



BRK Financial Group

Board of Directors

Semestrial Report

June 30, 2018

CONTENT

Key Indicators	3
Company profile.....	4
About the Company	5
BRK Shares	5
Company`s activity	6
Brokerage segment.....	6
Trading Segment.....	7
Stock market context.....	8
Retrospective of global stock market evolutions	8
Retrospective of local stock market evolution	9
Activity in the first semester of 2018.....	10
Significant events during the reporting period.....	10
Financial Results	11
Brokerage activity.....	12
Trading activity	12
Management of the company's own financial asset portfolio	13
Financial position	13
Significat events after the reporting period.....	15

Key Indicators

Indicators

			Evolution
Financial Results (Ron)	30-Jun-17	30-Jun-18	%
Income from continuing operations	5.755.909	5.745.710	-0,18%
Operating income / loss	929.802	1.183.874	27,33%
Income / loss of the period	929.802	1.183.874	27,33%
Total comprehensive income for the period	(372.309)	1.183.874	N.A.

Financial Position (Ron)	30-Jun-17	30-Jun-18	%
Fixed assets	34.872.695	18.225.512	-47,74%
Current assets	72.799.726	101.696.753	39,69%
Total assets	108.229.488	120.466.986	11,31%
Equity	62.502.282	60.304.226	-3,52%
Long- term liabilities	20.011	49.618	147,95%
Current liabilities	45.707.195	60.113.142	31,52%

Share indicators	30-Jun-17	30-Jun-18	%
Net profit per share (Ron/share)	0,0028	0,0035	27,33%
Accounting net asset (Ron/share)	0,1851	0,1785	-3,52%

Economic and financial indicators	30-Jun-17	30-Jun-18	%
Current liquidity	1,59	1,69	6,22%
Indebtedness	0,42	0,50	18,20%
Account receivable turnover	0,17	0,01	-94,12%
Fix asset turnover	0,05	0,09	80,00%

Price of BRK share (Ron/share)	30-Jun-17	30-Jun-18	%
Opening price (previous closing price)	0,0688	0,0752	9,30%
Maximum (intraday price)	0,1145	0,0896	-21,75%
Minimum (intraday price)	0,0694	0,0744	7,20%
Closing price (closing price of the second quarter's last day)	0,0870	0,0800	-8,05%

Company profile

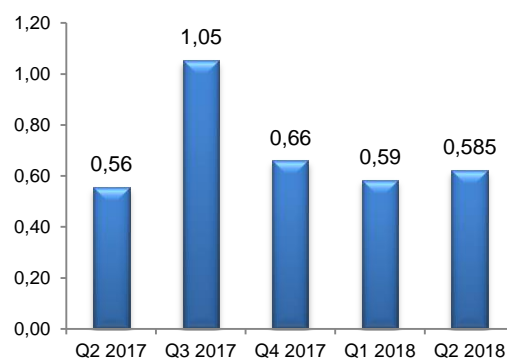
The director's Report for the first semester of is drawn up in accordance with Law no. 297/2004 on the Capital market and Law no 24/2017 on issuers of financial instruments and market operations.

Date of report	August 14, 2018
Legal name	SSIF BRK FINANCIAL GROUP S.A.
Field of activity	Security and commodity contracts brokerage
NACE Code	6612
Tax Identification Number	6738423
Registered in the Trade Reg. under no.	J12/3038/1994
Share capital	54.039.987,04 Ron
Address Headquarters:	119 Motilor Street, Cluj-Napoca
Telephone, Fax	0364-401709, 0364-401710
Email	secretariat@brkfinancialgroup.ro
Webpage	www.brkfinancialgroup.ro
Securities	337.749.919 Ordinary shares with a par value of 0.16 Ron/share
Regulated market	Bucharest Stock Exchange, Main Segment, Premium Tier BSE
Symbol	BRK
ISIN	ROBRKOACNOR0
Audit	The interim financial statements on June 30, 2018 that are the basis of this report, have not been audited.

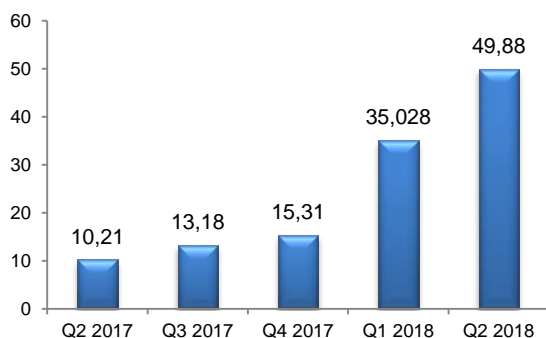
Share transactions on BSE (mil.Ron)



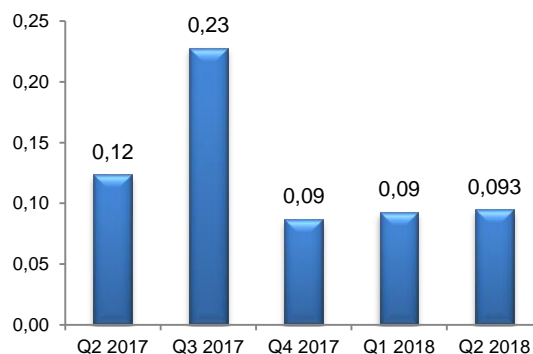
BSE commissions (mil.Ron)



Transactions with structured products on BSE (mil.Ron)



Foreign market commissions (mil Ron)



About the Company

SSIF BRK Financial Group S.A was established as a joint-stock company on the 26th of October 1994 under the initial name of SIVM Broker SA, which later became SSIF Broker S.A., until the end of 2015. Following the expansion of the company's activity to other financial segments through strategic acquisitions, but also as a result of internal development, in 2015 the company decided to change its name from SSIF Broker SA into SSIF BRK Financial Group S.A. Thus, the name change operation was completed on 21.03.2016, after publication of the Resolution of the Shareholders' Extraordinary General Meeting of 16.12.2015 in the Official Monitor of Romania no. 226, Part IV, on 15.01.2016. The FSA authorization to change the name was received on 24.02.2016.

SSIF BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange, the Romanian Commodities Exchange and the Investor Compensation Fund.

The main activity is the security and commodity contracts brokerage, BRK being one of the largest retail brokerage companies in Romania. The company offers a wide range of financial services for both retail and institutional customers. Transaction brokerage on the Bucharest Stock Exchange and those in other international markets is still one of the main sources of income for the company.

În the past, BRK was involved in listing some of the most prestigious companies in Romania on the Bucharest Stock Exchange and listed 11 of the 12 companies initially listed on the Bucharest Stock Exchange, preparing and introducing to trading a total of 45 companies. Some of these companies are: Antibiotice Iași, Azomureș Târgu-Mureș, Terapia Cluj-Napoca, Artrom Slatina, Astra Vagoane Arad, etc.

In addition to the services intended for customers, the management of its own financial assets portfolio contributes to SSIF BRK Financial Group S.A.'s revenue. The investments are made both in Romania and in international markets, both in premium companies listed on regulated markets and in private companies. Thus, SSIF BRK Financial Group S.A. has become a significant shareholder in several Romanian companies and is actively involved in their development.

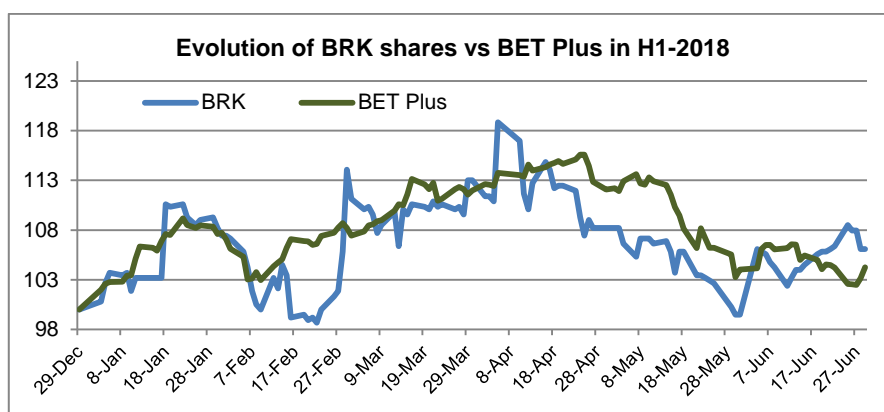
In 2005, BRK Financial Group became the first and, to date, the only financial investment firm listed on Bucharest Stock Exchange, Premium tier. The shares of SSIF BRK Financial Group S.A. were admitted to trading on the main market operated by the Bucharest Stock Exchange on 5 February, 2005, under the symbol BRK. BRK shares are listed on the Bucharest Stock Exchange, Premium tier, and are included in the BETPlus index. The Company's headquarters are in Cluj-Napoca, and its presence across Romania is ensured through its agencies in Bucharest, Timișoara, Iași and Suceava.

On 30 June 2018, the company had 39 employees, 12 of whom were brokers. Another 17 persons were authorized at that time to work with BRK Financial Group as appointed agents.

BRK Shares

BRK Financial Group's shares are dematerialized, ordinary, indivisible, and freely negotiable since their admission to trading on Bucharest Stock Exchange (BSE). BRK Financial Group's shares were admitted to trading on the main market administered by the Bucharest Stock Exchange on 5 February 2005 under the BRK symbol. BRK shares are listed on the *Premium* Tier of the Bucharest Stock Exchange and are included in the BETPlus index basket.

The records of the shares are kept by the Central Depository, which is an independent registrar authorized by the Financial Supervisory Authority. The total number of BRK shares is 337.749.919 and the par value of one share is 0,16 Ron.



Source: Bloomberg





Company's activity

BRK Financial Group's main activity is structured in two business directions, namely the brokerage segment and the trading segment. Within the trading segment, the company operates transactions on its own account, market-making operations and operations with structured products, and on the brokerage segment, the company operates clients transactions, respectively corporate operations.





Brokerage segment

Financial intermediation refers to all transaction brokerage services offered to individual investors and companies, as well as specialised services offered to institutional customers. The intermediation services (brokerage) consist of:

A. Transaction brokerage services for investors:

-  Intermediation of transactions for the sale and purchase of securities traded on the Bucharest Stock Exchange (BSE). For these services, customers may choose to be assisted by a broker in the trades, or they may choose to trade online on their own. In this category, BRK offers customers the possibility to trade on margin (based on a credit line granted by the company to the customer), liquid shares listed on Bucharest Stock Exchange.
-  Intermediation of transactions on international markets, the company's customers have access to over 100 foreign markets in Europe, North America and Asia. The range of financial instruments is very diverse (shares, bonds, structured products, EFT-s, CFDs, futures, etc.), and the costs involved in trading on international markets through BRK Financial Group are some of the most attractive on the market.
-  Intermediation of transactions with corporate, municipal and state bonds on BSE and OTC, namely brokerage of transactions with structured products on BSE's dedicated segment.
-  Intermediation of domestic and international transactions for institutional clients.

B. Specialised services for institutional customers:

-  Funding on the capital market through the issuance of public shares and bonds.
-  Intermediation of public offerings for purchase or takeover some companies listed on BSE.
-  Listing of companies and investment funds on the capital market through initial public offerings or based on prospectus of admission to trading.
-  Advice for funding through issuance of shares and bonds or promotion on the capital market.

In the first quarter of this year, BRK Financial Group brokered:

- The buy-back offer of 6% of the shares of Bermas S.A. Suceava,
- The equity increase of Fimaro S.A. Cluj
- Made a Memorandum for obtaining the trading agreement on AeRO market for Remat Maramureş S.A. Baia Mare and for Confecţii Vaslui S.A.


In the second quarter of this year, BRK Financial Group brokered:


- Made the Memorandum for obtaining the trading agreement on the AeRO market for Albapam S.A. Alba Iulia.
- Complete of the share capital increase of Fimaro S.A. Cluj.


Trading Segment

In addition to the brokerage segment, **the management of its own portfolio of financial assets** is another important activity of BRK Financial Group and it contributes significantly to the company's revenue. On the other hand, it is also a major risk factor given that BRK Financial Group must reassess all the positions in its own portfolio at the end of each year, and the value adjustments of the securities affect the result of the financial year and may change the image of the company's financial performance. At the end of each month, the company adjusts the value of the listed companies in the portfolio, by marking to market.

According to the internal procedures approved by the Board of Directors, the shares held in the company's own portfolio were classified into 3 major categories:

 **Strategic investments:** shares held in affiliated entities and participating interests. Participating interests are: rights in the capital of other entities, whether or not represented by certificates, which, by creating a lasting relationship with these entities, are intended to contribute to the entity's activities. Ownership of a share in the capital of another entity is presumed to be an interest in participation where it exceeds 20% and 10% if the significant influence is also formed by the involvement of BRK in the management of the company in which investments are held. Holdings of shares may be both in closed and listed companies

 **Investemnts portfolio:** the shares of the companies to which BRK can not/does not wish to exercise significant influence in the management of the company. Shares are held for a period longer than 365 days, in line with the intention to hold these long-term securities. Also within this category are highlighted the investments held in closed-end (unlisted) companies that do not meet the conditions to be incorporated into "Strategic Investments", regardless of the size of the stake or the holding in the issuer's share capital.

 **Short-term financial investments:** financial instruments that are subject of current sales and purchases from the company. This section does not include the shares of closed or unlisted companies.

Starting July 1, 2018, the structure of the company's own portfolio is as follows:

- Tradable portfolio
- Non-tradeable portfolio
- Margin loans.

At the end of the first semester of this year, SSIF BRK Financial Group ranked 10th among the top brokers on the Bucharest Stock Exchange according to the traded value. The company's market share increased to 2,90% (out of the total traded value), as compared to the end of the previous year when the company's market share stood at 1,99% (11th place among the BSE brokers by the traded value), but also compared to the first semester of the previous year when the company's market share stood at 2,11%.

Market-making operations are continuous and specific to foreign brokerage firms so it is justified to consider that these operations are the operational branch of the BRK Financial Group's activity.

In the first semester of 2018, the company acted as a market-maker for the BTF fund units and as a liquidity provider for all issued certificates.

As of 2010, the company conducts market-maker activities (display and maintaining of firm buy/sell prices) on various financial instruments. In 2014, BRK Financial Group brought a new innovative product to the Bucharest Stock Exchange: capital-protected certificates.

Stock market context

Retrospective of global stock market evolutions

In the first half of 2018, international financial markets had mixed evolutions. The US stock index Dow Jones Industrial Average posted a 1.81% depreciation after the first six months of the year and the S & P 500 saw a 1.66% increase since the beginning of the year, while European stock exchanges had mixed evolutions. Thus, the DAX-30 German stock index fell by 4.73%, Paris stock appreciated by 0.21% and the London Stock Exchange declined by 0.66% in the first half of the year.

Index	Country	(%) 15/14	(%) 16/15	% 17/16	% Jun-18 / Dec-17
Dow Jones	USA	-2,23%	13,42%	25,08%	-1,81%
S&P 500	USA	-0,73%	9,54%	19,42%	1,67%
DAX-30	Germany	9,56%	6,87%	12,51%	-4,73%
CAC-40	France	8,53%	4,86%	9,26%	0,21%
FTSE-100	England	-4,93%	14,43%	7,63%	-0,66%
NIKKEI-225	Japan	9,07%	0,42%	19,10%	-2,02%
ATX	Austria	10,97%	9,24%	30,62%	-4,80%
Shanghai Composite	China	9,41%	-12,31%	6,56%	-13,90%
WIG-20	Poland	-19,72%	4,77%	26,35%	-13,23%
PX	Czech Republic	1,01%	-3,63%	16,98%	-1,29%
RTS	Rusia	-4,25%	52,21%	18,00%	-0,02%
SOFIX	Bulgaria	-11,72%	27,23%	15,52%	-6,38%
BUX	Hungary	43,80%	33,78%	23,04%	-8,25%

Source: www.1stock1.com, Bloomberg, investing.com

One of the most important events in the United States in the first six months of this year was to introduce new tariffs for imports of aluminum (10%) and steel (30%) from Canada, Mexico and the European Union. In response to the implementation of these tariffs by the US, Mexico and Canada have also increased import tariffs for various US products. Representatives of the European Union also said that it would introduce new taxes on US imports. These events have generated some fear in financial markets around the world, the main indices of various stock exchanges failing to reach new highs.

