

(ii) Interest rate risk

The company transfers cash to overnight bank deposits at a fixed interest rate.

As of the reporting date, the Company's cash and cash equivalents were as follows:

Cash and cash equivalents	31 December 2018	31 December 2017
Current accounts	106.171	589.565
Cash on hand	28	1.798
Cash advances	-	94.438
Bank deposits	1.597.297	-
Total	**1.703.496**	**685.801**

(iii) Foreign exchange risk

The Company is exposed to foreign exchange risk in respect of the current accounts and deposits with banks, and the receivables and liabilities denominated in foreign currencies, namely euro (EUR), US dollar (USD) and Canadian dollar (CAD).

The entity hedges its foreign currency risk by matching receipts in foreign currency with payments in foreign currency. Foreign currency positions are determined on a regular basis and debit or credit positions for each currency are hedged by selling or purchasing foreign currency to current accounts.

Foreign currency exposure as of 31 December 2018

	RON	EUR	USD	OTHER	TOTAL
Financial assets at fair value through profit or loss	25.936.171	4.785.640	-	575.593	31.297.404
Other non-current assets	319.200	466.390	-	-	785.590
Trade receivables and other receivables	873.558	3.249.758	1.048.848	131.997	5.304.161
Client balances	8.711.727	1.299.045	0	121.117	10.131.889
Cash and cash equivalents	1.625.965	24.151	2.370	51.010	1.703.496
Total assets	**37.466.620**	**9.824.984**	**1.051.218**	**879.717**	**49.222.540**
Short-term loans	-	2.857.838	-	-	2.857.838
Trade payables	12.056.352	5.020.617	1.163.955	270.281	18.511.205
Total liabilities	**12.056.352**	**7.878.455**	**1.163.955**	**270.281**	**21.369.043**
Net exposure	**25.410.269**	**1.946.529**	**(112.737)**	**609.436**	**27.853.497**

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22 SIGNIFICANT RISK MANAGEMENT (continued)

Foreign currency exposure as of 31 December 2017

	RON	EUR	USD	OTHER	TOTAL
Financial assets at fair value through profit or loss	12.387.026	1.669.101	-	8.337	14.064.464
Other non-current assets	316.818	465.970	-	-	782.788
Trade receivables and other receivables	545.292	1.674.965	1.968.028	130.267	4.318.552
Client balances	10.938.686	656.743	108.763	151.785	11.855.976
Cash and cash equivalents	139.158	543.373	1.066	2.205	685.801
Total assets	**24.326.978**	**5.010.152**	**2.077.857**	**292.594**	**31.707.581**
Short-term loans	-	4.256.487	-	-	4.256.487
Trade payables	12.610.772	1.650.098	1.819.123	196.849	16.276.842
Total liabilities	**12.610.772**	**5.906.585**	**1.819.123**	**196.849**	**20.533.329**
Net exposure	**11.716.206**	**(896.433)**	**258.734**	**95.745**	**11.174.252**

b) Credit risk

Credit risk is the risk of financial loss given the counterparty's failure to meet contractual obligations.

The maximum exposure of the Company to credit risk as of 31 December 2018 and 31 December 2017 is shown in the table below:

	31 December 2018	31 December 2017
Other non-current assets	785.590	782.788
Trade receivables and other receivables	5.304.161	4.318.552
Total	**6.089.751**	**5.101.340**

The Company observes closely the information available on the banks where its account balances are maintained (as deposits and current accounts), and investment/divestment decisions are made based on the reviews conducted.

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22 SIGNIFICANT RISK MANAGEMENT (continued)

c) *Liquidity risk*

Liquidity risk is the risk that the Company may not be able to meet its liabilities when due.

The Company's policy seeks to ensure that sufficient liquidity is maintained to meet liabilities when due. The Company carefully plans and monitors its cash flows in order to prevent liquidity risk.

The structure of assets and liabilities has been reviewed in the period between the reporting date and the contractual maturity for the financial year ended 31 December 2018, as well as for the year ended 31 December 2017, as follows:

RON	Carrying amount	Less than 3 months	Between 3 and 12 months	More than 1 year	With no set maturity
31 December 2018					
Financial assets					
Investments in subsidiaries and associates	532.440	-	-	-	532.440
Financial assets at fair value through other comprehensive income	9.527.777	-	-	-	9.527.777
Other non-current assets	785.590	-	-	-	785.590
Trade receivables and other receivables	5.304.161	5.163.763	140.397	-	-
Financial assets at fair value through profit or loss	31.297.404	31.262.114	-	-	35.290
Client balances	10.131.889	10.131.889	-	-	-
Cash and cash equivalents	1.703.496	1.703.496	-	-	-
Total financial assets	**59.282.757**	**48.261.262**	**140.397**	**-**	**10.881.097**
Financial liabilities					
Short-term loans	2.857.838	-	2.857.838	-	-
Trade payables and other current liabilities	18.852.372	17.551.719		959.485	-
Provisions	3.121.202	2.772.385	348.817	-	-
Total financial liabilities	**24.831.412**	**20.324.103**	**3.206.655**	**959.485**	**-**

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22 SIGNIFICANT RISK MANAGEMENT (continued)

c) Liquidity risk (continued)

RON	Carrying amount	Less than 3 months	Between 3 and 12 months	More than 1 year	With no set maturity
31 December 2017					
Financial assets					
Investments in subsidiaries and associates	532.440	-	-	-	532.440
Other available-for-sale financial assets	10.194.654	-	-	-	10.194.654
Other non-current assets	782.788	-	-	-	782.788
Trade receivables and other receivables	4.318.552	3.667.523	287.562	363.467	-
Financial assets at fair value through profit or loss	14.064.464	14.064.464	-	-	-
Client balances	11.855.976	11.855.976	-	-	-
Cash and cash equivalents	685.801	685.801	-	-	-
Total financial assets	**42.434.675**	**30.273.764**	**287.562**	**363.467**	**11.509.882**
Financial liabilities					
Short-term loans	4.256.487		4.256.487		
Trade payables and other current liabilities	15.194.474	13.667.358	1.650.000	959.485	-
Provisions	317.662	-	317.662	-	-
Total financial liabilities	**19.768.623**	**13.667.358**	**6.224.149**	**959.485**	**-**

d) Capital adequacy

The Company is subject to legal requirements concerning capital adequacy. Thus, the values of equity according to IFRS statutory accounting regulations, namely RON 23.329.423 as of 31 December 2017 and RON 35.028.954 as of 31 December 2018 are over the required legal limit.

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e) Cash flow risk

Cash flow risk is the risk that future cash flows associated with monetary items may fluctuate in size. For instance, in the case of financial instruments with variable interest rates, fluctuations will result in an effective change in the financial instrument's interest, usually with no impact on fair value.

Due to the nature of its business, the Company is not exposed to major estimated cash flow fluctuations, from financial instruments or interest rates.

f) Return on assets

According to the provisions laid down in Art. 134 of FSA Regulation no. 3/2014, return on assets is calculated as the ratio between net profit and total assets.

Return on assets	**2018**	**2017**
	20%	**3%**

23 EVENTS AFTER THE REPORTING PERIOD

Between 31 December 2018 and the approval date of these Financial statements, no subsequent events with potential significant impact on the financial statements were reported.

Financial statements signed off this day, 29 May 2019:

Magdalena Berbec **Chair of the Board of Directors**	**Bogdan Juravle** **General Manager**	**Valeria Avram** **Chief Accountant**

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