On the other hand, the Federal Reserve (FED) raised benchmark interest rates to 2%, from 1.75% on the backdrop of strong economic growth and a favorable labor market situation.

In Europe, the Lega and 5-Star Movement parties have created a coalition for the government of Italy, ending the three-month talks since the elections in March of this year. Political uncertainty has caused a fall in Italian financial markets, thus affecting the Eurozone.

Retrospective of local stock market evolution

The Romanian capital market registered substantial increases in the first quarter of this year, drastically corrected in the second quarter. However, with the exception of the BET-FI index, all other indices of the Bucharest Stock Exchange marked increases in the first half of the year. Thus, the best performance in the first 6 months belongs to the BET-TR index, which added an increase of 11.04% compared to the end of 2017. The official index of the Bucharest Stock Exchange - BET posted an increase of 4.30% in the first half of the year, reaching 8,087 points at the end of June.

Index	'17/'16	% Q1-18	% Q2-18	% Jun-18 / Dec-17
BET	9,44%	12,39%	-7,20%	4,30%
BETPlus	10,72%	11,97%	-6,90%	4,24%
BET-FI	33,43%	2,76%	-7,49%	-4,94%
BET-XT	14,48%	10,34%	-7,20%	2,39%
BET-NG	10,79%	11,12%	-6,40%	4,02%
BET-TR	19,09%	12,43%	-1,23%	11,04%
BET-XT-TR	23,80%	10,35%	-2,01%	8,13%
ROTX	12,78%	12,48%	-6,99%	4,61%

Source: Bloomberg

In the first quarter of the year, BSE indices registered significant increases. A factor of influence was the dynamics and trends of international financial markets, as well as the rise in oil prices on international markets. Thus, in the first quarter, the largest increase was recorded by the BET-TR index, followed closely by the BET index (with an advance of 12.39%). The average daily trading value in the first quarter of 2018 reached 11.5 million euros, up 23% over the same period of the previous year.

However, the second quarter of the year brought fairly significant corrections to all local indices, with the largest depreciation in April-June 2018 belonging to the BET index (-7.20%). At the end of the first semester, the BET index was 4.3% above its value at the end of the previous year, while the BET-FI declined by 4.94% over the same period. The BET-TR index, which also includes dividends, increased by 11% at the end of the first six months and exceeded 11,500 points.

The first half of 2018 was marked by dividends and political uncertainties in our country. On the other hand, two listings (a technical one and an IPO) and two bond issues (one municipal and one corporate) took place at the Bucharest Stock Exchange. Elvila S.A. (ELV) entered into trading on 1 February 2018 on the AeRO market following a technical listing. On February 15, 2018, Purcari Wineries (WINE) shares were traded on the main market of the BSE, after successfully running an IPO of approximately 40 million euros.

The municipal bonds issued by the Bucharest Municipality (maturity 10 years, the interest rate of 5.6% per year), worth 555 million lei, entered into trading in April, and in May this year were issued the corporate bonds Globalworth, with a total value of € 550 million.


















At the end of the first half of the year, the stock market capitalization of Romanian companies exceeded 20 billion euros, and the capitalization of listed companies on the regulated market of BSE was 36 billion euros.

The monetary policy rate applied by the National Bank of Romania stood at 1.75% at the beginning of the year. The NBR modified 3 times the benchmark interest rate in the first six months of the year, as follows:

- On January 9, 2018, the NBR changed the reference rate to 2%.
- On February 8, 2018, the NBR changed the reference rate to 2.25%.
- On May 8, 2018, the NBR changed the reference rate to 2.50%.

Activity in the first semester of 2018

Significant events during the reporting period

-  January 4, 2018 – The Board of Directors of BRK Financial Group has decided to extend the repayment term of the loans granted to Romlogic Technology S.A., until 29.01.2018.
-  January 26, 2018 – The Board of Directors of BRK Financial Group has approved the structured products issue Program. BRK published the financial calendar for the current year.
-  February 15, 2018 – The company published the individual IFRS financial statements for December 31 December, 2017 according to the financial calendar. Also, BRK Financial Group informed the investors about the decisions of the Financial Supervisory Authority to reject the appointment of Mr. Chiş Grigore as leader.
-  February 19, 2018 – The Auditor's Report was published.
-  February 21, 2018 – The company informed the general public that on February 20, 2018, the Board of Directors appointed Mr. Cătălin Mancaş as Deputy General Manager, he will work at the company's headquarters in Bucharest.
-  February 23, 2018 – The company informed the general public about the conclusion of an addendum to the contract dated 20.11.2017 through which it finances Facos S.A. Loan amount granted: 360,000 lei, annual interest: 6%, refund period: 19.11.2018.
-  February 28, 2018 – The company informed the general public that on February 27, 2018, the Board of Directors appointed Mr. Răzvan Raţ as Deputy General Manager.
-  March 8, 2018 – The company informed the general public on the decision of Ms. Monica Ivan to resign as Deputy General Manager.
-  March 16, 2018 – The Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders were convened for April 24/25, 2018.
-  March 23, 2018 – The EGMS Convention was amended by introducing a new item on the agenda.
-  April 4, 2018 - Mr. Cristian Vasile BUT was authorized by the Financial Supervisory Authority in the position of administrator of BRK Financial Group S.A. (ASF Authorization No. 102 / 04.04.2018).
-  April 5, 2018 - Completion of the convening of the Ordinary General Meeting of the Shareholders on 24/25 April 2018, including on the agenda a new item: Approval of the income and expenses budget proposed by the shareholder Global Colsult SRL.
-  April 10, 2018 - SSIF BRK Financial Group S.A. informed shareholders and investors about the resignation of MADEM Aurelian from the board of directors of the company.
-  April 19, 2018 - The SSIF BRK Financial Group informed investors about the approval of the Basic Prospectus by the Financial Supervisory Authority on 17 April 2018 in connection with the Structured Products Issuance Program.
-  April 24, 2018 - Conduct of the Extraordinary General Meeting of Shareholders at 12.00 and the Ordinary General Meeting of Shareholders at 12.30, at the company's headquarters.
-  April 25, 2018 - Publication of the EGMS and OGM decisions of 24 April 2018 and of the Annual Report for 2017.
-  May 2, 2018 - BRK Financial Group informed shareholders and investors that two pre-sale agreements were concluded for Minesa IPCM SA shares, a company in which BRK Financial Group hold 38.1% of shares, the total

value of ante-contracts amounting to 1,100,234.43 Euro, and the collection of the counter-value will be made in draws, and the entire operation will end, in principle, until December 2018.

-  May 15, 2018 - The BRK Financial Group has published the Quarterly Report of Board of Directors for the first quarter of the year.
-  May 17, 2018 - The Company informed shareholders and investors about the authorization of Mr. Raț Răzvan-Legian as the Leader (Deputy General Manager) following the decision of the Financial Supervisory Authority of May 16, 2018.
-  June 4, 2018 - The Company informed shareholders and investors of the Board of Directors' decision of May 31, 2018 decision, to organise a competition for the position of BRK Financial Group's CEO.
-  June 26, 2018 - The Company informed shareholders and investors that on June 25, 2018, a loan agreement with SAI Broker S.A. has ceased, from the borrower's initiative, in which the BRK Financial Group has holdings. The Subordinated Loan Agreement, whereby BRK Financial Group S.A. granted a loan of Lei 676,000 to SAI Broker S.A. with a fixed annual interest rate of 3.5%, was concluded on 10 November 2016 and set a deadline for repayment on 31 December 2021. The early repayment of the loan was made on 25 June 2018. The amount received was 676,000 lei, representing the loan granted plus the interest for June in the amount of 1361,26 lei.

Financial Results

Company revenues in the first half of the year fell by 0.18% over the same period last year amid a 12.34% reduction in commission income. Given that the commission income had a weight of 28.22% in the total revenues in the first half of the year, the impact of their decrease was felt. In spite of the financial nature of the revenues from the management of the portfolio of its own financial assets and those generated by the market making and structured products, these income categories are included in the turnover generated by continuous activities. Thus, the two categories together recorded an advance of 5.65% aggregated in the first six months of this year compared to the same period last year.

Dynamics and structure of income (Ron)	30-Jun-17	30-Jun-18	%	30-Jun-17	30-Jun-18
TOTAL INCOME	5.755.909	5.745.710	-0,18%	100%	100%
Income from commissions	1.849.857	1.621.506	-12,34%	32,14%	28,22%
Income from domestic market commissions	1.062.218	1.214.762	14,36%	18,45%	21,14%
Income from foreign markets commissions	425.716	336.562	-20,94%	7,40%	5,86%
Income from related activities	361.923	70.181	-80,61%	6,29%	1,22%
Financial Income	3.874.209	4.093.259	5,65%	67,31%	71,24%
Income from dividends	127.133	274.255	115,72%	2,21%	4,77%
Interest income	-	544.813	N.A.	N.A.	9,48%
Net financial gains (other than dividends or interest)	3.747.076	3.274.191	-12,62%	65,10%	56,98%
Other operating income	31.843	30.946	-2,82%	0,55%	0,54%
Rental income	8.148	6.068	-25,53%	0,14%	0,11%
Other income	23.695	24.878	4,99%	0,41%	0,43%

Total expenditures of the company (4,561,836 lei) decreased by 5.48% in the first semester of the year compared to the same period of the previous year, the most important amounts being related to the personnel expenses and the employees and the expenses related to the external benefits.

Dynamics and structure of expenditures (Ron)	30-Jun-17	30-Jun-18	%
Total expenses	-4.826.107	-4.561.836	-5,48%
Expenditure on raw materials, materials	-74.855	-50.864	-32,05%
Expenditure on energy and water	-62.375	-63.884	2,42%
Expenses with staff and collaborators	-2.106.785	-2.073.781	-1,57%
Expenses with taxes and fees	-83.799	-78.778	-5,99%
Expenditure on external benefits	-1.384.533	-1.682.818	21,54%
Value adjustments of intangible and tangible assets exclusive to goodwill	-503.485	-559.574	11,14%
Net financial losses	-151.976	-47.289	-68,88%
Other expenses	-458.299	-4.848	-98,94%

The result of the activity carried out in the first semester of this year is represented by a profit of 1,183,874 lei.

Brokerage activity

The brokerage activity involves trading on the Bucharest Stock Exchange and on the international markets and the revenues are generated by the commissions charged by the company to the clients involved in transactions in these markets. At the level of the company, in the first semester of the year, the total revenues from brokerage activity amounted 1,62 million lei, while the expenses related to this activity amounted to 1,13 million lei, resulting in a profit from the brokerage activity of 0,49 million lei.

Trading activity

At the level of the company, in the first semester of the year, total revenues from trading activity amounted to 4,03 million lei, while the expenses related to this activity amounted to 2,73 million lei, resulting in a profit from the mediation activity of 1,3 million lei.

In the first semester of this year, BRK Financial Group expanded its Market Making activity through the issuance of structured products with Romanian-backed shares (Banca Transilvania and OMV Petrom, including turbo short in the case of OMV Petrom) and international shares, the first step being the shares of Deutsche Bank AG. The issuance of certified capital certificates continued with the issue of BKDAICPL1, having Daimler AG as a support asset.

In this first semester, the BRK Financial Group issued 30 Turbo certificates, of which 18 supported the American Dow Jones Industrial Average, 2 gold-supported certificates, 4 certificates with Deutsche Bank shares as support, 4 certificates with OMV Petrom shares as support and 2 certificates with support assets of Banca Transilvania SA. Shares. Also, a product with protected capital was issued.

It is worth mentioning the positive evolution of the structured products turnover (89.5 million lei vs. 24 million lei in the same period last year), the tripling of the market share (24% vs. 8%), the maintenance of the growth rate in the second quarter of 2018 to the first quarter of 2018, BRK being the leader in the structured products segment in April, May and June of this year. An important contribution to the growth in turnover was the increase in the Dow Jones Industrial Average volatility against the background of the possibility of import tariffs by the United States of America.

Management of the company's own financial asset portfolio

The investment strategy adopted in 2017 aimed to continue the restructuring of the financial asset portfolio started in 2015: restructuring of the equity portfolio by selling nonperforming holdings and the use of the amounts obtained for financing the core activity (market-making, the issuance of new structured products, investments on own account and margin loans), respectively supporting and promoting projects developed by SAI Broker SA, to which BRK Financial Group holds 99.98% to provide clients with fund management services. In the first semester of this year, BRK Financial Group continued to apply the same strategy.

Evolution and structure of the financial instrument portfolio – on the Romanian market	Number of issuers			Market value		
	31-Dec-17	31-Mar-18	30-Jun-18	31-Dec-17	31-Mar-18	30-Jun-18
Listed companies	8	14	12	3.079.495	17.589.156	16.292.170
Unlisted companies	20	14	14	12.633.866	16.005.659	15.921.183
Holdings in OPC/AOPC	11	9	10	24.211.304	10.979.833	13.093.032
Total portfolio	39	37	36	39.924.665	44.574.648	45.306.385

In first semester, the number of listed companies in which the company holds shares decreased, as the company sold mainly less liquid positions which are of no interest to the company or do not have enough growth potential at the moment. The portfolio also includes strategic placements in which BRK engages speculatively and long-term placements where BRK does not exercise control and influence, as well as short-term placements that are part of the speculative portfolio. The value of the total portfolio of the company at the end of the first semester reached 45.3 million lei, up 13.47% compared to its value at the end of the previous year, mainly as a result of the appreciation of the listed securities held and the appreciation of the securities participation in OCP / AOPC.

Sector exposure of the listed financial instruments, on 30 June 2018

Construction	Industry	Financial-Banking	Others	Commerce	Consumer goods
57%	16%	11%	7%	5%	4%

On June 30, 2018, BRK's listed shares in the domestic market were valued at about 16.29 million leis, down by about 7.37% on the value at the end of the first quarter of the year. The value of the entire portfolio amounted to 45.30 million lei, increasing by 1.64% compared to its value at the end of the first quarter.

Financial position

The company's total assets increased by 21.65% as of June 30, 2018 as compared to the end of 2017, mainly due to the increase in current assets (+ 56.97% versus December 31, 2017) and mainly financial investments short term. Long-term financial investment declined substantially (-64.86% versus December 31, 2017), while real estate investment remained at the same level. The total debts of the company increased by 51.44%, reaching 60.16 million lei, this increase being mainly determined by the increase of the amounts due to the clients (customer availability).

<i>Statement of financial position (Ron)</i>	31-Dec-17	31-Mar-18	30-Jun-18
Assets			
Intangible assets	2.494.273	2.350.750	2.170.767
Tangible assets	6.190.220	6.096.659	6.117.326
Investment property	1.030.143	1.030.142	1.030.142
Long-term financial investments	21.998.949	8.078.818	7.731.024
Other long-term financial investments	1.980.075	1.850.113	1.176.252
Total fixed assets	33.693.660	19.406.482	18.225.512
Short-term financial investments	18.033.358	36.479.360	37.998.604
Other short-term financial investments	6.265.408	2.347.851	2.394.757
Trade and other receivables	12.620.117	13.355.909	18.290.258
Bank account for customers	26.351.801	34.296.420	41.119.860
Cash and cash equivalents	1.515.211	645.886	1.893.276
Total current assets	64.785.894	87.125.426	101.696.753
Assets held for sale	544.721	544.721	544.721
Total assets	99.024.275	107.076.629	120.466.986
Equity			
Share capital	54.039.987	54.039.987	54.039.987
Share capital adjustment	4.071.591	4.071.591	4.071.591
Own shares	-24.047	-24.047	-24.047
Share premium	5.355	5.355	5.355
Reserves	14.484.421	11.650.832	11.305.246
Results carried forward	-13.280.773	-10.771.739	-9.093.905
Total equity attributable to the Company's shareholders	59.296.533	58.971.979	60.304.226
Liabilities			
Obligations under finance leases	74.234	61.913	49.618
Provisions	0	0	0
Total long-term liabilities	74.234	61.913	49.618
Short-term bank debts	5.006.087	5.148.726	3.339.929
Current obligations under finance lease	48.087	48.483	48.886
Amounts owed to clients (clients funds)	30,938,001	38.949.097	48.896.620
Trade and other payable	3,211,150	3.446.248	7.377.524
Provisions	450	450.182	450.182
Total current liabilities	39,653,507	48.042.736	60.113.142
Total liabilities	39,727,742	48.104.650	60.162.760
Total equity and liabilities	99,024,275	107.076.629	120.466.986

Significat events after the reporting period



July 5, 2018 - The BRK Financial Group informed shareholders and investors about the authorization of Mr. Cătălin Mancaș as the Leader (Deputy General Manager) following the decision of the Financial Supervisory Authority of July 4, 2018.



July 25, 2018 - The selection process for the position of General Manager of SSIF BRK Financial Group was finalized. The Board of Directors appointed Mr. Nașcu Șerban as General Manager of BRK Financial Group. He is expected to work in the BRK Financial Group after receiving the approval from the Financial Supervisory Authority.



August 10, 2018 - BRK Financial Group announced that a Minesa share sale agreement was concluded with a private investor, the object of the contract for the sale is 23,393 shares of Minesa IPCM SA, representing 9% of the share capital, at the price of 11,11 euro / share, the value of the contract amounting to 259,896.23 euros.

Signatures

Raț Răzvan Legian

Deputy Chief Executive

Sandu Mircea Pali

Chief Accountant

Darie Moldovan

Chairman of the Board of Directors



intermediem succesul

***IFRS Individual
Financial
Statements
as at 30 June 2018***



Table of contents

Page

Individual financial statements

Individual statement of financial position	3
Individual statement of the comprehensive income	4
Individual statement of changes in equity	6
Individual statement of cash flows	8
Notes to the financial statements	10

intermediem succesul

Separate statement of the financial position as at 31 December 2017

<i>In lei</i>		Jun-18	2017
Assets			
Intangible assets	8	2,170,767	2,494,273
Tangible assets	9	6,229,282	6,190,220
Investment property	10	918,186	1,030,143
Available for sale financial investments	11	7,731,024	21,998,949
Other long-term financial investments	12	1,176,252	1,980,075
Total fixed assets		18,225,512	33,693,660
Short-term financial investments	11	37,998,604	18,033,358
Other short-term financial investments	12	2,394,757	6,265,408
Trade and other receivables	15	18,290,258	12,620,117
Bank account for customers	17	41,119,860	26,351,801
Cash and cash equivalents	17	1,893,276	1,515,211
Total current assets		101,696,753	64,785,894
Assets classified as held for sale	14	544,721	544,721
Total assets		120,466,986	99,024,275
Equity			
Share capital	18	54,039,987	54,039,987
Share capital adjustment	18	4,071,591	4,071,591
Own shares	18	-24,047	-24,047
Share premium	18	5,355	5,355
Reserves from revaluation of available-for-sale financial assets		444,559	3,623,734
Other reserves		10,860,687	10,860,687
Loss carried forward	20	(9,093,906)	(13,280,773)
Total equity attributable to the Company's shareholders		60,304,226	59,296,533
Liabilities			
Obligations under finance leases	22	49,618	74,234
Provizioane		0	0
Total long-term liabilities		49,618	74,234
Short-term bank debts	22	3,339,929	5,006,087
Current portion of obligations under finance lease	22	48,886	48,087
Amounts owed to customers (customers' funds)	22	48,896,620	30,938,001
Trade and other payables	21	7,377,524	3,211,150
Provisions	23	450,182	450,182
Total current liabilities		60,113,142	39,653,507
Total liabilities		60,162,760	39,727,742
Total equity and liabilities		120,466,986	99,024,275

These financial statements have been approved this 10nd day of August, 2018.

Chairman of the Board of Directors,
Darie Moldovan, PhD

Chief Financial Officer
Sandu Pali

Individual statement of the profit and loss account and other comprehensive income
As at 30.06.2018

<i>In RON</i>		Jun-18	Jun-17
Continuing operations			
Income from commissions and related activities	25	1,621,506	1,849,857
Net financial gains from share and bond transactions	29	3,274,191	3,747,076
Financial income from dividends	29	274,255	127,133
Financial income from interest	29	544,813	0
Rental income	25	6,068	8,148
Income from assessment of investment property and available-for-sale assets		0	0
Other income	26	20,361	23,695
Income from adjustment for impairment of current assets		4,518	0
Total income from continuing operations		5,745,712	5,755,909
Changes in inventories			
Raw materials, materials		(50,864)	(74,855)
Electricity and water		(63,884)	(62,375)
Expenses related to personnel and collaborators	28	(2,073,781)	(2,106,785)
Taxes and duties		(78,778)	(83,799)
Expenses related to external services	27	(1,682,818)	(1,384,533)
Value adjustment of intangible and tangible assets, exclusive of goodwill		(559,574)	(503,485)
Expenses related to provisions for risks and charges		0	0
Net financial loss	29	(47,289)	(151,976)
Other expenses	29	(4,848)	(458,299)
Sales-related costs		(4,561,836)	(4,826,107)
Cheltuieli cu provizioane pentru riscuri si cheltuieli			
Operating loss		1,183,876	929,802
Loss before tax		1,183,876	929,802
Expenses related to corporate tax	30	0	0
Profit from continuing operations		1,183,876	929,802
Discontinued operation			
Loss from discontinued operation (net of tax)		0	0
Loss for the year		1,183,876	929,802

Individual statement of the comprehensive income (continued)**As at 30.06.2018**

In RON	Jun-18	Jun-17
Other comprehensive income		
Net change in fair value of available-for-sale financial assets transferred into the profit or loss account	0	(1,620,809)
Positions that may be reclassified to profit and loss		
Net change in fair value of available-for-sale financial assets	(176,181)	318,698
Changes in value of used assets	0	0
Total other comprehensive income for the year	(176,181)	(1,302,111)
Total profit and loss account and other comprehensive income for the year	1,007,695	(372,309)
Loss attributable to:		
Shareholders of the Company	1,183,876	929,802
Non-controlling interests	0	0
Loss of the year	1,183,876	929,802
Total comprehensive income attributable to:		
Shareholders of the Company	1,007,695	(372,309)
Non-controlling interests	0	0
Total comprehensive income for the year	1,007,695	(372,309)
Earnings per share		
Basic earnings per share (RON)	24 0.0035	(0.0138)
Diluted earnings per share (RON)	24 0.0035	(0.0138)
Continuing operations		
Basic earnings per share (RON)	0.0035	(0.0138)
Diluted earnings per share (RON)	0.0035	(0.0138)

These financial statements have been approved this 10nd day of August, 2018.

Chairman of the Board of Directors,
Darie Moldovan, PhD

Chief Financial Officer,
Sandu Pali

Individual statement of changes in equity for 2017

In RON	Share capital	Revaluation differences	Legal and statutory reserves	Fair value reserves	Other reserves	Loss from own shares	Profit or loss carried forward	Profit or loss carried forward on transition to IFRS	Total equity	Non-controlling interests	Total equity
Balance as at 1 January 2017							-				
Profit or loss	54,039,987	2,297,334	4,587,875	693,733	2,748,760	4,311,848	1,662,044	-4,166,868	62,826,576		62,826,576
							4,654,398		-4,654,398		-4,654,398
Net change in fair value of available-for-sale financial assets reclassified to profit or loss				2,515,206					2,515,206		2,515,206
Net change in fair value of available-for-sale financial assets				-							
				2,691,154					-2,691,154		-2,691,154
Changes in value of used assets		1,226,718					73,584		1,300,302		1,300,302
Total other comprehensive income							-				
	0	1,226,718	0	-175,948	0	0	4,580,814		1,124,354	0	1,124,354
Total comprehensive income for the year							-				
	0	1,226,718	0	-175,948	0	0	4,580,814		-3,530,044	0	-3,530,044
Balance as at 31 December 2017	54,039,986	3,524,052	4,587,874	517,784	2,748,759	4,311,847	6,242,860	-4,166,869	59,296,533	0	59,296,533

**Individual statement of changes in
equity for June 2018
In RON**

	Share Capital	Revaluation differences	Legal and statutory reserves	Fair value reserves	Other reserves	Loss from own shares	Profit or loss carried forward	Profit or loss carried forward on transition to IFRS	Total equity
capital equity									
Balance as at 1 January 2017	54,039,986	3,524,052	4,587,874	3,623,733	2,748,759	4,076,945	(9,113,907)	(4,166,869)	59,296,533
Profit or loss							1,183,874		1,183,874
Net change in fair value of available-for-sale financial assets reclassified to profit or loss									
Net change in fair value of available-for-sale financial assets				(176,181)					(176,181)
Changes in value of used assets									
Total other comprehensive income	-			(3,002,994)				3,002,994	-
Total comprehensive income for the year	-			(3,179,175)					
Balance as at 30 June 2018	54,039,986	3,524,052	4,587,874	444,558	2,748,759	4,076,945	(7,930,033)	3,002,994	60,304,226

These financial statements have been approved this 10nd day of August, 2018.

Chairman of the Board of Directors,
Darie Moldovan, PhD

Chief Financial Officer,
Sandu Pali

Individual statement of cash flows for 2017

	Jun-18	Jun-17
	RON	RON
Operating activities:		
Gross Loss	1,183,874	929,802
Adjustments for reconciliation of net profit/loss with the net cash used for operational activities:		
Adjustment of value of tangible and intangible assets	537,492	503,485
Venituri din rascumpare actiuni proprii	0	0
Adjustment of value of financial assets	(82,271)	(1,475,091)
Adjustment of value of short-term investments	(2,693,501)	(1,475,091)
Impozit pe profit	0	0
Provisions for current and fixed assets	(4,518)	0
Provisions for risks and charges	0	0
Interest-related expenses	116,276	1,398
Interest income	(544,813)	(314,215)
Income from dividends	(274,255)	0
Net financial gains from Turbo certificates transactions	(498,420)	0
Profit/(loss) from sale of tangible assets	179	(18,954)
Income from exchange rate differences, related to IB, IG and FXCM	(68,987)	150,578
Operational cash increase/(decrease) before changes in the working capital	(1,830,523)	(1,698,088)
Changes in the working capital:		
(Increase)/Decrease in other receivables balances	5,844,024	(1,179,294)
Increase/(Decrease) in trade and other payables balances	541,657	3,916,339
Increase/(Decrease) in available-for-sale asset balances	0	0
Net cash flow generated by operational activities	4,555,158	1,038,957
Cash flow from operation:		
Paid corporate tax	0	
Proceeds from interest	252,279	314,215
Paid interests	(113,952)	(1,398)
Net cash flow generated by operational activities	4,693,485	1,351,774

Cash flow generated by investments:

(creștere)/Descrестere în soldurile de investiții financiare		0
Cash payment for purchase of tangible and intangible assets and investment property	(1,089,969)	(23,165)
Cash payment/collection for purchase of financial assets	(10,475,131)	4,149,079
Cash collections from sale of land and buildings, installations and equipment, intangible assets and other long-term assets	16,928	18,954
Collected dividends	414,179	127,133
Plati dividende	0	0
Încasări privind majorare capital social	0	0
Plati privind reducerea capitalului social	0	0
Loans granted/repaid	201,918	(1,239,620)
Proceeds on loans granted	0	795,221
Income from sale of turbo certificates	3,758,802	191,819
Cash Collection from bond's interest	144,248	
Effect of exchange rate fluctuations on loans and liabilities		
Net cash flow generated by investments	(7,029,025)	(8,435,014)

Net cash flow generated by funding:

Payment for lease-purchases	(68,208)	(18,473)
Collection / payment of short-term bank loans	3,339,929	0
Net cash flow generated by funding	3,271,721	(18,473)

Cash flow – total	936,180	(7,101,713)
--------------------------	----------------	--------------------

Changes in cash and cash equivalents

Cash and cash equivalents at the beginning of the year	42,071,101	14,974,758
Increase/(decrease) of cash and cash equivalents	936,180	17,159,053
Effect of exchange rate fluctuations on the opening balance of cash and cash equivalents		
Cash and cash equivalents at the end of the year	43,007,282	32,133,811
Of which unavailable (seized)	24 4,980,780	4,980,780
Of which:		
Customer cash deposits	41,119,860	26,351,801
Company's cash	1,893,276	1,515,211

These financial statements have been approved this 10nd day of August, 2018.

Chairman of the Board of Directors,
Darie Moldovan, PhD

Chief Financial Officer,
Sandu Pali

1. Reporting entity

SSIF BRK FINANCIAL GROUP SA (the "Company") is a financial investment firm headquartered in Romania. The address of the company's registered office is in Cluj-Napoca, 119 Mator Street. The main activity of SSIF BRK FINANCIAL GROUP SA is security and commodity contracts brokerage.

The financial statements of SSIF BRK FINANCIAL GROUP SA represent the company's individual statements ("the financial statements") and are drawn up in accordance with Rule no. 39/2015 approving the Accounting Regulations in line with the International Financial Reporting Standards ("IFRS"), applied by entities authorised, regulated and supervised by the Financial Supervisory Authority in the Field of Financial Instruments and Investments, and the Company's management is responsible for them.

The individual annual financial statements for the financial years 2018 and 2017 have been prepared in accordance with the laws, standards and accounting policies included in these financial statements.

These financial statements were authorised for publication on 14.08.2018, by SSIF BRK FINANCIAL GROUP SA's Board of Directors, with no possibility of amending them after this date.

SSIF BRK FINANCIAL GROUP SA also issues for the semestrial ended on 30.06.2018 consolidated financial statements in accordance with the International Financial Reporting Standards.

2. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), based on the business continuity principle.

b) Basis of measurement

The financial statements have been prepared based on the historical cost, save for the following material items in the statement of financial position:

- financial instruments at fair value through the profit or loss account are measured at fair value;
- available-for-sale financial assets listed on the Bucharest Stock Exchange (BSE), SIBEX Stock Exchange (SBX), other international markets or for which evaluation reports were performed are measured at fair value;
- derivative financial instruments are measured at fair value;
- investment property is measured according to the revaluation-based model, in line with IAS 40;
- investment property consisting of buildings and related land is measured at revalued amount, in line with IAS 16;
- fixed assets not available for sale are measured at fair value, in line with IFRS 5.

On the basis of management forecasts, the Company will continue as a going concern for the foreseeable future.

Determination of fair values

A number of the entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. Investments in equity securities

The fair value of financial assets at fair value through profit or loss is determined by reference to the closing quotation at the reporting date. The fair value of available-for-sale financial assets is determined by reference to market quotations as well.

Other forms of fair value that are not based on the last trading price are:

1. Weighted average trading price of the last 90 trading days: For shares listed on the Rasdaq section or whose ratio of the volume of shares traded in the past 52 weeks (1 year) and the free float value is less than

10%, the valuation price is considered to be the weighted average price of the last 90 trading days of the financial year;

2. Reference price of similar transactions: for shares listed on the Rasdaq section whose ratio of the volume of shares traded in the past 52 weeks (1 year) and the free float value is less than 5%, but only due to transactions planned by significant shareholders (DEALs), and SSIF BRK FINANCIAL GROUP SA holds a significant shareholder position (over 5%), the valuation price is considered to be the reference price at which the last significant transactions with those shares were made.

3. Bid price: If the majority shareholder made a takeover bid (either mandatory or voluntary) in the last 3 years, the valuation price is considered to be the bid price.

4. Fair value determined by applying the Discounted Dividend Model (DDM): If the company has a consistent history of dividend distribution and the dividend policy is predictable, the valuation price is considered to be the intrinsic value resulting from the DDM.

5. Fair value determined by applying the Discounted Cash Flow (DCF) method: If the company does not distribute dividends and the valuation is made from the point of view of a significant shareholder, the valuation price is considered to be the intrinsic value resulting from the DCF model.

6. Fair value determined using the asset-based method: If the company has valuable redundant assets and the operational activity is small scale, the valuation price is considered to be the intrinsic value resulting from the adjusted net asset method.

7. Fair value resulting from the application of the comparative method - similar transactions: If significant transactions (> 10% of capital) with shares of companies operating in the same field as the company under analysis were carried out on the local stock market in the last year, the valuation price is considered to be the intrinsic value determined using the comparative method (using reference valuation multiples such as P/E, P/B, P/S etc. at which the transactions in question were carried out, compared to the results published by companies in the previous financial year).

8. Fair value determined using the asset-based method: If the company has redundant assets and the operational activity is small scale, the valuation price is considered to be the intrinsic value resulting from the adjusted net asset method.

ii. Trade receivables and other receivables

The fair value of trade receivables and other receivables is estimated as the present value of future cash flows, updated with the market interest rate at the reporting date. This fair value is determined for disclosure purposes.

iii. Financial derivatives

The fair value of derivative products closed at the end of the period is calculated as the minimum of the number of sell and buy positions multiplied by the difference between the average selling price and the purchase price and further multiplied by the number of contracts of the package. The resulting value affects the profit and loss account.

The fair value of derivative products opened at the end of the period is calculated, if at the end of the period there are more sales contracts than purchase contracts, as follows: the number of open positions calculated as number of sell positions minus the number of buy positions, multiplied by the difference between the average selling price and the quotation price at the end of the period. The calculation is symmetrical if there are more purchase contracts than sales contracts at the end of the period. The resulting value corrects the initial value of the security given by the set margin.

iv. Non-derivative liabilities

The fair value, determined for disclosure purposes, is calculated based on the present value of future cash flows representing principal and interest, updated using the market interest rate at the reporting date.

c) Functional and presentation currency

These financial statements are presented in Ron (RON), which is the Company's functional currency. All financial information is presented in Ron (RON) and rounded to the nearest unit, except when otherwise indicated.

d) Foreign currency

Transactions in foreign currency are translated to the functional currency of the entity at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of the reporting date. Exchange rate differences are recognised directly in other comprehensive income.

e) Use of estimates and professional judgments

The preparation of the financial statements in accordance with IFRS requires management to use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note on *Financial instruments* – classification of financial instruments;
- Note on *Financial income and expenses* – loss resulting from the final depreciation of securities available for sale, which are reclassified from capitals to financial expenses;
- Note on *Tangible assets held for sale* – their treatment as available for sale.

3. Significant accounting policies

The significant accounting policies applied by the Company are presented below. The impact of the application of IFRSs on the financial position and results reported in the financial statements is presented in the note on *Reconciliation of asset accounts* and in the note on *Reconciliation of profit and loss accounts*.

The accounting policies presented below have been applied consistently to all periods presented in these financial statements.

d) Financial instruments**i. Non-derivative financial instruments**

The Company initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated as at fair value through the profit or loss account) are recognised initially on the date when the entity becomes a party to the contractual terms of the instrument.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire.

The entity holds the following significant non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the entity manages such investments and makes purchase and sale decisions based on their fair value in accordance with the investment and risk management strategy. Upon initial recognition, attributable transaction costs are recognised in the profit or loss account as incurred. Financial instruments at fair value through profit or loss are measured at fair value, and the subsequent changes are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with initial maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories. The entity has classified under this category all securities which are not included in short-term traded securities and for which it was possible to apply valuation methods to establish their fair value.

Subsequent to initial recognition, these securities are measured at fair value and changes therein, other than final impairment losses are recognised in other comprehensive income and presented in the fair value reserve under equity. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss.

Final impairment losses related to these securities are recognised in expenses for the financial year when the management considers that they occurred.

Joint provisions for Financial assets at fair value through profit or loss and Available-for-sale financial assets

When the entity receives bonus shares which are listed (either as a result of the incorporation by the issuer of some reserves in the share capital, or as a result of granting dividends under the form of bonus shares), they cause no accounting records but change the default number of shares held and their weighted average cost. At their first revaluation (at the end of the month in which the bonus shares were received), account is taken of the new number of shares held, so that the value of the holding will be determined by multiplying the new number of shares with the market price of the last day of that month.

Unlisted shares are classified as available for sale and are recorded:

- either at the fair value – when it is possible to apply valuation methods;
- or at cost – when it is not possible to apply valuation methods;

The bonus shares received for these securities are registered in the capital accounts, under bonus share reserves, at the same value as the existing shares are recorded in their balance.

These securities, regardless of their classification, are discharged after each transaction at their average cost of acquisition weighted by the number of purchased shares.

ii. Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted immediately in the profit or loss account.

e) Impairment

i. Financial assets (including receivables)

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the asset, and that loss event had a negative impact on the estimated future cash flows of that asset and the loss can be estimated reliably.

Objective evidence that financial assets (including capital instruments) are impaired includes default or delinquency by a debtor, restructuring of an amount due to the entity on terms that the entity would not

consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for an instrument. In addition, for an investment in an equity security, a significant and prolonged decline in its fair value below its cost is objective evidence of impairment.

The entity considers evidence of impairment for receivables and investments held-to-maturity at both a specific asset and collective level. All individually significant receivables and investments held-to-maturity are assessed for impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and investments held-to-maturity that are not individually significant are collectively assessed for impairment by grouping together those with similar risk characteristics.

In assessing collective impairment, the entity uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying to profit or loss the cumulative loss which was recognised in other comprehensive income and presented in the fair value reserve under equity. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

ii. Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount for goodwill and indefinite-lived intangible assets or assets that are not yet available for use is estimated every year.

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

f) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost on the recognition date, and subsequently at remeasured value minus accumulated depreciation and accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item, and is recognised at net value as other income in the profit or loss account. When revalued assets are sold, the amounts included in the revaluation reserve are reclassified to profit or loss carried forward. The revaluation reserve is reduced in each financial year by the amount of the amortisation and transferred to profit or loss carried forward.

ii. Reclassification to investment property

Investment property is defined below under the *Investment property* section (point e).

When the use of a piece of property changes from owner-occupied to investment property, the property is remeasured at fair value and reclassified as investment property.

iii. Subsequent costs

The cost of replacing a component of a tangible asset is recognised in the carrying value of the item if the future economic benefits incorporated in such component are likely to be generated to the entity and its cost may be measured in a credible manner. The carrying value of the replaced component is derecognised. The expenses related to the ordinary maintenance of that tangible asset are recognised in the profit or loss account as incurred.

iv. Depreciation of property, plant and equipment

Depreciation is calculated on the depreciable value, which is the cost of the asset, or other value that substitutes cost, less the residual value.

Depreciation is recognised in the profit or loss account using the straight line method over the estimated useful life of each component of a tangible asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the entity will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for current and comparative periods are as follows:

- buildings - 40 years
- machinery and equipment - 2 to 10 years; with a 5-year total average value
- means of transportation - 5 years
- fixtures and fittings - 3 to 10 years; with a 5-year total average value

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted accordingly.

g) Intangible assets

i. Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost minus the cumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on goodwill, is recognised in profit or loss as incurred.

iii. Amortisation of intangible assets

Amortisation is calculated for the cost of the asset or any other value substituting the said cost, from which the residual value is deducted.

Amortisation is recognised in the profit or loss account using the straight-line method over the estimated useful life of intangible assets, other than goodwill, from the date when they become available for use; this method reflects best the estimated consumption of the economic benefits included in the asset.

The estimated useful lives for the current and comparative periods are the following: 3 years for all the intangible assets, except for goodwill.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured in the same way as the used assets, namely at fair value.

i) Leased assets

Lease agreements under which the entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

j) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the financial charge and the reduction of the outstanding liability. The financial charge is 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.

Determining whether an arrangement contains a lease: At the inception of an arrangement, the entity determines whether such an arrangement is or contains a lease

k) Tangible assets held for sale

Tangible assets, or disposal groups comprising assets and liabilities, which are expected to be recovered primarily through sale rather than through continuing use are classified as assets held for sale.

Before reclassification to tangible assets held for sale, the assets, or the components of a disposal group, are remeasured in accordance with the entity's accounting policies. Thereafter generally the assets, or the disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the entity's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

l) Discontinued operations

A discontinued operation is a component of the entity's activities which represents a major distinct business segment or a geographical area of operations, which was either shut down or classified as held for sale, or is a subsidiary acquired exclusively for resale. Classification as a discontinued operation occurs on discontinuance or when the operation meets the criteria to be classified as held for sale, whichever occurs earlier. When an operation is classified as a discontinued operation, the comparative information in the statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Tangible assets held for sale and discontinued operations are recognised in accounts in accordance with IFRS 5.

m) Non-derivative financial liabilities

Liabilities are recognised on the date when the entity becomes a party to the contractual terms of the instrument.

The entity derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The entity has the following non-derivative financial liabilities: trade payables, debts to customers regarding customers' cash, and other debts.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

n) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a decrease in equity. Repurchased shares are classified as treasury shares and are presented as a decrease in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is reclassified to/from profit or loss carried forward.

o) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the entity has a present legal or implicit obligation to pay this amount for past services provided by employees, and the obligation can be estimated reliably.

ii. Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, for the period that the employees become unconditionally entitled to the awards.

p) Provisions

A provision is recognised if, as a result of a past event, the entity has a present legal or implicit obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financial charge.

q) Goods sold and services provided

Revenue from the sale of goods in the current period is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer and possible return of goods can be estimated reliably. The timing of the transfer of risks and rewards varies depending on the individual terms of sales agreements.

For brokerage activity, commission income is recognised on the transaction. Dividend income is recognised at the date when the right to collect it occurs.

r) Rental income

Rental income from investment property is recognised in the comprehensive income account on a straight-line basis over the term of the lease.

s) Financial income and charges

Financial income includes:

- interest income on bank deposits,
- dividend income,
- gains on the disposal of:
 - o available-for-sale financial assets, and
 - o financial assets recorded at fair value through profit or loss,
- changes in the fair value of assets recorded at fair value through profit or loss.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the entity's right to receive dividend is established, which in the case of quoted securities is normally the ex-dividend date.

Financial charges include:

- impairment losses recognised on financial assets at fair value through profit or loss;
- final losses on available-for-sale financial assets;
- foreign currency differences;
- losses on foreign currency differences;

Foreign currency gains and losses are reported on a net basis.

t) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except when it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities which intend to settle current tax liabilities and assets on a net basis or whose tax assets and liabilities will be simultaneous.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences if it is probable to obtain future profits that will be used to cover the tax loss. Deferred tax assets are reviewed at each reporting date and reduced if it is no longer probable that the related tax benefit will be obtained. Cases where deferred tax receivables were not recognised in assets are mentioned in Note on *deferred tax assets and liabilities*.

u) Earnings per share

The entity provides information on basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing profit or loss attributable to ordinary shareholders to the weighted average number of ordinary shares outstanding during the period, adjusted for the value of own shares held. Diluted earnings per share are determined by dividing the profit or loss attributable to ordinary shareholders to the weighted average number of shares outstanding, adjusted for the value of own shares held, for the dilution effects of all potential ordinary shares, including share options granted to employees.

v) Reporting by segment

An operating segment is a component of the entity that engages in activities which could earn income and incur expenses, including income and expenditure relating to transactions with any of the other components of the entity.

The operating results of an operating segment are reviewed on a regular basis by the Company management in order to decide on the resources to be allocated to the segment and to analyse the segment performance, and for which distinct financial information is available.

The following **amendments to existing standards** and the new interpretations issued by the International Accounting Standards Board (IASB) adopted by the EU are **in force** for the current reporting period:

- **Amendments to IAS 7 'Statement of cash flows'** – presentation requirement Initiative - adopted by the EU on 6 November 2017 (applicable for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 'Income taxes'** – Recognition of deferred tax assets for unrealised losses – adopted by the EU on 6 November 2017 (applicable for annual periods beginning on or after 1 January 2017),
- **Amendments to IFRS 12 following 'Improvements to IFRS (2012-2014 cycle)'** resulting from the annual improvements to IFRS (IFRS 1, IFRS 12 and IAS 28) for the primary purpose of eliminating inconsistencies and clarifying certain wording - adopted by the EU on 7 February 2018 (the amendments to IFRS 12 are applicable for annual periods beginning on or after 1 January 2017).

Adopting these amendments to existing standards caused no significant changes in the company's financial statements.

Standards and amendments to existing standards issued by the IASB and adopted by the EU, but not yet in force

Upon approval of these financial statements, the following new standards issued by the IASB and adopted by the EU are not yet in force:

- **IFRS 9 'Financial instruments'** - adopted by the EU on 22 November 2016 (applicable for annual periods beginning on or after 1 January 2018),
- **IFRS 15 'Revenue from contracts with customers'** and amendments to IFRS 15 'Effective date of IFRS 15' - adopted by the EU on 22 September 2016 (applicable for annual periods beginning on or after 1 January 2018),
- **IFRS 16 'Leases'** – adopted by the EU on 31 October 2017 (applicable for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 4 'Insurance contracts'** - Applying IFRS 9 'Financial instruments' with IFRS 4 'Insurance contracts' – adopted by the EU on 3 November 2017 (applicable for annual periods beginning on or after 1 January 2018 or when IFRS 9 'Financial instruments' is applied for the first time),
- **Amendments to IFRS 15 'Revenue from contracts with customers'** – Clarifications to IFRS 15 'Revenue from contracts with customers' – adopted by the EU on 31 October 2017 (applicable for annual periods beginning on or after 1 January 2018),

- **Amendments to IFRS 1 and IAS 28 following 'Improvements to IFRS (2014-2016 cycle)'** resulting from the annual improvements to IFRS (IFRS 1, IFRS 12 and IAS 28) for the primary purpose of eliminating inconsistencies and clarifying certain wording - adopted by the EU on 7 February 2018 (the amendments to IFRS 1 and IAS 28 are applicable for annual periods beginning on or after 1 January 2018).

SSIF BRK FINANCIAL GROUP SA has chosen not to adopt these new standards and amendments to existing standards before their effective date. The company expects that the adoption of these standards and amendments to existing standards will not have a significant impact on the company's financial statements in the initial period of application, except for IFRS 9, the impact of which is presented in note 27.

New standards and amendments to existing standards issued by the IASB, but not yet adopted by the EU

Currently, the IFRSs adopted by the EU do not differ significantly from the regulations of the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations, which have not been approved for use in the EU on 22 March (the effective dates mentioned below are for all IFRS standards):

- **IFRS 14 'Regulatory deferral accounts'** (applicable for annual periods beginning on or after 1 January 2016) – The European Commission has decided not to issue the approval process for this interim standard and to wait for its completion,
- **IFRS 17 'Insurance contracts'** (applicable for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 2 'Share-based payment'** – Classification and measurement of share-based payment transactions (applicable for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 9 'Financial instruments'** – Prepayment features with negative compensation (applicable for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures'** – Sale or contribution of assets between an investor and its associate or joint venture, and subsequent amendments (the effective date was deferred indefinitely, until completion of the research project on the equity method),
- **Amendments to IAS 19 'Employee benefits'** – Plan amendment, curtailment or settlement (applicable for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 'Investments in associates and joint ventures'** – Long-term interests in associates and joint ventures (applicable for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 40 'Investment property'** – Transfers of investment property (applicable for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards following 'Improvements to IFRS (2015-2017 cycle)'** resulting from the annual improvements to IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) for the primary purpose of eliminating inconsistencies and clarifying certain wording (applicable for annual periods beginning on or after 1 January 2019),
- **IFRIC 22 'Foreign currency transactions and advance consideration'** (applicable for annual periods beginning on or after 1 January),
- **IFRIC 23 'Uncertainty over income tax treatments'** (applicable for annual periods beginning on or after 1 January 2019).

SSIF BRK FINANCIAL GROUP SA anticipates that the adoption of these standards and amendments to existing standards will not have a material impact on the company's financial statements in the initial period of application.

4. Financial risk management

BRK Financial Group is exposed to the following categories of risks due to the complex activity it carries out and the use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- interest rate risk
- currency risk

The explanations below provide information on the company's exposure to each risk category, the company's objectives, policies, processes and procedures used to assess and manage risk and capital.

General framework for risk management

BRK Financial Group's Board of Directors is responsible for establishing, monitoring and supervising the risk management framework at the company's level.

The company's complex activity requires active risk management and, in order to ensure risk management, the company has established a risk management system by developing risk management policies and internal procedures, in line with current regulations and laws. Risk management principles include risk identification and awareness, assumption, management and monitoring, fulfilment of prudential requirements for risk management, periodic review of risk policies and internal procedures, risk control and management.

At the same time, the company's internal procedures define risk management policies, set appropriate limits and controls, ways to monitor risks and meet established limits.

Missions to verify and monitor compliance with the internal procedures and regulations in force are conducted on a regular basis, and reports are drawn up and submitted to the Executive Management of the company and to the Board of Directors.

An orderly and constructive control environment is thus developed, and all the risks faced by BRK Financial Group are quantified through the proactive activity of risk management (a fundamental activity within the company).

Risk categories

Credit risk

Credit risk is the risk of financial loss or unrealised profit if customers or counterparties fail to meet their contractual obligations; this risk arises mainly from the customers' inability to meet their payment obligations in relation to risk assets, balance sheet or off-balance sheet assets.

As regards the brokerage activity, at the balance sheet date there is no credit risk because, according to the internal procedures approved by the Board of Directors, customers may have debts towards BRK Financial Group only based on analyses and approvals and only for short terms.

Exposure to credit risk

The assets exposed to credit risk are the following categories of holdings: financial instruments positions that do not belong to the tradable portfolio, exposures from commissions, interests, dividends, margins for futures, options, warrants, receivables on financial and non-financial entities, off-balance sheet items related to other items than those included in the tradable portfolio, tangible assets, cash, sight and fixed-term deposits, loans granted to affiliates, any asset not deducted from the eligible capital of BRK Financial Group.

The risk of loss due to default by the debtor may have two causes:

- a) bankruptcy of the debtor/issuer - also called debtor bankruptcy risk (long-term credit risk). This risk concerns the long-term financial assets that are implicitly affected by the solvency dynamics of the issuer of those securities.
- b) bad faith of the debtor (of the counterparty with which the company carries out certain types of financial transactions), also called counterparty credit risk (short-term credit risk). The financial operations to which this type of risk refers are:
 - 1 derivatives traded on OTC and credit derivatives;

- 2 repurchase agreements, reverse repurchase agreements, securities/commodity lending or borrowing transactions that are based on securities or commodities included in the trading portfolio;
- 3 margin lending transactions in relation to securities or commodities; and
- 4 long-term settlement transactions.

Determination method.

The capital requirement for credit risk and counterparty credit risk is determined in accordance with the provisions of Regulation (EU) No 575/2013 on capital adequacy for the standardised approach to those financial risks.

Minimum capital requirements for credit risk are determined by the standard approach, taking into account only the positions in the non-tradable portfolio, based on their book value (after deducting the amortised amount), weighted by the coefficient for the exposure class to which the item under review belongs.

The exposures to credit risk is at an average level, i.e. 151.66 % of the Company's own funds.

Exposure by exposure classes:

Exposure classes	Risk-weighted exposure amounts
Credit risk and counterparty credit risk	
Institutions	16,044,395.67
Companies	1,099,779.88
Retail	1,055,954.98
Exposures in default	12,333.71
Items associated with an extremely high risk	8,261,480.73
Collective investment undertakings (OPC)	9,047,055.10
Capital Securities	7,376,872.66
Covered bonds	1,815,120.50
Other items	33,546,214.63
Total credit risk an counterparty credit risk	78,259,207.86

Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulties in fulfilling obligations associated with financial liabilities which are settled in cash or by transfer of another financial asset. At the time of this report, BRK Financial Group has outstanding loans.

As regards the brokerage activity, liquidity in relationships with customers is ensured by the fact that investment companies are required to maintain customers' available funds in separate accounts, without use them in any way.

In terms of overall liquidity, the current sources of available funds are the results of investment activities, commissions collected from customers, and the extraordinary sources consist of capital increases.

The liquidity risk takes two forms:

Liquidity risk related to the portfolio of financial instruments - losses that can be incurred by BRK Financial Group due to the impossibility of finding a counterparty in financial transactions, thus being difficult for the company to close positions on financial instruments with unfavourable price variations.

Risk related to liquidity coverage - losses that can be incurred by BRK Financial Group due to the impossibility of funding net outflows (current debts) over a 30-day period.

Determination method:

Liquidity risk related to the portfolio of financial instruments - The ratio of highly liquid assets in the total portfolio is calculated as the ratio of high-quality liquid assets and total assets.

Liquidity coverage ratio (LCR) is calculated as the ratio of high-quality liquid assets (liquidity reserves) and current debts (debts falling under the up to 30-day maturity category)

The risk related to the funding of long-term assets from non-permanent resources is calculated as the ratio of temporary resources (e.g. uncollected dividends, loans, issued bonds, etc.) and total assets.

As at 30.06.2018, BRK Financial Group had a 665 % LCR.

The highly liquid assets included the following:

- accounts with banks (cash and deposits);
- adjusted share value;
- adjusted OPC value.

Values included in the calculation of SSIF BRK Financial Group's LCR at 30.06.2018:

Cash and deposits	3,933,933.48
Adjusted share value	4,723,915.25
Adjusted OPC value + securities =	5,139,491.60
Total liquid assets =	9,073,425.08
LCR =	665%

Market risk

Market risk is the risk that the change in market prices, such as the price of equity instruments, foreign exchange rates and interest rates, may affect the company's income or the value of financial instruments held. The purpose of market risk management is to manage and control exposure to market risk within acceptable parameters and, at the same time, to optimize ROI.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide range of factors associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit risk, market risk and liquidity risk, such as those deriving from laws, regulations and generally accepted standards regarding organisational behaviour.

The company's goal is to identify, measure, monitor, manage and mitigate operational risk so as to achieve a balance between avoiding direct or indirect financial loss that may occur as a result of procedural, human or systemic errors, or due to external events which may endanger the company's reputation. Moreover, the operational risk at the company level is much lower due to the requirements of the Financial Supervisory Authority (FSA) regarding organisation, required reporting, internal control activities.

The primary responsibility for developing and implementing operational risk controls lies with the management of each organisational unit. This responsibility is supported by the development of general standards at the company level for managing operational risk in the following areas:

- requirements for adequate segregation of duties and responsibilities;
- requirements for reconciliation, monitoring and authorisation of transactions;
- compliance with regulations and legal requirements;
- documentation of controls and procedures;
- requirements for regular assessment of operational risks, and adequacy of controls and procedures to the identified risks;
- training and professional development;
- ethical and business standards;
- risk mitigation.

Compliance with the company's standards is ensured by regular reviews carried of its internal procedures. The outcomes of these reviews are discussed with the management.

Interest rate risk

As at 30 June 2018, SSIF BRK FINANCIAL GROUP SA has a credit line granted for a period of 1 year to support the current activity of the company.

Interest rates used to determine fair value

In order to determine the fair value or to test the depreciation of financial instruments, no interest rates for cash flow discounting were used because there were no trade receivables or other financial instruments whose collection was significantly deferred over time.

In the case of doubtful debts (debts whose recovery is uncertain), value adjustments for impairment were made on their entire amount at the end of the reporting period.

Currency risk

BRK Financial Group is a financial institution regulated and authorised by the Financial Supervisory Authority and is subject to the European regulations, i.e. the CRD - CRR legislative package with its corresponding Technical Standards.

The capital requirement for foreign exchange risk is determined in accordance with Regulation (EU) No 575/2013 on capital adequacy for the standardised approach to that financial risk.

The limits of the exposure to this risk are calculated as the ratio of the exposure value of the assets exposed to the currency risk and BRK Financial Group's own fund.

BRK Financial Group calculates the capital requirement for currency risk if the exposure to this risk exceeds 2% of its own funds.

As at 30.06.2018, the exposure to currency risk accounted for 19.02% of the company's total own funds, which is the equivalent of a high risk for the company.

Exposure to foreign exchange risk consists of the following elements:

- derivative financial instruments (CFDs, futures, options, warrants);
- cash in the accounts opened with external brokers (Interactive Brokers, IG);
- bank deposits in foreign currency;
- lease contracts;
- guarantees at market institutions (Athex)
- foreign currency bonds

Methods used to determine exposure and capital requirement:

MONEDA	INSTRUMENTE	GROSS POSITION		NET POSITION	
		SHORT	LONG	SHORT	LONG
EUR	CFD	0	0	0	0
	OPTIONS	0.00	166,805.85	0.00	166,805.85
	CASH IN BROKER'S ACCOUNT	0.00	289,655.46	0	289,655.46
	DEPOSITS	0.00	301,683.12	0	301,683.12
	WARRANTS	0.00	35,071.05	0	35,071.05
	LEASE	0	0	0	0
	BONDS	0	9,228,978.00	0	9,228,978.00
Total EUR		0	10,162,026.48	0	10,162,026.48
USD	OTC CONTRACTS	0	0	0	0
	OTC CONTRACTS	0	24,109,204.90	0	24,109,204.90

	STRUCTURED PRODUCTS	0.00	20,245.05	0	20,245.05
	OPTIONS	0.00	14,796.20	0	14,796.20
	CASH IN BROKER'S ACCOUNT	0.00	1,600,859.86	0	1,600,859.86
	DEPOSITS	0.00	46,795.01	0	46,795.01
Total USD		0	25,791,901.01	0	25,791,901.01
CHF	DEPOSITS		340.67	0	340.67
Total CHF			340.67	0.00	340.67
GBP	DEPOSITS		2,078.68	0	2,078.68
Total GBP			2,078.68	0.00	2,078.68
CAD	DEPOSITS		98.82	0	98.82
TOTAL		0	35,956,445.67	0	35,956,445.67

5. Capital management

The policy of BRK FINANCIAL GROUP SA's Board of Directors is to maintain a strong capital base necessary to maintain the confidence of investors, creditors and the market, and to support the future development of the entity. The Board of Directors monitors the profitability of all agencies which carry out trading activity on a monthly basis, and the results of the analysis are discussed in the monthly meetings of the Board of Directors.

The report on investment activity drawn up by the Analysis Department is also discussed in the monthly meetings of the Board of Directors. The overall results are thus monitored in order to maintain as high a return on capital.

BRK FINANCIAL GROUP SA is subject to prudential regulations regarding minimum capital requirements and minimum level of the company's own funds, in order to cover the risks:

- to cover the credit risk and the risk of decrease in accounts receivable, account is taken of the risk weighted exposures depending on their exposure class;
- to cover the position risk and the settlement/delivery risk, the required capital must be 16% of the exposure;
- to cover the operational risk, the required capital must be 15% of the last three years' average of the operating result.

	Reported on 30 June 2018	Reported on 31 December 2017
Total own funds	51,600,496.87	50,351,845
Total required capital	17,494,932.04	10,040,656
Exposure to risk	218,481,338.34	125,508,194

It should be noted that the capital adequacy requirements do not require own funds for liquidity risk.

Under the regulations in force, large exposures, which are defined as gross exposures exceeding 10% of the eligible capital (own funds), are reported to the Financial Supervisory Authority (ASF). In the case of institutions, large exposures may be up to 25% of eligible capital (own funds).

Moreover, qualified holdings, which stand for direct or indirect participation of at least 10% of the voting rights or the capital of an entity and which exceed 15% of the company's own funds, are monitored.

6. Operating segments

The entity has two main segments which have different characteristics, so they require separate presentation: the brokerage segment and the trading segment. Strategic business units offer different products and services, are managed separately because they require different know-how and marketing strategies. The Executive Director of the entity reviews the activities related to the main segments at least on a monthly basis. The two segments also have common costs that cannot be delimited without a high degree of subjectivity.

- a) The brokerage activity includes brokerage transactions for customers on the spot market.

The significant positions in the financial statements which are influenced by these operations are:

- Income from commissions collected from customers, expenses related to commissions paid to market institutions;
- Net receivables consisting of amounts receivable from the stock exchange for customers following transactions conducted by customers.
- Amounts owed to customers representing customers' funds deposited for trading purposes.

- b) The trading activity includes buying and selling operations with investment securities and derivatives.

The significant positions in the financial statements which are influenced by these operations are:

- investments made, which may include securities available for sale, financial instruments at fair value through profit or loss, the market value of derivatives;
- costs of and income from trading;
- adjustment of investments' value recognised either in the profit or loss account, in the case of financial instruments at fair value through profit or loss and derivative products, or in comprehensive income, in the case of securities available for sale;

Information regarding reportable segments:

Information on reportable segments

	Jun-18				Dec-17			
	Total,							
<i>of which:</i>	Brokerage	Trading	Un-allocated		Brokerage	Trading	Un-allocated	
<i>of which:</i>	Brokerage	Trading	Un-allocated		Brokerage	Trading	Un-allocated	
Income from commissions and related activities	1,617,858	1,617,858	-	-	1,843,639	1,843,639	-	-
Rental income	6,068	-	-	6,068	8,148	-	-	8,148
Financial income other than dividends	3,736,733	-	3,736,733	-	3,734,877	-	3,734,877	-
Financial income from dividends	274,255	-	274,255	-	127,133	-	127,133	-
Income from insurance brokerage	653	653	-	-	5,922	5,922	-	-
Income from distribution of FU	2,995	2,995	-	-	295	295	-	-
Other income	20,361	-	20,361	-	23,695	-	-	23,695
Financial expenses	(47,289)	-	-	(47,289)	(151,977)	-	(151,977)	-
Personnel-related expenses	(2,073,781)	(594,221)	(1,477,337)	(2,224)	(2,106,785)	(677,902)	(1,415,281)	(13,602)
Value adjustments of intangible and tangible assets, exclusive of goodwill	(450,851)	-	86,789	(537,639)	(491,284)	-	(2,915,451)	2,424,167
Expenses related to provisions for risks and charges	(21,935)	-	-	(21,935)	-	-	-	-
Expenses related to external services, taxes and fees, materials and utilities	(1,876,344)	(537,647)	(1,336,685)	(2,012)	(1,605,563)	(613,362)	(1,280,537)	288,336
Other expenses	(4,848)	-	-	(4,848)	(458,299)	-	-	(458,299)
Total explained:	1,183,874	489,638	1,304,115	(609,879)	929,802	558,592	(1,901,236)	2,272,446
Profit of reportable segment before tax								
Assets of reportable segment, of		52,521,254	46,602,000		108,229,488			

which:	<u>93,427,223</u>			54,009,113				108,229,488
- Tangible assets	6,229,282	-	-	6,229,282	6,214,741	-	-	-
- Financial instruments	87,197,941	-	45,729,628	41,468,313	99,424,924	55,608,613	43,816,311	-
Liabilities of reportable segment, of which:	59,705,144	52,521,254	872,372	6,311,518	45,727,206	43,328,260	1,326,159	1,072,787
- Customers' amounts	48,896,620	48,896,620		-	38,013,416	38,013,416	-	-

7 . Reconciliations of reportable segment revenue, profit or loss, assets and liabilities**Reconciliation****In RON**

	Jun-18	Jun-17
Revenue		
Total revenue for reportable segments	1,621,506	1,849,856
Revenue not allocated to segments	6,068	31,844
Consolidated revenue	<u>1,627,573</u>	<u>1,881,700</u>
 Profit or loss	 1,183,874	 929,802
Total profit or loss for reportable segments	<u>1,183,874</u>	<u>929,802</u>
Consolidated profit before tax		
 Assets		
Total assets for reportable segments	93,427,223	99,424,924
Assets for non-reportable segments	27,039,763	8,804,564
Total consolidated assets	<u>120,466,986</u>	<u>108,229,488</u>
 Liabilities		
Total liabilities for reportable segments	59,705,144	44,654,419
Provisions for risks and charges	450,182	391,480
Liabilities for non-reportable segments	7,433	681,307
Total consolidated liabilities	<u>60,162,760</u>	<u>39,727,742</u>

The brokerage segment has income from commissions for the following products:

Income for brokerage segment restated	June-18	June-17
Income from commissions on the spot market	1,214,762	1,062,218
Income from commissions on the foreign market	336,562	425,716
Income from related activities	66,533	361,923
Income from commissions and related activities	1,617,858	1,849,857
Income from insurance brokerage	653	26,407
Income from distribution of FU	2,995	942
 Total income	<u>1,621,506</u>	<u>1,877,206</u>

Transactions with customers are carried out both by brokers and online.

Detailed positions in the financial statements**1. Intangible assets****Intangible assets**

In RON Cost	Licences and software	Advance payments	Total
Balance as at 1 January 2017	4,359,987	283,523	4,643,510
Acquisitions	371,330	452,142	823,472
Disposal	(25,827)	-	(25,827)
Reclassification to intangible assets	(143,962)	(520,743)	(664,705)
Balance as at 31 December 2017	4,587,355	214,922	4,802,277
Balance as at 1 January 2018	4,587,355	214,922	4,802,277
Acquisitions	43,434	4,979	48,412
Of which by reclassification			-
Disposal	1,165	-	1,165
Of which by reclassification			-
Balance as at 30 June 2018	4,631,954	219,901	4,851,854
Amortisation and impairment loss	Licences and software	Advance payments	Total
Balance as at 1 January 2017	1,695,666	-	1,695,666
Amortisation for the year	713,978	-	713,978
Disposal amortisation	(101,639)	-	(101,639)
Balance as at 31 December 2017	2,308,005	-	2,308,005
Balance as at 1 January 2018	2,308,005	-	2,308,005
Amortisation for the year	371,919		371,919
Impairment losses recognised in expenses	-	-	-
Disposal amortisation	1,165		1,165
Balance as at 30 June 2018	2,681,089	-	2,308,005

Carrying amounts	Licences	Advance payments	Total
Balance as at 1 January 2017	2,664,322	283,523	2,947,844
Balance as at 31 December 2017	2,279,350	214,922	2,494,273
Balance as at 1 January 2018	2,279,350	214,922	2,494,273
Balance as at 30 June 2018	1,950,865	219,901	2,170,766

The intangible assets balance consists of software and software licences.

The most significant amount stands for the Tradis back office system.

Advance payments for intangible assets are advances paid to purchase a customer relationship management system – CRM (Customer Relationship Management).

The useful lives used for the calculation of intangible assets are on average of 3 years, the amortisation method used is the straight-line method.

Expenditure on amortisation of intangible assets for the year is included in the statement of comprehensive income under *Value adjustments of tangible and intangible assets*.

2. Property, plant and equipment

In RON	Land and buildings	Plant, equipment and means of transp.	Fixtures, fittings and other	Construction in progress	Total
Balance as at 01.01.2017	4,168,402	1,455,413	301,021	-	5,924,836
Acquisitions and upgrading	(3,600)	171,896	38,852	-	207,148
- disposal	-	-	-	-	-
Balance as at 31.12.2016	-	-	-	-	-
Balance as at 01.01.2017	-	-	-	-	-
Acquisitions and upgrading	(269,147)	-	-	-	(269,147)
offset of accumulated depreciation on assets	1,300,304	-	-	-	1,300,304
increase in value	-	-	-	-	-
Reclassification to investment property	637,840	-	-	-	637,840
Outflow:	-	-	-	-	-
- through sale	-	-	(5,390)	-	(5,390)
- disposal	-	(125,600)	(37,945)	-	(163,545)
Balance as at 30.06.2018	5,833,799	1,501,709	296,538	-	7,632,046

In RON	Land and buildings	Plant, equipment and means of transp.	Fixtures, fittings and other	Construction in progress	Total
Balance as at 01.01.2018	5,833,799	1,501,709	296,538	-	7,632,046
Acquisitions and upgrading	192,963	-	5,769	-	198,731
- disposal					-
Balance as at 31.12.2016					-
Balance as at 01.01.2017					-
Acquisitions and upgrading					-
offset of accumulated depreciation on assets					-
increase in value					-
Reclassification to investment property					-
Outflow:					-
- through sale					-
- disposal					-
Balance as at 30.06.2018	6,026,762	1,531,726	299,692	-	7,858,180

In RON	Land and buildings	Plant, equipment and means of transp.	Fixtures, fittings and other	Construction in progress	Total
Depreciation and impairment loss					
Balance as at 01.01.2017	134,574	1,217,762	229,460	-	1,581,796
Depreciation for the year	134,573	132,441	26,678	-	293,692
Depreciation due to disposal of fixed assets	-	129,889	34,625	-	164,514
Balance as at 30.06.2018	0	1,220,314	221,513	-	1,441,826
Balance as at 01.01.2018	0	1,220,314	221,513	-	1,441,826
Depreciation for the year	97,390	75,551	14,567	-	187,508
Depreciation due to outflow of fixed assets	-	-	436	-	436
Offset of accumulated depreciation on assets due to revaluation	-	-	-	-	-
Balance as at 30.06.2018	97,389	1,295,865	235,644	-	1,628,899

In RON	Land and buildings	Plant, equipment and means of transp.	Fixtures, fittings and other	Construction in progress	Total
Carrying amounts:					
Balance as at 1 January 2017	4,033,828	237,651	71,561	-	4,343,040
Balance as at 31 December 2017	5,833,799	281,395	75,025	-	6,190,220
Balance as at 1 January 2018	5,833,799	281,395	75,025	-	6,190,220
Balance as at 30 June 2018	5,929,372	235,861	64,048	-	6,229,281

The buildings include the entity's registered office and offices of different secondary offices opened for the brokerage activity.

In 2014, the building of the Botosani agency was reclassified to assets held for sale and, following the resolution of the Board of Directors, the agency was closed in 2015.

As at 31.12.2015, the Company owns the registered office in Cluj Napoca, 119 Motilor Street, where it carries out its activity, and apartments in Suceava and Iasi, where the agencies opened for the brokerage activity operate. As at 31.12.2015, the Company does not own land for its activity, and the land pertaining to the buildings used in its activity are included in the value of the buildings.

Depreciation expenses for the year are included in the comprehensive income account, under *Value adjustments of tangible and intangible assets*.

In 2017, the office in Bucharest was moved in the building on Bocsa Street, owned by the company and classified as property investment until December 2017. In December 2017, the building on Bocsa Street was reclassified as a real estate in use.

Pledged or mortgaged tangible assets

In December 2017, the company contracted a credit line worth RON 5,340,000 from Libra Bank, and secured the loan with the company's real estate.

Revaluation

The fixed assets consisting of buildings were revalued on 30.06.2018. The valuation was conducted by an expert valuator, Darian DRS SA, in accordance with the International Valuation Standards and the working methodology recommended by ANEVAR.

Revaluations revealed increases in the value of tangible assets for the company's activity, and these were reflected in reserves on 30.06.2018.

The previous revaluation was carried out in 2015, when the evaluation reports were prepared by Neoconsult Valuation. In 2016, according to the same expert valuator, Neoconsult Valuation, the evolution of fair values of fixed assets representing buildings and land was relatively constant, with no significant changes in the specific market. The valuator also specified that there were differences between the fair values estimated at 31.12.2016 and the carrying amounts, but their impact was minimal and did not justify a new evaluation report for that period.

3. Investment property

	In RON	Jun-18	Dec-17
<i>Balance as at 1 January</i>		1,030,143	1,435,525
Reclassification to tangible assets during the year		-	(578,684)
Inflow following enforcement of guarantees received		-	-
Acquisitions during the year (exchange of assets)		-	417,624
Ongoing investment in property - inflow		-	47,072
Ongoing investment in property - outflow		-	(59,155)
Advance payments for investment property		-	(234,000)
Disposal of investment property (exchange of assets)		-	-
Revaluation gain		-	11,431
Revaluation loss		-	(9,670)
Balance as at 30 June 2018		1,030,143	1,030,143

Investment property includes the following categories of assets: a building in Cluj-Napoca (Einstein) plus related land, and a building in Deva.

Significant improvements works were started for the building on Bocsa Street in Bucharest in July 2016, when it was classified as investment property, and they were completed in 2017. In December 2017, the company's office in Bucharest was moved in the building on Bocsa Street, therefore the property was reclassified as property in use.

In 2016, a promise to sell and purchase was signed for an apartment in the building on Einstein Street in Cluj Napoca, worth EUR 68,367, of which an advance of EUR 28,367 was paid in 2016. The transaction was completed in 2017, and currently renovation works are being carried out to the building in order to be sold.

Pledged or mortgaged tangible assets

In December 2017, the company contracted a credit line worth RON 5,340,000 from Libra Bank, and secured the loan with the company's investment property.

Revaluation

The fixed assets consisting of buildings were revalued on 30.06.2018. The valuation was conducted by an expert valuator, Darian DRS SA, in accordance with the International Valuation Standards and the working methodology recommended by ANEVAR.

Revaluations revealed increases in the value of tangible assets for the company's activity, and these were reflected in reserves on 30.06.2018.

The previous revaluation was carried out in 2015, when the evaluation reports were prepared by Neoconsult Valuation. In 2016, according to the same expert valuator, Neoconsult Valuation, the evolution of fair values of fixed assets representing buildings and land was relatively constant, with no significant changes in the specific market. The valuator also specified that there were differences between the fair values estimated at

31.12.2016 and the carrying amounts, but their impact was minimal and did not justify a new evaluation report for that period.

4. Financial investments

Financial investments

In RON		<u>Jun-18</u>	<u>Jun-17</u>
Long-term financial investments		238,362	240,495
Financial assets available for sale - at cost	unlisted	378,904	463,313
Provision for financial assets available at cost		(140,542)	(222,818)
			-
<i>Financial assets available for sale - at fair value, of which:</i>		12,352,261	9,918,074
	listed	1,945,190	2,196,612
	unlisted	95,698	544,944
Available-for-sale financial assets in affiliated entities - at fair value, of which:		10,311,372	7,176,518
	listed	11,840,380	11,840,380
	unlisted	11,840,380	11,840,380
Total long-term financial investments:		24,431,004	21,998,949
In RON			
Short-term financial investments		43,252	42,887
Financial assets designated at fair value through profit or loss - held for trading	listed	5,539,463	890,982
Financial assets designated at fair value through profit or loss - held for trading	unlisted	2,781,660	2,789,016
		3,630,241	3,630,386
		-	1,353,720
Other financial instruments		137,081	107,590
Total financial investments		45,748,426	40,032,307

Unlisted shares classified as available for sale are recorded at cost when it is not possible to apply valuation methods. This category includes shares held by the company in capital market institutions (Romanian Clearing House, Bucharest Clearing House, Romanian Commodities Exchange of Bucharest) and other unlisted companies (e.g.: Confident Broker etc.).

As at 30 June 2018, there were open positions in the House account in international markets for hedging operations. The financial instruments traded in international markets are futures contracts, options contracts and contracts for difference (CFDs) and are used for speculative purposes and hedging for market maker operations.

Impairment losses

Financial assets available for sale and recorded at cost

Available-for-sale financial assets recorded at cost are those unlisted on a stock exchange, for which fair value measurement is difficult.

There are provisions of RON **140.542** for available-for-sale financial assets recorded at cost.

Financial assets available for sale and recorded at fair value

The Company owns *available-for-sale financial assets*, a category which includes all the securities not classified as short-term traded securities and for which it was possible to apply measurement methods to determine their fair value.

After initial recognition, these securities were measured at fair value and all subsequent changes, other than final impairment loss, were recognised in other comprehensive income. They are presented within equity under the fair value reserve. When an investment is derecognised, the gain or loss on other comprehensive income is reclassified to the profit and loss account.

Impairment losses on available-for-sale investments are recognised by reclassifying the cumulative loss recognised in other comprehensive income to the profit and loss account. The cumulative loss transferred from other comprehensive income to the profit and loss account is the difference between the acquisition cost, net of principal repayments and amortisation, and the current fair value less any impairment loss previously recognised in the profit and loss account.

If, in a subsequent period, the fair value of a depreciated available-for-sale equity instrument increases, any subsequent fair value recovery is recognised in other comprehensive income.

5. Other financial investments

Financial investments

In RON		<u>Jun-18</u>	<u>Jun-17</u>
Long-term financial investments		238,362	240,495
Financial assets available for sale - at cost	unlisted	378,904	463,313
Provision for financial assets available at cost		(140,542)	(222,818)
			-
<i>Financial assets available for sale - at fair value, of which:</i>		12,352,261	9,918,074
	listed	1,945,190	2,196,612
	unlisted	95,698	544,944
Available-for-sale financial assets in affiliated entities - at fair value, of which:		10,311,372	7,176,518
	listed	11,840,380	11,840,380
	unlisted	11,840,380	11,840,380
Total long-term financial investments:		24,431,004	21,998,949

In RON

Short-term financial investments		43,252	42,887
Financial assets designated at fair value through profit or loss - held for trading	listed	5,539,463	890,982
Financial assets designated at fair value through profit or loss - held for trading	unlisted	2,781,660	2,789,016
		3,630,241	3,630,386
		-	1,353,720
Other financial instruments		137,081	107,590
Total financial investments		45,748,426	40,032,307

-

In RON	Jun-18	Dec-17
Other long-term financial investments		
Guarantees	274,065	273,498
Margin loans to customers	-	-
Other loans granted	893,702	1,714,620
Interest on loans granted	8,485	7,219
Provisions for long-term receivables	(15,262)	(15,262)
Total long-term financial investments	1,160,990	1,980,075
Other short-term financial investments		
Margin loans to customers	2,394,757	6,265,408
Interest on margin loans	-	-
Total short-term financial investments	2,394,757	6,265,408
Total other financial investments	3,555,747	8,245,483

6. Investment in associates

SSIF BRK FINANCIAL GROUP SA holds non-controlling interests in several companies, interests determined either by the percentage of shares owned, or by the number of directors who carry out their activity in those companies, without however having control. IAS 39 was applied to these entities.

The associated companies (where the entity has a significant influence) are mentioned below. In those where the stake is less than 20%, the significant influence is due to the presence in the Board of Directors of that company.

Percentage and value in RON of the shares held in associates:

Symbol	Company	Percentage held in 2016	Value of shares in 2016	Percentage held in 2016	Value of shares in 2016
-	Facos SA	89,69%	4.940.880	89,69%	9.236.305
-	SAI Broker SA	99,98%	1.798.413	99,98%	830.763
-	Confident SA	98,00%	0	98,00%	138.202
ANTE	Anteco SA Ploiesti	19,93%	363.829	19,93%	99.523
CEON	Cemacon SA Zalau	0,00%	0	14,61%	4.747.317
PETY	Petal SA Husi	15,04%	427.573	15,04%	259.225
-	Minesa SA Cluj	38,10%	5.101.087	38,10%	3.396.763

SSIF BRK FINANCIAL GROUP SA has control over Facos (89,69%), SAI Broker SA (99,98%), Confident (98%) and a significant influence in Minesa SA (38,10%).

In 2016 and 2017, there were no dividends receivable from associates.

In 2017, the transactions with affiliates were:

Company	Nature of association	Activity	Volume and percentage of activity
			<ul style="list-style-type: none"> - net repurchase of fund units in FDI Fix Invest managed by SAI Broker, worth 129 thousand RON - net repurchase of fund units in BET FI managed by SAI Broker, worth 45 thousand RON - net repurchase of fund units in FII Smart Money managed by SAI Broker, worth 499 thousand RON - net purchase of fund units in Fortuna Gold managed by SAI Broker, worth 130 thousand RON - income from distribution and brokerage fees worth 2.995 RON - rental income in the amount of 5.582 RON - income from interest on loans granted, in the amount of 11.1149 RON - granted loan of 676 thousand RON.
SAI Broker	99.98% Ownership	Investment management	
			<ul style="list-style-type: none"> - income from interest on loans granted, in the amount of 21.202 RON
Facos SA Suceava	89.69% Ownership	Manufacture of meat products	<ul style="list-style-type: none"> - granted loan of 460 thousand RON.
Anteco SA	19.93% Ownership	Manufacture of furniture	No transactions with ANTE shares were made in 2018
Petal SA	15.04% Ownership		Buying shares were made in 2018 in value of 11.673 Ron
Minesa SA	38.10% Ownership		<ul style="list-style-type: none"> Advance collection for shares in 1.585 420 RON amount - income from insurance brokerage fees of 653 RON - rental income of 486 RON
Confident SA	98% Ownership	Insurance broker	
		SSIF Brk Financial Group SA is the sole investor in FII Smart Money which holds 88% of the shares of Romlogic Technology S.A	<ul style="list-style-type: none"> - income from interest on loans granted, in the amount of 3023 RON - loan reimbursement of 563.620 RON

The transactions with affiliates were made at market value.

As at 30.06.2018 and 31.12.2017, the balances of the company's receivables from the relations with affiliates were:

<i>In lei</i>	June -2018	Dec-17
SAI Broker	-	681,809
Facos SA Suceava	828,222	461,716
Minesa SA	-	-
Confident SA	73,964	20,355
Romlogic Technology SA	-	566,851
Total	902,187	1,730,731

7. Assets held for sale

In RON	Jun-18	Jun-17
Balance as at 1 January	544,721	557,067
Disposal	-	0
Revaluation gain		84,870
Revaluation loss		-97,216
Balance as at 31 December	544,721	544,721

The assets held for sale consist of a piece of land in Cluj, Borhanci district, and 2 apartments in Botosani and Alba Iulia. Evaluation reports were drawn up in accordance with the International Valuation Standards and the working methodology recommended by ANEVAR, by Napoca Business for the land and by Darian DRS for the apartments. These assets were revalued in the accounting records based on the said evaluation reports.

In December 2017, two apartments were used to secure the credit line contracted from Libra Bank.

8. Trade and other receivables

In RON	Jun-18	Dec-17
Trade receivables	278,849	93,139
Net receivables from debtors	49,963	79,084
Employees with payment commitments	5,920	15,075
Former employees and third-party debtors	44,043	64,009
Other debtors	261,436	137,598
Debtors from the trading of the Company's financial instruments	2,867,951	1,465,849
Debtors from financial instruments traded by customers	14,832,060	10,844,448
Total trade and other receivables	18,290,258	12,620,117

The entity's exposure to credit and currency risk, and the impairment loss on trade receivables are presented in the note on *Financial Instruments*.

Margin loans

The company continued to offer this product to its customers in 2018 as well. The amount of granted margin loans:

In RON	Jun-18	2017
Margin loans – gross amount	2,394,757	6,265,408
Margin loans – net amount	2,394,757	6,265,408

Gross balances and depreciation of debtors:

In RON	Jun-18	2017
Former employees and third-party debtors – gross amount	1,901,710	1,926,194
Depreciation of former employees and third-party debtors	(1,842,592)	(1,847,109)
Former employees and third-party debtors – net amount	59,118	79,084

Value adjustments for depreciation of receivables from debtors (former employee and third-party debtors) during the year:

In RON	2017	2016
Balance as at 1 January	1,866,260	2,933,613
Reversal of provisions	(19,151)	(1,067,353)
Balance as at 31 December	1,847,109	1,866,260

In 2018, value adjustments related to recovery of debts amounting to 19,151 RON were reclassified to income.

9. Deferred tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets were not recognised for the following items:

In RON	Jun-18	Jun-17
Current and previous tax loss	(37,257,518)	(44,780,328)
Total	(37,257,518)	(44,780,328)
Tax rate	10%	16%

Unrecognised deferred tax assets	(3,725,752)	(7,164,852)
----------------------------------	-------------	-------------

There are still unrecognised deferred tax assets on financial instruments for which value impairment was not deductible in 2010.

Unrecognised deferred tax liabilities

	Cumulate iunie-2018	2017- in flow
Diference from Reevaluation tangible asset	3,524,052	1,289,719
	3,524,052	1,289,719
Tax Rate	10%	16%
Deffered tax assets and liabilities	352,405	206,355

Recognised deferred tax assets and liabilities

The Company has to recover a cumulative tax loss of RON 37,257 thousand. Tax losses can be recovered over a 7-year period. For the time being, deductible differences cannot be expected to cover tax losses. As a result, no deferred tax assets and liabilities were recognised.

10. Cash and cash equivalents

<i>In RON</i>	June- 2018	Dec- 2017
Customer cash account	41,119,860	26,351,801
Cash and cash equivalents	1,893,276	1,515,211
Balance as at 31 December	43,013,136	27,867,012

The 'Cash and cash equivalents' item also includes short-term deposits.

The customers' balances in bank accounts are managed separately and may be used only based on the trading orders given by the customers.

The entity's exposure to interest rate risk and a sensitivity analysis on financial assets and liabilities are presented in the note on *Financial instruments*.

11. Capital and reserves

Share capital and number of issued shares:

<i>In RON</i>	Share capital	No. of ordinary shares	Par value per share
As at 1 January 2017	54,039,987	54,039,987	0,16
As at 31 December 2017	54,039,987	54,039,987	0,16

As at 1 January 2018	54,039,987	54,039,987	0,16
As at 30 June 2018	54,039,987	54,039,987	0,16

In 2017, there were no changes in the share capital or the number of issued shares.

Number of own shares held by the company as at 31 December 2017: 319,967 shares.

<i>In RON</i>	June-2018	Dec- 2017
Share capital	54,039,987	54,039,987
Share capital adjustment	4,071,591	4,071,591
Own shares	-24,047	-24,047
Premiums	5,355	5,355
Total	58,092,886	58,092,886

12. Reserves and revaluation differences

<i>In RON</i>	June-2018	June-2017
Tangible asset revaluation differences	3,524,052	3,524,052
Legal and statutory reserves	4,587,875	4,587,875
Fair value reserves	444,559	3,623,734
Other reserves	2,748,760	2,748,760
- of which application of IAS 29 (adjustment to inflation)	2,748,760	2,748,760
Reserves for own shares	0	0
Total reserves and revaluation differences	14,054,006	17,233,181

Revaluation differences

Revaluation differences increased in 2017 following the revaluation of real estate.

Bonus share reserves

These reserves refer to bonus shares on securities at cost, unlisted.

Legal reserves

Legal reserves are amounts deducted annually from the gross profit in proportion of 5% until they reach 20% of the share capital, recognised as deduction when calculating the income tax. This is a tax facility. The company reached the 20% required by law.

Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale financial assets until investments are derecognised or impaired.

As detailed in note 5 to the section on available-for-sale financial assets measured at fair value, the reserves for the year 2016 were restated in order for the cumulative impairment loss on securities treated as impaired to be recognised in the financial result of 2016. The amount RON 2,817,369 of these impairments was derecognised from the reserve accounts.

In 2017, due to the significant impairment of Facos, the debit balances of the reserves for such impairment amounting to 4,295,369 were recognised in the profit and loss account.

Other reserves

'Other reserves' include adjustments to the historical cost of the share capital in accordance with IAS 29 'Financial reporting in hyperinflationary economies'.

Dividends and other distributions to shareholders

No dividend was distributed to shareholders in 2017.

13. Profit or loss carried forward

<i>In RON</i>	June 2018	June-2017
Profit or loss carried forward after transition to IFRS	5,716,361	2,713,367
Profit or loss carried forward under IAS 29	-6,880,234	-6,880,234
Profit or loss carried forward	-9,113,906	-4,459,507
Total profit or loss carried forward	-10,277,779	-8,626,374

Profit or loss carried forward on transition to IFRS

Profit or loss carried forward on transition to IFRS originates in 2008.

Profit or loss carried forward under IAS 29

The financial statements and the figures for previous periods have been restated to reflect the changes in the general purchasing power of the functional currency and, consequently, are expressed in relation to the measuring unit current at the end of the reporting period. This capital item includes the influence of share capital restatement according to inflation for the 1994-2002 period.

Inflation index applied in the updated period:

Year	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Capital update index	1.00	1.15	1.41	1.90	2.77	4.04	6.42	16.36	22.71	30.04

The following values resulted from the application of these updates:

Account	Debit	Credit
Adjustments to share capital		4,071,591
Revaluation differences*		59,884
Other reserves**		2,748,760
Profit or loss carried forward after initial transition to IAS 29	6,880,234	
Total	6,880,234	6,880,234

* Incorporation of revaluation reserves in 2011.

** Incorporation of reserves in 2007 when SC Investco was absorbed.

Profit or loss carried forward

Profit or loss carried forward includes amounts reclassified from the profit and loss account under RAS, as affected by restatement under IFRS, explained in the chapter on *Reconciliation of IFRS restated accounts*.

14. Trade and other payables

<i>In RON</i>	June- 2018	Dec-2017
Trade payables	253,006	409,936
Personnel-related payables	203,068	292,609
Tax and social security	126,039	274,940
Sundry creditors resulting from house transactions	11,700	60,102
Sundry creditors resulting from customers' transactions	4,499,476	1,197,656

Sundry creditors resulting from structured products	2,284,236	975,907
Total trade and other payables	7,377,524	3,211,150

Short term	7,377,524	3,211,150
Long term	-	-

The entity's exposure to foreign currency risk and liquidity risks associated with trade and other payables is presented in the note on *Financial Instruments*.

Sundry creditors are settlements with the Bucharest Stock Exchange in progress, within the time period after completion of transactions on behalf of the entity and/or customers. Sundry creditors also include various creditors from trading and refer to the amount payable for capital-protected products and Turbo certificates issued by the Company and listed on the Bucharest Stock Exchange.

As of 2016, for customers who have opened accounts with Interactive Brokers, only their funds held at the aforementioned broker are reflected in the company's accounts. The types of the accounts held by these customers are Margin, and RegTMargin, i.e. they can buy on margin, in which case the cash value is negative.

15. Loans and borrowings

Borrowings contracted by the Company:

<i>In RON</i>	June- 2018	Dec-2017
Long-term liabilities		
Finance lease liabilities	49,618	74,234
	<u>49,618</u>	<u>74,234</u>
Short-term liabilities		
Secured credit lines	3,339,929	5,006,087
Current portion of finance lease liabilities	48,886	48,087
	<u>3,388,815</u>	<u>5,054,174</u>

In 2017, two new leases were contracted for the purchase of two vehicles and a 12-month credit line from Libra Bank was contracted in the amount of RON 5,340,00. The credit line was secured with the following pieces of property:

No.	Pledged property	Category	Amount in EUR	Amount in RON
1	Apartment in Suceava	Assets in use	38,400	176,517
2	Building in Bucharest, Bocsa Street	Assets in use	157,000	721,698
3	Building in Cluj – Motilor	Assets in use	1,032,700	4,747,115
4	Street	Assets in use	41,000	188,469
5	Apartment in Iasi	Investment property	170,100	781,916
6	Building in Cluj – Eistein	Investment property	54,000	248,227
7	Street	Property available for sale	21,000	96,533
8	Apartment in Deva	Property available for sale	31,500	144,799
9	Land in Borhanci	Property available for sale	66,000	303,389
	Apartment in Botosani			
	Apartment in Alba Iulia			

Total	1,611,700	7,408,663
--------------	------------------	------------------

The amounts owed to customers come from the following sources:

In RON **June-2018 Dec-2017**

Amounts owed to customers

Creditor customers from transaction in the domestic market	35,823,908	20,856,290
Creditor customers from transaction in foreign markets	13,072,713	9,759,480
Creditor customers from corporate services	-	322,231
	48,896,620	30,938,001

16. Provisions

In RON **June-2018 June-2017**

Provisions

Balance as at 1 January	450,182	391,480
Reversed during the year	-	-
Made during the year	-	58,702
Balance as at 31 December	450,182	450,182

At the end of the financial year ended 31 December 2017, SSIF BRK FINANCIAL GROUP SA is defendant in the following lawsuits:

- 1) Case no. 7076/221/2014 - Deva Court
Plaintiff: Cotolan Petru and Cotolan Maria,
Defendant: SSIF BRK Financial Group SA
Subject matter: material claims amounting to RON 59,500;
- 2) Case no. 2/2015 – Cluj-Napoca Court of Arbitration
Plaintiff: Oprea Andreiu
Defendant: SSIF BRK Financial Group
Subject matter: material claims amounting to RON 322,369;
- 3) Case no. 1034/90/2014/a13 – Valcea Court
Plaintiff: AMT SERVICII DE INSOLVENTA
Defendant: SC HARINVEST SA and SSIF BRK Financial Group SA
Subject matter: Action for annulment;
- 4) Case no. 258/300/2016 – District 2 Court, Bucharest
Plaintiff: Huzum Tudor Constantin and Huzum Rodica
Defendant: SSIF BRK Financial Group SA
Subject matter: Action for declaration of absolute nullity, claims;
- 5) Case no. 3421/211/2017 – Cluj-Napoca Court
Plaintiff: Ozarhievici Ileana Marcela
Defendant: SSIF BRK Financial Group SA
Subject matter: Material claims amounting to RON 170,080;
- 6) Case no. 3423/211/2017 – Cluj-Napoca Court
Plaintiff: Pantilimon Marius Dorinel
Defendant: SSIF BRK Financial Group SA

Subject matter: Material claims amounting to RON 177,000;

7) Case no. 6282/211/2017 (6087/97/2009* resumed)

Plaintiff: Pantilimon Marius Dorinel, Pantilimon Mihaela, Mihaescu Claudiu Daniel, Ozarhievici Ileana Marcela

Defendant: SSIF BRK Financial Group SA

Subject matter: Material claims amounting to RON 425,464

8) Case no. 3425/211/2017 – Cluj-Napoca Court

Plaintiff: Finisieri Adrian

Defendant: SSIF BRK Financial Group SA

Subject matter: Material claims amounting to RON 50,000;

9) Case no. 4941/211/2016 – Cluj-Napoca Court

Plaintiff: Kucsaba Doina

Defendant: SSIF BRK Financial Group SA

Subject matter: Material claims amounting to RON 12,000;

10) Case no. 7865/117/2017 – Cluj-Napoca Court

Plaintiff: Pop Adrian

Defendant: SSIF BRK Financial Group SA

Subject matter: Material claims amounting to EUR 34,165 and RON 54,490;

According to the estimates of the law firms with which the company has cooperation agreements to represent the company in these cases, the case referred to in point 8 is the only one in which the company is highly likely to pay costs. This case is about the resumption in 2016 of some claims made in Case no. 6087/97/2009*; having examined the criminal complaint registered under no. 2262/P/2015, the Company may be ordered to pay damages of RON 300,933, for which a provision was made on 31.12.2016.

In addition, another provision amounting to 58,702 was made in 2017, for expenses related to the voluntary dissolution and liquidation of the company's affiliate Confident Broker SA.

17. Contingent assets and liabilities

The Note on Provisions describes the circumstances which led to the creation of provisions for litigations for events that occurred in previous years. There is pending litigation for which the probability to result in cash outflow is low or the amount of the debt cannot be estimated, and litigation for which no provisions have been made.

As at 30.06.2018, the company has an amount of RON 4,980,779.71 blocked in the customer account opened with BRD. This amount represents the rollovers calculated for customers who traded through the company and are facing criminal proceedings; the amount is blocked since 2016 following distraint placed by authorities. The checks carried out by the company's internal auditor revealed that the amount that could be subject to distraint was 4,980,779.71 Ron, which was already blocked by the company in a dedicated account opened with the settlement bank. The company is currently taking the necessary actions to clarify the amounts in the customer account affected by the distraint.

In parallel with the litigation mentioned in the Note on Provisions and in the previous paragraph, there are criminal proceedings brought by SSIF BRK FINANCIAL GROUP SA against certain former employees, and litigation in which SSIF BRK FINANCIAL GROUP SA has active legal capacity with respect to amounts claimed by SSIF BRK FINANCIAL GROUP SA. Claimed amounts cannot be determined with precision in all cases. There are lawsuits where SSIF Broker had active legal capacity and were won, but the actual recovery possibilities are low.

18. Operating income

	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
Income from commissions on the spot market	1,214,762	1,062,218	-	-	1,214,762	1,062,218
Income from commissions on the foreign market	336,562	425,716	-	-	336,562	425,716
Income from related activities	66,533	361,923	-	-	66,533	361,923
Subtotal - income from commissions and related activities	1,617,858	1,849,857	-	-	1,617,858	1,849,857
Income from leased assets	0	0	-	-	16,543	8,148
Income from insurance brokerage	653	26407.39	-	-	10,317	-
Income from distribution of FU	2,995	941.92	-	-	5,724	-
Total income	1,621,506	1,877,206			1,621,506	1,877,206

The Company's income recognition policy is to record this income at gross value. Gross income also includes market costs, commissions charged by the Stock Exchange and FSA.

In order to diversify commission income, the company has constantly aimed to expand its range of products and the markets in which it trades. The amount of commissions collected on operations performed by the Company also included commissions on operations in foreign markets, as shown above.

Customers are generally assigned to a broker, with the possibility to perform operations both traditionally and online.

Income from commissions also includes transactions carried out for other non-bank financial institutions, called contracts with custodians, for which SSIF FINANCIAL GROUP SA charges transaction commissions, but the funds related to sales and purchases do not pass through the company's accounts, instead they are settled through the custodians' accounts.

At the beginning of 2016, the Company signed a brokerage assistance contract with SC Confident SRL (where the Company has shares), under which the Company provides insurance brokerage services (offer insurance advice to potential customers, issue insurance policies). The level of income from these services is shown above.

19. Other income

Other operating income includes different revenues with extremely low repetitive character, reversal of uncollected dividends, inventory pluses, recovery of amounts, etc

20. Other expenses

<i>In RON</i>	June 2018	June-2017
Damages, fines, penalties	(115,015)	(252)
Donations	(9,000)	(9,000)
Disposal of intangible and tangible assets	(180,393)	14,117
Other operating expenses	(444,285)	(444,210)

Total	(748,693)	(439,345)
--------------	------------------	------------------

21. Personnel-related expenses

<i>In RON</i>	June-2018	June-2017
Expenses with personnel and collaborators	(1,794,108)	(1,635,850)
Compulsory social security contributions	(721,848)	(333,776)
Employee profit sharing	-	-
Expenses with Board Members' remunerations	(309,608)	(137,159)
Board Member profit sharing	-	-
Total expenses with salaries in comprehensive income	(2,825,564)	(2,106,785)
Amounts related to discontinued operations		
- related to salaries	-	-
- related to contributions	-	-
Total	-	-
Total expenses related to salaries and assimilated expenses	(2,825,564)	(2,106,785)

The CEO's remuneration is established by resolution of the Company's Board of Directors, and other benefits are granted in accordance with the collective employment agreement at the company level. .

In addition, in March, the Financial Supervisory Authority authorised as members of the company's Board of Directors the following persons: Baranga Laurentiu-Paul, Gherghelas Dan-Nicolae, Madem Aurelian, Mancas Catalin and Moldovan Darie; later, Mr. Baranga resigned and Mr. But Cristian was appointed in his place, pending authorisation by the Financial Supervisory Authority. In March 2017, Mr. Darie Moldovan was elected Chairman of the Board of Directors, and he is currently serving as CEO.

22. Financial income and charges**Recognised in profit or loss**

<i>in RON</i>	Jun-2018	June-2017
Net gain on transactions with financial assets at fair value through profit or loss	190,600	1,475,091
Net gain on transactions with Turbo certificates	722,444	191,819
Income from transactions with financial assets available for sale	32,023	1,753,751
Income from dividends:	274,255	127,133
related to financial assets available for sale		

related to financial assets at fair value through profit or loss	-	-
Income from bonus shares related to financial assets at fair value through profit or loss	-	-
Total income from transactions	1,219,321	3,547,794
Total net changes in the fair value of financial assets at fair value through profit or loss, of which:		
	<u>2,342,060</u>	<u>-</u>
Net changes in the fair value of financial assets at fair value through profit or loss		
	23,915	56,579
Income from interests related to deposits	520,897	257,636
Income from interest on margin contracts and loan agreements	-	12,200
Net gain on currency exchange rate differences	68,987	-
Other net financial income	818	-
Total financial income	4,175,999	3,874,209
Net loss on transactions with derivatives – foreign markets	(30,907)	-
Total trading costs	(30,907)	-
Expenses related to fair value loss on securities available for sale	-	-
Expenses related to interest on financial debts measured at amortised cost	(116,276)	(1,398)
Total financial charges	(69,912)	(151,976)
Net financial result recognised in profit or loss	4,111,087	3,722,233
Recognised in other comprehensive income	June-2018	June-2017
<i>In RON</i>		
Details on the next page	<u>(176,181)</u>	<u>(1,302,111)</u>
Recognised in other comprehensive income in RON		
Net change in the fair value of available-for-sale assets reclassified to profit or loss	-	(1,620,809)
related to securities held at the end of the period	(176,181)	318,698
Financial income recognised in other comprehensive income, net of tax	(176,181)	(1,302,111)

22. Financial income and charges (continued)

Net income from the trading of financial assets at fair value through profit or loss is the income resulting from the disposal of securities less the costs of those securities, for transactions where this difference is positive. If the difference is negative, it is presented in the line *Net expenses on the trading of financial assets at fair value through profit or loss*.

Net income from transactions financial assets available for sale is the income resulting from the disposal of securities (classified as held for sale) less the costs of those securities, for transactions where this difference is positive. If the difference is negative, it is presented in the line *Net loss from transactions with financial assets available for sale*.

In 2017, SSIF BRK FINANCIAL GROUP SA sold from its portfolio the shares held in Cemacom, which were classified as securities available for sale.

The expenses related to final value loss on securities available for sale are estimated expenses representing final losses in the value of these securities, which have not been maintained in capital adjustment accounts, but were recorded/reclassified as expenses because the Company estimates that they will never be recovered.

The 2016 amounts of these expenses were restated as a result of the significant depreciation of portfolio securities, as described in detail in note 4, Financial Investments. In 2017, irreversible depreciation costs of RON 4,295,369 were incurred and recognised directly in the profit and loss account for Facos. Another significant depreciation in the amount of RON 138,202 was recognised for Confident Broker SA.

23. Income tax expense**Reconciliation of actual tax rate**

<i>In RON</i>	Jun-2018	June-2017
Profit for the year	1,183,874	929,802
Total income tax expense	-	-
Profit before tax (including for discontinued operations)	1,183,874	929,802
Income tax rate	10%	16%
Tax calculated by applying the tax rate to the accounting profit	189,420	148,768
Influence of non-deductible expenses	14,596	(287,461)
Influence of non-taxable income	(57,767)	7,035,624
Influence of expenses resulting from restatement under IFRS not considered when calculating the income tax	-	-
Influence of tax loss of the previous periods	(5,961,203)	(7,204,419)
Total tax expense calculated based on tax rate	31,442,564	29,593,918
Tax expense not recorded for negative amounts	31,442,564	29,593,918
Final income tax expense	-	-
Final income tax rate	-	-

24. Earnings per share

Basic earnings per share

The calculation of the basic earnings per share as at 30 June 2018 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of ordinary shares in circulation, i.e. 337,517,661 shares. On 31 December 2015, the average number of ordinary shares in circulation was 337,749,919 shares).

Profit attributable to ordinary shareholders

<i>In RON</i>	JUne2018			June-2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit/loss of the year	1,183,874	-	1,183,874	929,802	-	929,802
Attributable to the company's shareholders	1,183,874	-	1,183,874	929,802	-	929,802

The profit shown is after calculation of the income tax.

	30-Jun-18	30-Jun-17
<i>In RON</i>		
Profit/loss of the year	1,183,874	929,802
Attributable to the company's shareholders	1,183,874	929,802
Profit/loss attributable to:		-
Company Shareholders	1,007,693	372,309
Total comprehensive profit/loss for the year		
Earnings per share		
Basic earnings per share (RON)	0.0035	0.0028
Diluted earnings per share (RON)	0.0035	0.0028
Continuing operations		
Basic earnings per share (RON)	0.0035	0.0028
Diluted earnings per share (RON)	0.0035	0.0028

Weighted average number of ordinary shares

931,948 shares with a par value of RON 0.25 were cancelled in 2015 and there have been no changes in the number of issued shares since then.

<i>Number of shares</i>	2018	2017	2016	2015
Number of shares	337,749,919	337,749,919	337,749,919	337,749,919

Fair value hierarchy

The table below analyses the financial instruments recorded at fair value based on the valuation method. The different levels are defined as follows:

- **Level 1:** quoted (unadjusted) prices in active markets. As regards securities at fair value through profit or loss, the price is the one at the end of the period, of the last trading day. As regards available-for-sale securities, the applied valuation methods are based on market variable depending on how active the instrument is, as indicated in the Company's accounting policies.
- **Level 2:** Input data other than the quoted prices included in Level 1. This level includes listed securities to which valuation methods containing observable values for assets or liabilities were applied. If an asset or a liability has a specific contractual term, the input data specific cu Level 2 must contain observable values throughout the entire period of that asset or liability. Examples: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar products in markets which are not active; observable values other than quoted prices, such as: interest rate, volatility, other corroborated input data from the market.
- **Level 3:** Input data other than the quoted prices included in Level 1 and Level 2. This level includes unlisted securities to which valuation methods containing observable values for assets or liabilities were applied, either directly (e.g. prices) or indirectly (e.g. derived from prices). The fair value for these securities is determined using either the DDM model (Dividend Discounted Model), the DCF (Discounted Cash Flow) method, or the asset-based method, as indicated in the Company's accounting policies.

in RON

31 December 2017

	Level 1	Level 2	Level 3	Total
Financial assets available for sale	2,196,612	7,176,518	12,848,704	22,221,834
Financial assets at fair value through profit or loss	12,941,662	1,353,720	3,630,386	17,925,768
Derivatives, such as financial assets	0	0	0	0
Other financial instruments	0	0	0	0
	15,138,274	8,530,238	16,479,090	40,147,603

Level 1 a	Level 2 a	Level 3 a	
Level 1	Level 2	Level 3	Total

30 June 2018

Financial assets available for sale	1,941,729	9,047,055	12,314,983	23,303,767
Financial assets at fair value through profit or loss	17,550,101	1,264,317	3,630,241	22,444,659
Derivatives, such as financial assets	0	0	0	0
Other financial instruments	0	0	0	0
	19,491,830	10,311,372	15,945,224	45,748,426

25. Affiliates

Benefits of key management personnel

Transactions with affiliates, under the form of key management personnel, are limited to benefits granted to the Board members and senior executives, which were presented in the note on Personnel-Related Expenses.

Investments in associates

Note 18 *Investment in associates* of these financial statements present all associated entities and the transactions carried out during the period.

27. Impact of applying IFRS 9 'Financial Instruments' as of 01.01.2018

IFRS 9 'Financial Instruments' includes requirements for recognition and measurement of financial assets, financial liabilities and certain contracts for the purchase or sale of non-financial items. This Standard replaces IAS 39 'Financial instruments: recognition and measurement' and includes new principles for classifying and measuring financial instruments, a new model of credit risk for the calculation of financial asset impairment, and

new general hedge accounting requirements. SSIF BRK FINANCIAL GROUP SA will adopt IFRS 9 as of 01.01.2018. The Company owns the following types of financial instruments that fall under IFRS 9: equity instruments, debt instruments (fund units, bonds, cash and current accounts and deposits with banks), other financial assets and liabilities.

Following the conducted analysis, the Company decided to classify most of its financial instruments at fair value through profit and loss account as of 01.01.2018, the date of initial application of IFRS 9. (79%)

The main changes in accounting policies and the estimated impact resulting from the transition to IFRS 9 are described below:

	IAS 39	IAS 39 Amount as at 31/12/2017	Reclassification under IFRS 9	IFRS 9 amount as at 01/01/2018
1.) Financial assets at amortised cost under IFRS 9				
- resulting from Financial assets measured at amortised cost	amortised cost	463,380	amortised cost	463,380
Total financial assets measured at amortised cost	X	463,380	X	463,380
2.) Financial assets at fair value through profit or loss under IFRS 9				
- resulting from Financial assets available for sale	Financial assets available for sale	14,104,274	fair value through profit or loss	14,104,274
- resulting from Financial assets held for trading	Financial assets held for trading	17,925,768	fair value through profit or loss	17,925,768
Total financial assets at fair value through other comprehensive income under IFRS 9	X	32,030,042	X	32,030,042
3.) Financial assets at fair value through other comprehensive income under IFRS 9				
- resulting from Financial assets available for sale	Financial assets available for sale	7,654,180	fair value through other comprehensive income	7,654,180
Total financial assets at fair value through other comprehensive income under IFRS 9	X	7,654,180	X	7,654,180
Total 1.)+2.)+3.)	X	40,147,603	X	40,147,603

The differences resulting from the adoption of IFRS 9 as of 01.01.2018 will be recognised in profit or loss carried forward. The impact of this transition consists in a net increase of the profit or loss carried forward by RON 3,002,994, net of tax, and a net decrease of reserves by the same amount.

28. Events subsequent to the date of the balance sheet

The events occurred after the balance sheet date were taken into account when evaluating the conditions existing as at 30.06.2018 with regard to receivables and significant estimates, including the creation of provisions for litigation.

- December 2017 – Mr. Cristian But was provisionally authorised by the Financial Supervisory Authority as member of the Board of Directors;
- January 2018 – the repayment due dates for the loans granted to S.C. ROMLOGIC S.A. were rescheduled
- January 2018 – The Board of Directors approved the structured product issue programme and the base prospectus, including the range of products that might be subject to future issue of Turbo certificates and capital protected certificates.
- February 2018 – The Financial Supervisory Authority refused to authorise Mr. Grigore Chis as Chief Executive Officer;
- February 2018 – the company published its preliminary financial results as at 30.06.2018
- February 2018 - The Company signed an addendum to the financing agreement concluded with S.C. FACOS S.A.
- March 2018 – The Company made public the convening notice for the Shareholders' Ordinary General Meeting to be held on 24-25 April 2018;
- February-March 2018 – The Board of Directors appointed Mr. Razvan Rat and Mr. Mancas Catalin as Deputy Chief Executive Officers and the formalities for their authorisation have been initiated.
- March 2018 – Mrs. Monica Ivan, Deputy Chief Executive Officer, has submitted her resignation to the company

Chairman of the Board of Directors,
Darie Moldovan, PhD

Chief Financial Officer,
Dora Diaconescu

Statement of responsible people in the company

The undersigned,

**Darie Moldovan, Chairman of the Board of Directors,
Răzvan -Legian Raț, Deputy General Manager,
Sandu Mircea Pali, Chief Accountant**

We declare under our sole responsibility that, according to our knowledge, the individual financial statements on 30.06.2018, prepared in accordance with the applicable accounting standards, give a fair and consistent view of the assets, liabilities, financial position, profit and loss account of the SSIF BRK Financial Group SA and the Board of Directors' Report, conducted in accordance with Financial Supervisory Authority provisions, include a proper analysis of the company's performance and performance as well as a description of the main risks and uncertainties specific to the business.

**Chairman of the Board of Directors,
Darie Moldovan,**

**Deputy General Manager,
Răzvan -Legian Raț,**

**Sandu Mircea Pali,
Chief accountant**